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DELTA REPORT

10-K

VERI - VERITONE, INC.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

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 **CHANGES** 388

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, **2022** **2023**

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. 1615 Platte Street, Office 3002 2nd Floor, Denver, Colorado

80202

(Address of principal executive offices)

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the 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
Securities registered pursuant to Section 12(g) of the Act: None		

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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, and an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of **June 30, 2022** **June 30, 2023**, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates was approximately **\$203.8** **126.0** million, calculated based upon the closing price of the registrant's common stock as reported by the NASDAQ Stock Market on such date.

As of **March 10, 2023** **March 25, 2024**, **36,557,652** **37,132,161** shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information that is required to be included in Part III of this Annual Report on Form 10-K is incorporated by reference to the definitive proxy statement to be filed by the registrant within 120 days of **December 31, 2022** **December 31, 2023**. Only those portions of the definitive proxy statement that are specifically incorporated by reference herein shall constitute a part of this Annual Report on Form 10-K.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our ability to expand our aiWARE SaaS business;
- declines or limited growth in the market for AI-based software applications and concerns over the use of AI that may hinder the adoption of AI technologies;
- our requirements for additional capital to support our business growth, service our debt obligations and refinance maturing debt obligations, and the availability of such capital on acceptable terms, if at all;
- our reliance upon a limited number of key customers for a significant portion of our revenue; revenue, including declines in key customers' usage of our products and other offerings;

- our ability to realize the intended benefits of our acquisitions, divestitures and other planned cost savings measures, including ability to successfully integrate our recent acquisition of Broadbean (as defined in Note 3);
- our identification of existing material weaknesses in our internal control over financial reporting;
- fluctuations in our results over time;
- the impact of seasonality on our business;
- our ability to manage our growth, including through acquisitions and our further expansion into international markets;
- our ability to enhance our existing products and introduce new products that achieve market acceptance and keep pace with technological developments;
- actions by our competitors, partners and others that may block us from using the technology third party technologies in our aiWARE platform, offering it for free to the public or making it cost prohibitive to continue to incorporate their such technologies our platform;
- interruptions, performance problems or security issues with our technology and infrastructure, or that of our third party service providers;
- the impact of the continuing economic disruption caused by the recent macroeconomic and potential future disruptions in access bank deposits or lending commitments due to bank failures, geopolitical factors, including the COVID-19 pandemic, the Russia Ukraine conflict, the war in Israel, financial instability, inflation and the Russian invasion responses by central banking authorities control inflation, monetary supply shifts and the threat of Ukraine on recession in the business of United States and around the Company and that of our existing and potential customers; world;
- increasing interest rates, inflationary pressures and the threat of a recession in the United States and around the world; world on our business operations and those of our existing potential customers; and
- any additional factors discussed in more detail in "Item 1. Business" and "Item 1A. Risk Factors" of Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part II of this Annual Report on Form 10-K.

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations. You should carefully review these risks, as well as the additional risks described in other documents we file from time to time with the Securities and Exchange Commission ("SEC"). In light of the significant risks and uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that such results will be achieved, and

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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.

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

SUMMARY OF RISK FACTORS

Investing in our common stock involves a high degree of risk. Below is a summary of certain material factors that could harm our business, operating results and/or financial condition, impair our future prospects, and/or cause the price of our common stock to decline. Please refer to the additional discussion of the risks summarized below in Item 1A (Risk Factors) of Part I of this Annual Report on Form 10-K, which should be carefully considered, together with other information in this Annual Report on Form 10-K and in our other filings with the SEC, before making an investment decision regarding our common stock.

Risks Related to Our Business and Our Financial Condition

- Our efforts to expand our aiWARE SaaS business may not be successful.
- The market for AI-based software applications is new and unproven and may decline or experience limited growth, and concern over the use of AI may hinder the adoption of AI technologies, which would adversely affect our Software Products & Services defined below).
- We may require additional capital to support our business growth, and this capital might not be available on acceptable terms, all technologies.
- Certain of our operating results and financial metrics are difficult to predict as a result of seasonality.
- We have had a history of losses and we may be unable to sustain profitability.
- We intend to continue to pursue the acquisition of acquire 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.
- We plan to expand have expanded our international operations, more recently in the second half of 2023 as a result of our Broadbean acquisition, which exposes us to significant risks, risks, and we may further expand our international operations in future through organic growth and/or non-organic growth through future acquisitions.
- Our business has been and may continue to be negatively affected by the macroeconomic and geopolitical factors, including lingering economic disruption caused by the COVID-19 pandemic ("COVID-19") pandemic, macroeconomic conditions, including increasing interest, the Russia-Ukraine conflict, the war in Israel, inflation rates inflationary pressures and the responses by central banking authorities to control inflation, monetary supply shifts and the threat of recession in the United States and recent and potential future disruptions in access to bank deposits or lending commitments due to bank failures.
- Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our operations to pay substantial debt obligations.
- We depend on our executive officers and other key employees, and around the loss of any executive officer or key employee could inability to attract and retain highly skilled employees could adversely affect our business.

Risks Related to the Development and Operation of Our aiWARE Platform and other Products

- If we are not able to enhance our existing products or introduce new products that achieve market acceptance and keep pace with technological developments, our business **results of operations and financial condition** could be harmed.
- Our competitors, partners or others may acquire **third party** technologies used in our aiWARE platform, which could result in an **offer them blocking us from using the technology in our aiWARE platform, offering it for free to the public or making make it cost prohibitive for us to continue to incorporate their those technologies in our aiWARE platform, or these into aiWARE**. Partners and third party technology providers may otherwise terminate their **relationships** with us, which could adversely affect **affecting** the functionality of our aiWARE platform. aiWARE.
- We rely on third parties to develop AI models for our platform and **in some cases** to integrate them with our platform.
- If we are not able to develop a strong brand for our aiWARE platform and other products or increase market awareness of our company and our platform and other products, then our business **results of operations and financial condition** may be adversely affected.
- Interruptions or performance problems associated with our technology and infrastructure, or that of our third party service providers including AWS and Azure, may adversely affect our business and operating results.
- **The A security breach** of our platform, networks, **computer systems or data may be breached**, and any such breach will have an adverse effect on our business and reputation.
- Our ability to use our loss carryforwards may be limited.

Risks Related to our Indebtedness and Liquidity

- Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our operations to pay our debt obligations.
- If we are not able to achieve certain cost synergies from our prior acquisitions and cost savings from our planned cost reduction measures, we may need additional liquidity to continue our operations over the next twelve months.
- We may require additional capital to grow our business, service our debt obligations or refinance our maturing debt obligations and this capital might not be available on acceptable terms, if at all.
- The Credit Agreement (as defined below) contains restrictive covenants that may impair our ability to access sufficient capital to operate our business.

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- An adverse change in market interest rates could increase our interest costs on existing and future debt and could adversely affect our stock price.

Risks Related to Target Markets, Competition and Customers

- The success of our business depends on our ability to expand into new vertical markets and attract new customers in a cost-effective manner.
- We generate substantial revenue from a single customer and the loss of such customer may harm our **business, results of operations and financial results**.
- Technological advances may significantly disrupt the labor market and weaken demand for human capital at a rapid rate.

- Significant segments of the market for talent acquisition software and services may have hiring needs and service preferences are subject to greater volatility than the overall economy. business.
- We currently generate significant revenue from a limited number of key customers and the loss of one or more of those customers or a significant reduction in the revenues generated from those customers may harm our business, results of operations and financial results.
- Technological advances may disrupt the labor market and weaken demand for human capital at a rapid rate.
- Significant segments of the market for talent acquisition software and services may have hiring needs and service preferences are subject to greater volatility than the overall economy.
- Our sales efforts related to our Software Products & Services involve considerable time and expense, and our sales cycle is often long and unpredictable.
- Advertising customers periodically review and change their advertising requirements and relationships. If we are unable to remain competitive or retain key customers, our business results of operations and financial position may be adversely affected.
- Acquiring and retaining advertising customers depends on our ability to avoid and manage conflicts of interest arising from other customer relationships and attracting and retaining key personnel.

Risks Related to Intellectual Property

- We face risks arising from our digital content licensing services, including potential liability resulting from claims by third parties for infringement or violation of copyrights, publicity or other rights, as well as indemnification claims by rights holders and customers.
- We may be sued by third parties for alleged infringement of their proprietary rights, which could adversely affect our business, results of operations and financial condition.
- We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.
- Our use of open source software could negatively affect our ability to sell our products and/or subject us to possible litigation.

Risks Related to Regulatory Compliance

- Data protection. We are subject to stringent and evolving U.S. and foreign laws, regulations, and rules, contractual obligations, industry standards, policies and other obligations related to data privacy laws and regulations security. These legal and other obligations could require us to make changes to our business, impose additional costs on us and reduce the demand for our software products and solutions. Our actual or perceived failure to comply with such obligations could also lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.
- Tax authorities in the United States and in foreign jurisdictions may successfully assert that we, including our acquired companies, should have collected, or in the future should collect, sales, use, value added, or similar taxes, and we could be subject to substantial liabilities with respect to past or future transactions, which could adversely affect our results of operations. transactions.
- Recent and proposed laws regarding the use of facial recognition technology, the processing of biometric data, and the use of automated decision-making and machine learning technologies could increase compliance costs or otherwise make it harder for us to conduct our business, require us to change our business practices, lead to regulatory investigations or actions, and have a material adverse effect on demand for certain of our products.

Risks Related to the Ownership of Our Securities and Our Public Company Operations

There are additional risks related to the ownership of our securities and our public company operations discussed in more detail in item "Item 1A. Risk Factors" of Part I, including, but not limited to, risks concerning the volatility of our stock price, our identification of a material weakness in our internal control over financial reporting, our anti-takeover provisions, stockholder dilution and analysts' reports about the Company.

PART I

Item 1. Business.

Overview

Veritone, Inc. (collectively with our subsidiaries, referred to as "Veritone," "Company," "we," "our," and "us") is a leading provider of artificial intelligence ("AI") computing solutions and services and certain advertising and licensing services. We are driven by the belief that AI is key to building a safer, more efficient, transparent and empowered society. Our mission is to be an active contributor to making the world better through AI. As creators of one of the world's first AI operating systems, we are augmenting the human workforce by transforming use-case concepts into tangible, industry-leading applications and solutions.

Our proprietary AI operating system, aiWARE™, uses machine learning algorithms, or AI models, together with a suite of powerful applications, to reveal valuable insights from vast amounts of structured and unstructured data. aiWARE serves as the foundation for our AI solutions and bespoke applications and offers access to hundreds of cognitive engines through one common software infrastructure. Highly modular and customizable, aiWARE enables expansive scale with the flexibility to deploy in the cloud, at the edge or in hybrid environments. Our aiWARE platform offers capabilities that are designed to mimic human cognitive functions such as perception, prediction and problem solving, enabling users to quickly, efficiently and cost effectively transform unstructured data into structured data, and analyze and optimize data to drive business processes and insights. aiWARE is based on an open architecture that enables new AI models, applications and workflows to be added quickly and efficiently, resulting in a scalable and evolving solution that can be leveraged by organizations across a range of industries.

We also offer cloud-native digital content management solutions and content licensing services, primarily to customers in the media and entertainment market. These offerings utilize aiWARE, providing customers with unique capabilities to enrich and drive expanded revenue opportunities from their content.

In addition, we operate a full-service advertising agency that leverages aiWARE to provide differentiated managed services to our customers. Our 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 radio, podcasting, streaming audio, social media and other digital media channels. Our advertising services also include our VeriAds Network, which is comprised of programs that enable broadcasters, podcasters and social media influencers to generate incremental advertising revenue. In March 2022, we acquired an influencer-based management company to augment and accelerate our advertising services and capabilities.

In September 2021, we acquired PandoLogic. Ltd. ("PandoLogic"), a company incorporated under the laws of the state of Israel, which is a leading provider of intelligent hiring solutions and utilizes its proprietary platform, PandoIQ, to accelerate the time and improve efficiency 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.

We generate revenue primarily through the delivery of our Software Products & Services (as defined below) across our Commercial Enterprise ("Commercial Enterprise") and Government and Regulated Industries ("Government & Regulated Industries") divisions, and secondarily from Managed Services (as defined below) that today include the delivery of advertising and content licensing services within Commercial Enterprise.

- "Software Products & Services" consists of revenues generated from Commercial Enterprise and Government & Regulated Industries customers using our aiWARE platform and hiring solutions, any related support and maintenance services, and any related professional services associated with the deployment and/or implementation of such solutions.
- "Managed Services" consist of revenues generated from Commercial Enterprise customers using our content licensing service advertising agency, influencer management and related services.

Our presence is primarily in the United States, the United Kingdom, France, Australia, Israel and Israel, India.

The Market Opportunity

Today, the existence of unstructured data is growing rapidly, and Gartner clients are reporting 30% to 60% growth in unstructured data year over year (2022 Strategic Roadmap for Storage, March 2022). This creates creating significant challenges for companies and

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governments across the globe, including how to create systematic solutions to address the ever-increasing volume of unstructured data. Whether it is a government or state and local police department law enforcement agencies trying to rapidly solve crimes through the analysis of unstructured video evidence, a media company searching years of television archives for specific images and video content, or the U.S. military global employers trying to analyze huge operationalize high volumes of satellite and other aerial images, hiring data, we believe AI is the only efficient solution to these complex challenges.

To address the ever-growing challenges surrounding unstructured data, we developed aiWARE, our proprietary AI operating system. aiWARE orchestrates AI models, together with a suite of powerful applications, to reveal valuable insights

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from vast amounts of structured and unstructured data. aiWARE offers capabilities that are designed to mimic human cognitive functions such as perception, prediction, problem solving and optimization, 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.

Our Solution

aiWARE is based on an open architecture that enables new AI models, applications and workflows to be added quickly and efficiently. This results in a scalable and evolving solution that can be easily leveraged by organizations in a broad range of industries that capture or use audio, video and other unstructured data, together with structured data, such as the media and entertainment,

government, legal and compliance, and other vertical markets, driving down the cost, complexity and time to develop, deploy and distribute AI-enabled applications in their operations. Our aiWARE platform is offered primarily through a software-as-a-service ("SaaS") delivery model and can be deployed in a number of environments and configurations to meet our customers' needs.



Our aiWARE platform encompasses the following:

- *Industry Applications.* We provide numerous AI-powered applications that span local and federal government, legal and compliance, and media and entertainment verticals. These applications search and rapidly extract actionable insight from evidence, quickly locate case-critical evidence and compliance risks, and analyze, manage, and monetize media assets.

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- *Automate Studio and Developer APIs.* Our aiWARE platform allows enterprise AI Leaders responsible for IT, MLOps, ModelOps, ML, data science, or digital transformation to quickly and easily create aiWARE-based AI workflows with a low-code designer and utilize aiWARE APIs directly to add content intelligence to existing legacy applications or build cloud-native or IoT apps.
- *Intelligent Data Lake.* Our customers can save, index and search data insights across engines with aiWARE's intelligent data lake, which provides time-correlated cognitive metadata indexing and enables multivariate,

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time-based search in applications. Developers can use this time-correlated data to trigger workflows when certain events occur.

- *Applications and Cognitive Analytics.* We have developed a suite of core applications and several industry targeted applications, which are discussed in more detail below, to facilitate the use of our platform and enable users to unlock actionable insights from their diverse datasets. The modular structure of aiWARE enables rapid development and deployment of applications, including ChatGPT, that are relevant to the specific needs of different markets. This allows us and third parties to build and deploy new applications on top of our aiWARE architecture or integrate existing applications with aiWARE quickly and easily.
- *Generative AI.* Generative AI enables the creation of novel content from data inputs, rather than simply analyzing or acting on existing input data. Generative AI technology is currently being used across numerous industries for a variety of purposes such as simulating human conversation, producing multilingual content and ad promos and summarizing and making recommendations based on large volumes of data. With the increasing prominence of large language models, such as GPT-3 and ChatGPT, we recently introduced generative AI capabilities to aiWARE. Veritone Generative AI allows organizations to create custom, domain-specific large language models and knowledge graphs based on the data they store on aiWARE and to integrate these proprietary models with public large language models. These capabilities are available in aiWARE natively, via API as well as through Automate Studio, and we plan to integrate them with our industry-specific applications in the future. In addition to its current large language model support, we also plan to natively support expanded generative AI models for image

and video generation, such as DALL-E and other prompt-to-image and video models, through aiWARE, in the second quarter of 2023.

aiWARE is available through multiple deployment models that can be configured to meet each customer's specific requirements. These deployment models include fully cloud-based options hosted by us in Amazon Web Services ("AWS") and Microsoft Azure ("Azure") commercial and secure government cloud environments; on-premises options, which allow users to utilize aiWARE's cognitive processing and certain other capabilities in their controlled environment; and hybrid cloud/on-premises options, which give users of our on-premises capabilities the option to also connect to our services in the cloud, either to provision additional services to run within their controlled environment, or to use our additional cloud-based services to process data, search and analyze the results. We currently hold an Authorization to Operate ("ATO") under the Federal Risk and Authorization Management Program ("FedRAMP") for our AWS secure government cloud platform to support government customers.

Our current architecture gives us the flexibility to deploy many of aiWARE's capabilities in virtually any environment, including select arm64 architectures, with improved scalability and reliability. We are continuing to enhance the portability of aiWARE to provide substantially all of the features and functionality of the platform within any environment to meet our customers' needs.

Markets in Which We Operate

We serve two distinct markets: Commercial Enterprise and Government & Regulated Industries. We have developed several applications and services addressing specific customer use cases within these target markets. We intend to leverage the capabilities that we have developed for these key markets to expand into other markets in the future. We have identified numerous ways in which our aiWARE platform and related AI technology may be used to extract valuable insights from large volumes of data to address real-world problems across a broad range of markets and applications.

Commercial Enterprise

Commercial Enterprise today consists of customers in the commercial sector, including media and entertainment, advertising, content licensing and our hiring solutions customers, which we now refer to as "Veritone Hire." To date, the majority of our Software Products & Services and Managed Services revenue is generated from our Commercial Enterprise customers.

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Software Products & Services

Software Products & Services used by our Commercial Enterprise customers include:

- *aiWARE Processing.* Bundled offering of our core applications which enables media broadcasters to ingest their live and archived media into aiWARE and run an array of AI models on the media to identify keywords, faces, logos and objects, enriching the content with additional metadata to allow it to be quickly and easily searched, analyzed, curated and shared in near real-time. aiWARE Processing also includes advanced analytics features that allow users

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to customize their analytics dashboards and reports and generate live interactive charts with robust filtering capabilities and transforms the way these media broadcasters conduct their business by implementing AI-powered applications in their ad tracking and verification workflows, enabling them to provide advertisers with near real-time ad verification and integrated audience analytics.

- *Attribute.* AI-powered media attribution application that tracks the efficacy of advertising in broadcast radio and television. The application delivers customer behavior impact analytics from pre-recorded, native and organic mentions, enabling broadcasters to analyze the effect of an advertiser's advertising placements. The application systematically verifies advertisements and mentions in broadcasts and correlates them with the advertiser's website data and displays the correlated information in a media attribution dashboard. Attribute enables broadcasters to demonstrate an advertiser's campaign effectiveness and reveal data-driven insights for optimization of ad placements to drive greater customer return on investment, helping to drive increases in customer advertising spending.
- *Digital Media Hub.* Cloud-native, AI-enabled media management solution through which rights holders can ingest, manage and organize their content and offer global access to their content to key stakeholders, including news media and corporate partners, in a secure, permission-based cloud environment. Digital Media Hub offers intelligent search and discovery capabilities and robust reporting tools, which allow users to access content quickly, and allow rights holders to track downloads and understand what content is most important to users.
- *Hiring Veritone Hire Solutions.* Recruitment Cloud-native software portal and applications enabling employers to recruit and operate programmatic advertising programmatic software which employers can use to optimize the efficiency of their hiring process. Our Broadbean software is integrated into over 100 unique applicant tracking systems and enables customers to access over 2,500 international job boards to streamline hiring efforts, and our PandoIQ software leverages predictive AI algorithms and machine-learning to help employers save money on their job advertising and source talent faster. The PandoSelect platform pairs the PandoIQ programmatic software with conversational AI to provide employers with an all-in-one dashboard to source, engage, qualify, and manage candidates.
- *Veritone Voice.* Synthetic voice solution that allows content creators and owners across numerous industries to securely create and monetize verified AI voices that can be transformed into different languages, dialects, accents and more. In addition to a self-serve application for voice projects with over 450+ stock voices across 225+ languages, Veritone's voice solution offers Premium Voices with over 70+ recognizable voice-artist approved AI voices to license, as well as custom voice cloning, a consent-driven cloning solution using text-to-speech or speech-to-speech with built in safeguards. speech-to-speech.

Managed Services

Managed Services used by our Commercial Enterprise customers include:

- *Content Licensing.* Digital content licensing services, through which we manage and license content on behalf of leading rights holders to end users in the film, television, sports, and advertising industries. Content is licensed either through our own internally developed web portal, customer-branded web portals or other licensing arrangements. We utilize aiWARE's cognitive capabilities to enable richer and more efficient searching of content, allowing users to quickly find and acquire content for their projects.
- *Live Event Services.* Support of onsite production teams, particularly at the largest golf and tennis tournaments in the world, by ingesting live content, applying cognition and metadata and making content immediately accessible for highlights, publication, advertisements, and additional programming.
- *Media Agency Services.* Full-service media advertising agency that provides media planning and strategy, media buying and placement, campaign messaging, clearance verification and attribution, and custom analytics. We

leverage our aiWARE platform to help our advertising customers improve their media placements and maximize the return on the advertising spending using real-time ad verification and media analytics.

- *Influencer Services*. Offering of management, representation and related services to a select group of social media influencers to create content and custom marketing campaigns for brand partners and agencies.
- *VeriAds Network*. Comprised of three programs that enable radio and television broadcasters, podcasters and social media influencers to generate incremental advertising revenue from premium advertisers, and enable these advertisers to expand their audience reach through unique ad units and new influencer avenues:

- *Spot Network*. Provides access to run-of-schedule and dayparted ad units for radio and television advertisements from broadcaster participants.
- *MicroMentions™*. On-demand live read ad unit solution that gives broadcasters the opportunity to execute 10, 15 or 30 second ads outside of their scheduled ad inventory on a guaranteed CPM CPT (cost per thousand) basis. MicroMentions leverages aiWARE to programmatically manage clearance and verification of, and provide near real-time analytics for, these live reads.
- *Influencer Bridge*. Pay-per-performance advertising program that enables audio and video content creators, including podcast, Instagram and YouTube influencers, to monetize their content through CPA (cost per action) advertisements by pairing them with premium brands looking to expand their audience reach through new influencer avenues. Using aiWARE, we can analyze content of podcast episodes and YouTube videos included in the Influencer Bridge program to help identify new contextually relevant advertising opportunities for premier brands based on the subject matter presented, as well as to provide insights for brand safety and content transparency.

Government and Regulated Industries

Government & Regulated Industries **today** consists of customers in government and regulated industries, including our state, local and federal government, legal **compliance** and **to a lesser extent**, energy **compliance** customers. To date, **a small portion of our historical revenue is generated from** Government & Regulated Industries **customers**; represents a smaller portion of our consolidated revenue; however, **we in fiscal 2023, Government & Regulated Industries grew 56%** as compared to fiscal 2022. We believe that there are **excellent** near and long term opportunities in Government & Regulated Industries to **further grow our business** **business during fiscal 2024 and beyond.**

Government & Regulated Industries markets include state and local government, legal and compliance markets, including law enforcement, legal and judicial professionals, and companies and regulatory bodies in highly regulated industries. Law enforcement and other government agencies regularly accumulate large amounts of unstructured audio and video data, including from police body cameras, police car recorders, interview room cameras, 911 audio tapes and surveillance cameras. Historically, in most cases, investigators have had to review audio and video data manually, a task that consumes huge amounts of time and delays investigations.

In addition, public agencies are required to provide certain information, which may include audio and video files, in response to requests from the public. Recently, statutes in several states have broadened the scope of information required to be disclosed and have shortened the time periods in which such disclosures must be made. Reviewing video footage to identify and authenticate the appropriate footage to be disclosed, and to redact facial images and other sensitive information prior to disclosure, have historically been time-consuming and largely manual processes. Today, law enforcement and other government agencies can leverage our aiWARE platform and applications to organize, review, analyze and gain insight from their various data sources to greatly enhance their investigative workflows and to support their public disclosure requirements.

Within the legal market, our AI technologies support eDiscovery, the process of identifying, collecting and producing electronically stored information, where audio and video content analysis is playing an increasingly important role in civil litigation and criminal proceedings. Our aiWARE platform's applications and cognitive capabilities are designed to enable users to quickly search and analyze large volumes of audio files, video files, text-based documents and other electronically stored information to identify particular words, phrases, faces, objects and voices, and to redact sensitive information prior to production, greatly increasing the speed, reducing the cost, and improving the results of discovery processes.

Software Products & Services used by our Government & Regulated Industries customers include:

- *aiWARE Anywhere*. Provides deployment options for our aiWARE platform that lets customers harness the power of AI anywhere, any time. It provides a common software infrastructure that lets customers use end-to-end, AI-powered solutions — from data ingestion to intelligent data analysis — in either general or industry-specific

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applications. aiWARE Anywhere deployment options include on-premises, in the Veritone cloud, or in a private cloud, depending on our customers' needs.

- *Veritone Contact*. Saves time and costs for law enforcement officers by using a centralized system to automate the collection and reporting data compliant with the Racial Identity and Profiling Act (RIPA).
- *IDentify*. Powerful AI-driven application designed to enable law enforcement and judicial agencies to increase the speed and efficiency of investigative workflows. IDentify allows users to upload and maintain booking and known offender databases in aiWARE and use facial recognition technology to automatically compare these databases with video and photographic evidence, such as footage from body cameras, dash cameras and CCTV surveillance cameras, to identify potential suspects for further investigation. IDentify gives agencies a powerful tool to augment their investigative workflows, saving valuable time and resources and helping them investigate cases faster.

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- *Illuminate*. Provides users with an effective means of searching voluminous sets of media and electronic documents to support eDiscovery efforts, and particularly their early case assessment efforts. This application allows users to rapidly ingest, process and search large volumes of audio, video, image and text-based documents, to identify and segregate relevant evidence for further review and analysis. Illuminate's text analytics capabilities allow users to visually explore entities, such as the persons,

organizations and locations identified in the data. Once processed and reviewed through the application, users can transfer a relevant subset of media and documents to our Redact application if redaction is necessary or export it for transfer to their eDiscovery or case management platform for further processing and workflows.

- *Redact.* Enables law enforcement and judicial agencies to leverage AI to automate the redaction of faces and other sensitive information within audio, video and image-based evidence, streamlining their redaction workflows. Redact employs AI technology to automatically detect when persons appear in evidence for review and selection. Users can also define other sensitive items appearing in video evidence and choose to automatically track the defined items for redaction throughout the video or at a single time stamp. The application then systematically obscures selected portions of the data in the evidence. With Redact, agencies may expedite their review and redaction of evidence in a fraction of the amount of time spent on manual processes, freeing up valuable resources while supporting compliance efforts with respect to stringent disclosure requirements.
- *Contact.* Eases the time commitment and burden of complying with racial and identity profiling stop data collection requirements in California and offers ways to gather additional insight for agency needs. Developed in close collaboration with the California State Department of Justice as well as key city law enforcement agencies, this intelligent stop data collection application may reduce officer data collection time, minimize review effort, and provide command staff faster insight for training and other constituent transparency initiatives.
- *Tracker.* Monitors people as objects in video, providing insights to help assess the visual description of a person of interest in a scene, what they are doing, and who they are with, without performing facial detection or other biometric identification that would reveal a person's identity. with. Tracker enables our customers to monitor multiple video recordings and feeds when dealing with occlusion within crowded areas and impacts from lighting and distance. Tracker tracks the human body and head, whether or not the head is turned or at an unidentifiable angle and can also track clothing or anything identifiable across multiple videos and feeds. Government, law enforcement, and justice organizations have used Tracker to find persons of interest from disparate video files and build an understanding of their activities and associations. This type of "digital forensics" can help investigators create a narrative around an event or an individual contained in a video capturing a crime or an object of interest to track.
- *Intelligent Digital Evidence Management System ("iDEMS").* Built on Veritone's award-winning aiWARE™ platform, iDEMS is a cloud-based platform suite comprised of Veritone's market-leading public sector solutions – *Veritone Investigate*, *Redact*, *Illuminate*, *Tracker* and *IDentify*. iDEMS has seamless downstream workflows to centralize digital evidence, streamline redaction, improve analysis and evidence discovery, track persons of interest across all containerized content files and identify persons of interest from an existing records database. The solution also provides technical workflow integrations with many of the industry's leading software platforms and tools.

Sales and Marketing

Software Products & Services

We conduct sales and marketing activities related to our Software Products & Services through a combination of our direct sales force and indirect channel partners such as value-added resellers ("VARs"), distributors, system integrators, managed services providers and referral partners. Our direct sales organization is comprised of teams of business development managers, account executives and sales managers, who are supported by sales development representatives, sales engineers, solutions architects and other inside sales personnel. These sales teams are generally organized based on their specialized knowledge and expertise within each of our target markets. Our sales team collaborates closely with our product marketing, management and development teams to evaluate and develop solutions to address the needs of customers.

We have also established, and we intend to continue to expand, an indirect sales channel comprised of VARs, distributors and referral partners. We have entered into agreements with channel partners located in the United States and internationally. These

agreements generally provide the channel partners with discounts below our standard prices, have terms of one year which automatically renew on an annual basis, and are generally terminable by either party for convenience following a specified notice period. Substantially all of our agreements with channel partners are nonexclusive; however, we

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allow channel partners to register sales opportunities through our deal registration program, in which case we may grant a channel partner priority to pursue an opportunity for a specified period of time, subject to certain conditions.

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Managed Services

We conduct sales and marketing activities relating to our digital content licensing Managed Services business through our direct sales representatives who identify, develop and manage our relationships with strategic Commercial Enterprise customers in the advertising, entertainment/documentary and network broadcasting industries. We maintain our commerce web portal, where stock content and select libraries can be licensed and downloaded directly, but the majority of our business is driven through high-value libraries that require an approval process to gain access. We also cross-sell additional products and services, including media management and aiWARE, to our content licensor partners.

We market and sell our advertising Managed Services through a combination of our direct sales and indirect channel sales. We primarily market and sell directly to advertisers through outbound sales networking and client and partner referrals. Our indirect sales channel consists of referral partners who are mainly advertising agencies or marketing consultants who are unable to provide certain services to their clients, such as radio, podcast and YouTube placements. In addition to our sales efforts for new clients, we further expand sales opportunities and upsell through our campaign strategists who work directly with our advertising clients to optimize and enhance media spending on advertising campaigns.

Customers

Software Products & Services

We market and sell our Software Products & Services to customers in the Commercial Enterprise and Government & Regulated Industries markets. During 2022, 2023, ten customers accounted for approximately 76% 44% of the total revenues from our Software Products & Services, with one customer accounting for approximately 58% 22% of the total revenues from Software Products & Services. As we continue to grow our revenues from our Software Products & Services across our markets, we believe that our dependence on any single customer or group of customers will be reduced.

Managed Services

We market and sell our advertising Managed Services to customers that make significant investments in advertising, particularly in native and spot-based advertising campaigns delivered over broadcast radio, satellite audio, streaming audio, podcasting, digital video services and other social media channels. During 2022, 2023, ten advertising customers accounted for approximately 38% 50% of the total revenues from our Managed Services, with one advertising customer accounting for approximately 11% 12% of the total Managed Services revenues. We market and sell our content licensing Managed Services to customers such as major sports networks, advertising agencies, and film production companies that require high value content for their broadcasts and projects. During 2022, 2023, ten content licensing customers accounted for approximately 11% 12% of the total Managed Services revenues.

Competition

Software Products & Services

The market for AI-enabled solutions is rapidly evolving and highly competitive, and we face competition from various sources, including large, well-capitalized technology companies such as Google, Microsoft, Amazon and Palantir. In the case of our hiring Veritone Hire solutions, 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

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reasons including price, quality, sophistication, familiarity and global presence. In addition, we may compete with smaller competitors, including developers of AI models, who may develop their own solutions that perform similar services as our

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platform for specific use cases, as well as with systems integrators that aggregate and integrate cognitive solutions from multiple providers for their clients.

We believe the following competitive attributes are necessary for us to successfully compete in the AI industry for Commercial Enterprise and Government & Regulated Industries customers for our Software Products & Services:

- Applications to enable our platform to be effectively leveraged for a wide variety of use cases;

- Breadth, depth and performance of cognitive processing and other AI capabilities, particularly accuracy and speed;
- Availability of cloud-based and on-premises deployment models and functionality;
- Ease of deployment and integration;
- Platform scalability, reliability and security; and
- Cost of deploying and using our products.

We believe that we compete favorably on the basis of the factors listed above. We believe that few of our competitors currently compete directly with us across all of our cognitive capabilities and vertical markets, and that none of our competitors currently deploy an AI operating system with an open ecosystem comprised of a comparable number of multiple proprietary and third party AI models that can be accessed by customers from a single integrated platform.

Competitors for our Software Products & Services fall into the following primary categories:

- Infrastructure-based cloud computing vendors offering cognitive processing services via APIs, such as IBM Watson via IBM Cloud, Microsoft Cognitive Services via Azure and Amazon Machine Learning via AWS;
- Smaller AI-focused vendors offering solutions within a single cognitive category such as facial recognition, object recognition, natural language processing or generative AI;
- Enterprise services and solutions providers that combine their services with technology developed in-house to address specific challenges for organizations, such as Palantir and C3.ai;
- System integrators that aggregate and integrate solutions from multiple underlying providers of cognitive services for clients, such as Accenture and Deloitte Consulting; and
- Providers of hardware and/or software solutions serving a particular market, which are incorporating into their solutions automation, processing, search and/or data analytics capabilities that provide functionality similar to our industry targeted applications, including the following:
 - In the media and entertainment market, providers of digital asset management systems;
 - In the public safety market, providers of police body cameras and car recorders and associated content storage and management systems; and
 - In the legal market, providers of eDiscovery solutions and/or associated hosting and managed services.

Managed Services

Competitors of our advertising Managed Services are mainly traditional advertising agencies that are either large full-service agencies or smaller niche agencies with a particular specialization or focus, such as radio media placement or podcast advertising, as well as large consulting firms in the media industry. We believe that we currently, and will continue to, compete successfully against our competitors on several key factors. We are a leader in endorsed radio and podcast advertising services, and we leverage our platform to provide our customers with innovative technology that we believe provides them with better analytics and insights into their advertising campaigns than our competitors for superior advertising performance and optimization.

We do not currently face significant competition from third parties for our content licensing Managed Services, particularly in North America; however, many content owners choose to manage the licensing of their content in-house, and

content owners that we currently represent may choose to license their content directly in the future. We believe that we may face more competition in North America if new content licensing companies emerge or expand their business in the region.

As we expand our content licensing services to international markets, we believe that we may face greater competition from established content licensing and talent management companies. We believe that our ability to use the cognitive capabilities of aiWARE to enrich and enhance the searchability of content, and to leverage relationships with existing customers and vendors across our Managed Services business, gives us a competitive advantage over other content licensing companies and allows us to achieve greater benefits for content owners than they can achieve through their own in-house efforts.

Research and Development

Our research and development organization is comprised of employees who are responsible for the design, development and testing of our AI and software solutions, including software engineers, quality engineers, data scientists, data engineers, product managers and user experience designers. Our research and development organization is generally organized in teams, with teams focused on our core aiWARE architecture and capabilities and other teams focused on solutions and applications that address specific use cases in our key markets. We focus our efforts on developing new features and expanding the core technologies that further enhance the usability, functionality, reliability, performance and flexibility of aiWARE, as well as allow us to operate in new vertical markets. In addition, we contract with select third-party engineering services to support development and quality assurance testing. We plan to continue to make significant investments in developing our AI technologies, expanding the functionality and capabilities of aiWARE and related solutions, and building new software capabilities.

Intellectual Property

We rely on a combination of patent, copyright, trademark and trade secret laws in the United States and other jurisdictions, as well as license agreements and other contractual protections, to protect our proprietary technology. We also rely on a number of registered and unregistered trademarks to protect our brand.

As of **March 10, 2023** **March 25, 2024**, in the United States, we have **41** **33** issued patents, which expire between **2030** **2029** and 2042, and have **12** **14** patent applications pending for examination. As of such date, we also had **13** **20** issued patents and **41** **5** patent applications pending for examination in foreign jurisdictions (including international PCT applications), all of which are based on counterpart U.S. patent applications pursued by us. In addition, we have registered, or have applied for registration of, numerous trademarks, including Veritone and aiWARE, in the United States and in several foreign jurisdictions. We seek to protect our intellectual property rights by implementing a policy that requires our employees and independent contractors involved in development of intellectual property on our behalf to enter into agreements acknowledging that all works or other intellectual property generated or conceived by them on our behalf are our property, and assigning to us any rights, including intellectual property rights, that they may claim or otherwise have in those works or property, to the extent allowable under applicable law.

Seasonality

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

Regulatory Environment

We are subject to a number of U.S. federal, state, local and foreign laws and regulations, including within the United Kingdom, Israel and parts of Europe, that involve matters central to our business. These laws and regulations involve privacy, data protection, intellectual property, competition, consumer protection and other subjects.

Our customers utilize our products and services to process, analyze and store data in a manner which may cause us to carry out certain processing of personal information data that is subject to data protection and privacy laws in various jurisdictions including the European Union and United Kingdom General Data Protection Regulation ("GDPR"), the California Consumer Privacy Act, as amended ("CCPA"), laws regulating the use of AI, automated decision making, machine learning, and biometric technologies (including facial recognition), and similar laws and regulations in other jurisdictions, including states and

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localities within the United States. Under these data protection and privacy laws, we are may be required to maintain appropriate certain technical and organizational measures designed to ensure the security and protection of personal data and information, and

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we must may be required to comply (either directly or indirectly pursuant to requirements of our contracts with customers) with a number of requirements with respect to individuals whose personal data or information we collect and process, including, among others, notification requirements and requirements to comply with requests from individuals to (i) opt out of collection, processing and/or sale of their data or information, (ii) delete their data or information, and (iii) receive copies of and other information regarding our collection and processing of their data or information.

The California Privacy Rights Act ("CPRA") amends and expands the CCPA to include additional obligations of businesses with respect to collecting, processing and sharing personal information and responding to requests from consumers related to their personal information. Additionally, the CPRA applies to personal information of business representatives and employees. We are obligated to comply with the CPRA and the regulations to be implemented thereunder. Moreover, governments, regulators and individuals are

increasingly scrutinizing the use of AI and machine learning technologies (including the associated processing of personal data), automated decision making (including in an employment and/or recruitment context), and the processing of biometric data (including through facial recognition technologies). Numerous laws and regulations around the world have been enacted or proposed to regulate these areas, and several lawsuits have been filed, particularly in the United States, challenging the processing of biometric data, which may reduce our customers' demand for our products.

Human Capital Resources

As of **March 10, 2023** **March 25, 2024**, we had a total of **661** **696** employees, **substantially all** **664** of whom were full-time employees. **217** **196** of our U.S.-based employees are located in California, with another **323** **257** employees located in **40** **36** other states. We also have **104** **72** employees located in Israel **14** and **171** employees located in the United Kingdom, 1 in Singapore, 1 in Austria and 1 in the Netherlands. **other countries**.

We believe that our employees are our greatest asset and our company culture is a critical component of our success. We strive to create a diverse and inclusive work environment in which all employees feel a strong sense of community and embody our core values. **41%** **39.6%** of our employees are women, and **18%** **49.5%** of our employees are members of ethnic or racial minorities and other legally protected classes. We have implemented a number of initiatives to ensure that our employees are engaged and motivated to work hard and have fun at the same time. We conduct employee engagement surveys to gauge employee satisfaction, identify areas for improvement and implement positive change to evolve and better our company culture.

We strive to hire, develop and retain the top talent in the industry. To attract top talent, we offer competitive salaries, incentives, equity compensation and benefits. We conduct an annual talent review process, in which we obtain employee feedback, evaluate performance and establish goals, objectives and development plans for all employees. We continuously monitor and evaluate employee turnover to identify and address areas of concern to improve employee retention.

Company Information

We were incorporated as a Delaware corporation on June 13, 2014. Our corporate headquarters are located at **2420 17th1615** **Platte Street, Office 3002, 2nd Floor**, Denver, Colorado 80202. Our telephone number is (888) 507-1737. Our principal website address is www.veritone.com. The information provided on, or accessible through, our website is not a part of this Annual Report on Form 10-K, nor is such information incorporated by reference herein, and such information should not be relied upon in determining whether to make an investment in our common stock.

Available Information

This Annual Report on Form 10-K and our quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act, are available free of charge on the investor relations section of our website at investors.veritone.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We will also provide electronic or paper copies of such reports free of charge, upon request made to our Corporate Secretary at **2420 17th1615** **Platte Street, Office 3002, 2nd Floor**, Denver, Colorado 80202. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

We use our investor relations website as a channel of distribution for important company information, including news and commentary about our business and financial performance, webcasts of our earnings calls and investor events, SEC

filings, and corporate governance information, including information regarding our board of directors (our "Board"), our board committee charters and code of business conduct and ethics. The information provided on, or accessible through, our investor relations website is not a part of this Annual Report on Form 10-K, nor is such information incorporated by reference herein, and such information should not be relied upon in determining whether to make an investment in our common stock.

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Item 1A. Risk Factors.

The following describes the risks and uncertainties that could cause our actual results to differ materially from those presented in our forward-looking statements. The risks and uncertainties described below are not the only risks we face but do represent those risk and uncertainties that we believe are material to our business. Additional risks that we do not yet know of or that we currently believe are immaterial may also harm our business operations.

Risks Related to Our Business and Our Financial Condition

Our efforts to expand our aiWARE Software Products & Services may not be successful.

In order for us to grow our business and achieve profitability, we must expand our revenue base by expanding our customer base and increasing our business with existing customers. We may not be able to succeed with respect to these efforts. Many factors may adversely affect our ability to grow the business for our aiWARE platform, including but not limited to:

- Failure to add market-specific applications to our aiWARE platform with sufficient levels of capability to provide compelling benefit to users in our target vertical markets;
- Failure to add AI models with sufficient levels of capability or trainability into our platform, difficulties integrating AI models, loss of access to, or increases in the cost of, AI models;
- Inability to expand the number of AI models in different classes that can operate in a network-isolated manner, which would limit the capabilities of aiWARE available in our FedRAMP environment or under private cloud, on-premises and hybrid deployment models;
- Difficulties in adding technical capabilities to our platform and ensuring future compatibility of additional third party providers;
- Failure to articulate the perceived benefits of our solution, or to generate broad customer acceptance of or interest in our solution;
- Introduction of competitive offerings by larger, better financed and more well-known companies;
- Introduction of new products or technologies that have performance and/or cost advantages over our aiWARE platform;
- Inability to integrate our platform with products of other companies to pursue particular vertical markets, or the failure of such relationships to achieve their anticipated benefits;
- Long and complex sales cycles, particularly for customers in the Government & Regulated Industries markets; and

- Challenges in operating our platform on secure government cloud platforms and complying with government security requirements.

If we fail to develop a successful business for our aiWARE platform, our business, results of operations and financial condition will suffer.

The market for AI-based software applications is relatively new and unproven and may decline or experience limited growth. Concerns over the use of AI, including from regulators, the public and our customers, may hinder the adoption of AI technologies, which would adversely affect our ability to fully realize the potential of our Software Products & Services.

The market for AI-based software applications is still relatively new and evaluating the size and scope of the market is subject to a number of risks and uncertainties. We believe that our future success will depend in large part on the growth of this market. The utilization of our platform and solutions by customers is also still relatively new, and customers may not recognize the need for, or benefits of, our platform and solutions, which may prompt them to cease use of our platform and solutions or decide to adopt alternative products and services to satisfy their cognitive computing, search and analytics requirements. Our ability to access and extend our position in the markets that our platform and solutions are designed to address depends upon a number of factors, including the cost, performance and perceived value of our platform and solutions, as well as regulatory scrutiny over our products and technologies. As AI technologies become increasingly incorporated into various mainstream products and offerings **and these technologies advance and develop**, regulatory scrutiny

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of AI technologies, potentially including our

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products, will likely increase. Market opportunity estimates are subject to significant uncertainty and are based on assumptions and estimates, including our internal analysis and industry experience. Assessing the market for our solutions is particularly difficult for several reasons, including limited available information and rapid evolution of the market.

In addition, AI presents risks and challenges that could hinder its further development, adoption and use in the markets that we serve. AI algorithms may be flawed, datasets may be insufficient or contain biased information, and the results and analyses that our AI solutions assist in producing may be deficient, **inaccurate or biased**. For example, **biased datasets and results could produce results that are objectionable to customers using our Veritone Hire technologies**. Further, use of AI technologies in certain scenarios present ethical concerns. If we enable or offer AI solutions that produce deficient or inaccurate results and analyses, or that are controversial due to human rights, privacy or other social issues, we may experience lower-than-expected demand for our products and services, or competitive, brand or reputational harm.

If the market for AI-based solutions does not experience significant growth, or if demand for our platform or solutions does not increase in line with our projections, then our business, results of operations and financial condition will be adversely affected.

We may require additional capital to support our business growth, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business, including the acquisition of complementary businesses or technologies, which may require additional funds. Accordingly, we may engage in equity and/or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve debt service obligations and restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be adversely affected.

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

We experience quarterly variations in the timing of revenues from our Software Products & Services as a result of numerous factors, such as the timing of large projects, the length and complexity of our sales cycles and trends impacting our target vertical markets. In particular, our **hiring** **Veritone** **Hire** solutions 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 second half of each year. Within a given quarter, often a significant portion of our agreements are signed toward 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 of our operating results.

We have had a history of losses and we may be unable to achieve or sustain profitability.

We experienced net losses of **\$25.6 million**, **\$64.7 million**, **\$58.6 million** and **\$47.9 million** **\$25.6 million** in fiscal years **2022**, **2021**, **2023** and **2020**, **2022**, respectively. As of **December 31, 2022** **December 31, 2023**, we had an accumulated deficit of **\$371.3 million** **\$429.9 million**. In each of the fourth **quarters** **quarter** of **2022**, and **2021**, we generated a profit on a non-GAAP basis; however, we may not be able to sustain profitability throughout an entire fiscal year or in the future or at all. We expect to continue to expend substantial financial and other resources on, among other things:

- investments to expand and enhance our platform and technology infrastructure, make improvements to the scalability, availability and security of our aiWARE platform, and develop new products;
- sales and marketing, including expanding our direct sales organization and marketing programs, and expanding our programs directed at increasing our brand awareness among current and new customers;
- hiring additional employees;
- expansion of our operations and infrastructure, both domestically and internationally; and

- general administration, including legal, accounting and other expenses.

These investments may not result in increased revenue or growth of our business. We may not be able to generate net revenues sufficient to offset our expected cost increases and planned investments in our business and platform. As a result, we may incur significant losses for the foreseeable future, and may not be able to achieve and sustain profitability. If we fail to achieve and sustain profitability, then we may not be able to achieve our business plan, fund our business or continue as a going concern.

We intend to continue to pursue the opportunistic 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.

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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 product and service offerings or offer growth opportunities for our business. The pursuit For example, we closed on our acquisition of potential future acquisitions Broadbean in June 2023 and continue to work to integrate its business with our own. This acquisition strategy 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 could 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: successfully integrating acquired businesses, such as Broadbean, with our operations. These risks include:

- effectively managing the combined business following the acquisition, including any international operations of the acquired business and integrating the acquired company's accounting, human resources and other administrative systems, and coordination of product, engineering and sales and marketing functions;
- the potential loss of key employees and customers as a result of competing in the markets in which the acquired company operates;
- cultural challenges associated with integrating employees from the acquired company into our organization, and retention of employees from the businesses we acquire; and
- achieving anticipated cross-selling opportunities and eliminating any redundant operations with respect to the acquired business.

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 discover hidden costs, resource demands and potential liabilities that were not evident throughout during the due diligence process, particularly when such process is undertaken on an accelerated timeline. Although we utilize representation and warranty insurance and standard indemnity provisions in these acquisition transactions, if we are unable to successfully assert a claim, if a claim is not covered by insurance or if these hidden 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.

We plan to expand have expanded our international operations, including in the second half of 2023 as a result of our Broadbean acquisition, which exposes us to significant risks, risks, and we intend to continue expanding international operations going forward.

In June 2023, and in conjunction with our acquisition of Broadbean, we expanded our operations into Europe and Asia Pacific. As part of our growth strategy, we plan to may expand our operations further internationally. We have As of December 31, 2023, we had operations in the United Kingdom, other parts of Europe, Israel, Australia and in Europe, India, and we expect, in the future, to open offices and hire employees in additional locations outside of the United States to service existing global customers, reach new customers and gain access to additional technical talent. Operating in and expanding to new international markets requires significant resources and management attention and will subject us to additional uncertain regulatory, international tax, international conflicts, and economic and political risks. Because of our limited historical experience with expanded 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 of doing business internationally that could adversely affect our business, including, but not limited to:

- managing and staffing international operations and the increased operating, travel, infrastructure and legal compliance costs associated with numerous international locations;
- establishing and managing additional instances of our aiWARE platform in other countries;

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- adapting, localizing and pricing our products and services for specific countries and to offer customer support in various languages;
- additional foreign tax requirements and obligations, and adverse tax consequences and tax rulings;
- economic, international conflicts and political instability in some countries;

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- compliance with local laws, regulations and customs in foreign jurisdictions, particularly in the areas of data privacy and person privacy, employment and tax and export controls, economic sanctions and anti-corruption laws; and
- 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 and may continue to be negatively affected by the macroeconomic and geopolitical factors, including lingering economic disruption caused by the COVID-19 pandemic, the Russia-Ukraine conflict, the war in Israel, inflation rates

and macroeconomic conditions, including increasing interest rates, inflationary pressures, the responses by central banking authorities to control inflation, monetary supply shifts and the threat of recession in the United States and recent and potential future disruptions in access to bank deposits or lending commitments due to bank failures around the world.

The COVID-19 outbreak emerged in late 2019 and was declared a global pandemic by the World Health Organization in March 2020. The ongoing COVID-19 pandemic has had, and may continue to have, a severe negative impact on the global economy.

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 duration of the pandemic in other countries such as China, the impact on the businesses of our customers, and the duration of any resulting negative macroeconomic conditions, all of which are uncertain and are difficult to predict at this time.

In addition to market disruptions caused by the COVID-19 pandemic, global economic and business activities continue to face widespread macroeconomic and geopolitical uncertainties, including labor shortages, lingering economic disruption caused by the COVID-19 pandemic, the Russia-Ukraine conflict, the war in Israel, inflation rates and the responses by central banking authorities to control inflation, monetary supply shifts and the threat of recession risks, disruptions from in the Russia-Ukraine conflict United States and recent and potential future disruptions in access to bank deposits or lending commitments due to bank failures around the world. We continue to actively monitor the impact of these macroeconomic factors on our financial condition, liquidity, operations, suppliers, industry and workforce, and instituted certain cost saving measures for during the third second half of 2022 and fourth quarters of fiscal year 2022 during 2023 as a result of these factors. The extent of the impact of these factors on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, and the impact on our customers, partners and employees, all of which are uncertain and cannot be predicted. These and other global economic conditions, including any new disruptions, have and may again negatively impact our business. Our hiring For example, we have operations and an office in Israel, and as a result of the war with Hamas there, a number of our employees and family members of our employees have been conscripted into military service. In addition, our Veritone Hire solutions are sold to businesses that experience performance fluctuations based on factors including the demand for labor and the economic health of current and prospective employers. To the extent that economic uncertainty or attenuated economic conditions cause our current and potential customers to freeze or reduce their headcount, demand for our products and services has been, and may continue to be negatively affected. Adverse economic conditions have also caused and could continue to result in reductions in sales of our applications, longer sales cycles, reductions in contract duration and value, slower adoption of new technologies and increased price competition. For example, instance, beginning in March 2022, we experienced a reduction in hiring consumption from our largest customer, Amazon, and found that advertisers reduced spending across our managed services when compared to the same periods in the prior year. 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 current and potential customers may elect to decrease their software and technology solutions budgets by deferring or reconsidering product purchases, which could 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.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our operations to pay our substantial debt obligations.

We issued an aggregate principal amount of \$201.3 million of convertible senior notes in November 2021. In December 2022, we repurchased approximately \$60.0 million of that debt at approximately 65% of par and, as of December 31, 2022, had \$141.3 million

aggregate principal amount of convertible senior notes outstanding. Our ability to make

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scheduled payments of the principal of, to pay interest on and to refinance our indebtedness, including the convertible senior notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring our debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We depend on our executive officers and other key employees, and the loss of one or more of these executive officers or key employees or an inability to attract and retain highly skilled employees could adversely affect our business.

Our success depends largely upon the continued services of our President, and Chief Executive Officer and Chairman of our Board, Ryan Steelberg, and our other executive officers and senior management. We rely on our leadership team in the areas of strategy and implementation, research and development, operations, security, marketing, sales, support and general and administrative functions. We do not currently have any employment agreements with our executive officers or senior management team that require them to continue to work for us for any specified period, and, therefore, they could terminate their employment with us at any time. The loss of Ryan Steelberg, or one or more of the members of our management team, could adversely impact our business and operations and disrupt our relationships with our key customers.

Our future success also depends, in part, on our ability to continue to attract and retain highly skilled personnel. We believe that there is, and will continue to be, intense competition for highly skilled management, engineering, data science, sales, marketing and other personnel with experience in the businesses in which we operate. We must provide competitive compensation packages and a high-quality work environment to hire, retain and motivate employees. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill key positions, we may be unable to manage our business effectively, including the development, marketing, sale and delivery of our products and services, which could adversely affect our business, results of operations and financial condition.

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Risks Related to the Development and Operation of Our aiWARE Platform and other Products

If we are not able to enhance our existing products or introduce new products that achieve market acceptance and keep pace with technological developments, our business, results of operations and financial condition could be harmed.

Our ability to attract new customers and increase revenue from existing customers depends in part on our ability to enhance and improve our aiWARE platform and applications and introduce new products and features, including enhancements necessary to provide substantially all of the features and functionality of the platform within a private cloud or on-premises environment, as well as new applications to address additional customer use cases. The success of any enhancements or new products depends on several factors, including timely development completion, adequate quality testing, actual performance quality, market-accepted pricing levels and overall market acceptance and demand. Enhancements and new products that we develop may not be introduced in a timely or cost-effective manner, may contain defects, may have interoperability difficulties with our aiWARE platform, or may not achieve the market acceptance necessary to generate significant revenue. If we are unable to successfully enhance our aiWARE platform and applications to meet evolving customer requirements and develop new products and applications, or if our efforts to increase the usage of our aiWARE platform are more expensive than we expect, then our business, results of operations and financial condition could be harmed.

Our competitors, partners or others may acquire third party technologies used in our aiWARE platform, which could result in them blocking us from using the technology in our aiWARE platform, offering it for free to the public or making it cost prohibitive for us to continue to incorporate their technologies in our aiWARE platform, or these third party technology providers may otherwise terminate their relationships with us, which could adversely affect the functionality of our aiWARE platform.

Our success depends in part on our ability to attract, incorporate and maintain high performing AI models on our aiWARE platform. If any third party acquires an AI model that is on our platform, they may preclude us from using it as a component of our platform or make it more expensive for us to utilize. In addition, a third-party AI model provider may terminate its relationship with us or may otherwise cease to make its AI models available to us. In either case, if that AI model has unique capabilities or a significant performance advantage over other models and we are unable to identify a suitable replacement model, the interruption could cause us to lose customers. It is also possible that a third party acquirer of

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such technology could offer the AI models and technologies to the public as a free add-on capability, in which case certain of our customers would have less incentive to pay us for the use of our platform. If a key third party technology becomes unavailable to us or is impractical for us to continue to use, the functionality of our platform could be interrupted, and our expenses could increase as we search for an alternative technology. As a result, our business, results of operations and financial condition could be adversely affected through the loss of customers and/or from increased operating costs.

We rely on third parties to develop AI models for our platform and in some cases to integrate them with our platform.

A key element of our aiWARE platform is the ability to incorporate and integrate AI models developed by multiple third-party vendors, and we plan to continue to increase the number of third-party AI models incorporated into our aiWARE platform in order to enhance the performance and power of our platform. As we work to add new AI models to our platform, we may encounter difficulties in identifying additional high-quality AI models (particularly high performing, specialized models), entering into agreements for their inclusion in our ecosystem on acceptable terms or at all and/or in coordinating and integrating their technologies into our system. We may incur additional costs to modify and adjust existing functionalities of our platform to accommodate multiple classes of AI models, without the assurance that such costs can be recouped by the additional revenues generated by the new capabilities. As aiWARE becomes more complex and as we release enhancements to our platform that require changes to AI models, we may not be able to integrate third-party AI models in a seamless or timely manner due to a number of factors, including incompatible software, lack of cooperation from developers, insufficient internal technical resources, platform security constraints, and the inability to secure the

necessary licenses or legal authorizations required. In addition, we have established a self-service development environment in which such third party developers integrate their AI models onto our platform, and we will be dependent in part upon their ability to do so effectively and quickly. We may not have full control over the quality and performance of third-party providers, and therefore, any unexpected deficiencies or problems arising from these third-party providers may cause significant interruptions in the operation of our platform. The failure of third party developers to integrate their AI models seamlessly into our platform and/or provide reliable, scalable services may impact the reliability of our platform and harm our reputation and business, results of operations and financial condition.

If we are not able to develop a strong brand for our aiWARE platform and other products and increase market awareness of our company, platform and other products, then our business, results of operations and financial condition may be adversely affected.

We believe that the success of our platform will depend in part on our ability to develop a strong brand identity for our "Veritone", "aiWARE" and other service marks, and to increase the market awareness of our platform and its capabilities. We are still in the early development stage of our business and, as such, our brand is not yet well established. The successful promotion of our brand will depend largely on our continued marketing efforts and our ability to ensure that our technology provides the expected benefits to our customers. We also believe that it is important for us to be thought leaders in the AI-based cognitive computing market. Our brand promotion and thought leadership activities may not be successful or produce increased revenue. In addition, independent industry analysts often provide reviews of our platform and of competing products and services, which may significantly influence the perception of our aiWARE platform in the marketplace. If these reviews are negative or not as positive as reviews of our competitors' products and services, then our brand may be harmed.

The promotion of our brand also requires us to make substantial expenditures, and we anticipate that these expenditures will increase as our industry becomes more competitive and as we seek to expand into new markets. These higher expenditures may not result in any increased revenue or in revenue that is sufficient to offset the higher expense levels. If we do not successfully maintain and enhance our brand, then our business may not grow, we may see our pricing power reduced relative to competitors and we may lose customers, all of which would adversely affect our business, results of operations and financial condition.

Interruptions or performance problems associated with our technology and infrastructure, or that of our third party service providers, including AWS and Azure, may adversely affect our business and operating results.

Our business success depends in part on the ability of customers to access our Software Products & Services and Managed Services at any time and within an acceptable amount of time. We have experienced, and may in the future experience, disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, introductions of new applications and functionality, software errors and defects, capacity constraints due to an increasing number of users accessing our platform or initiating large volumes of processing simultaneously, or security related incidents. In addition, we rely on third parties, including AWS

and Azure, to operate critical business systems and process sensitive information in a variety of contexts, including for hosting, storage and other critical services, required to operate our

Software Products & Services and Managed Services. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. As such, we are vulnerable to service interruptions, delays and outages experienced or caused by these third parties, and we may experience adverse consequences in the event these third party third-party service providers experience a security incident or other service interruption, delay or outage. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. Because we also incorporate diverse software and hosted services from many third-party vendors, we may encounter difficulties and delays in integrating and synthesizing these applications and programs, which may cause downtimes or other performance problems. It may become increasingly difficult to maintain and improve the performance of our platform, especially during peak usage times and as our platform becomes more complex or usage increases. Additionally, our reliance on third parties could introduce new cybersecurity risks and vulnerabilities, including supply-chain attacks. Such supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

Certain of our customer contracts include service level obligations, including system uptime commitments and/or required response times in the case of technical issues. If our Software Products & Services and Managed Services are unavailable or if our users are unable to access them within a reasonable amount of time or at all, we may be in breach of our contractual obligations, we may be required to issue credits or refunds to customers, and/or our customers may be entitled to terminate their contracts with us.

AWS and Azure provide us with hosting, computing and storage services pursuant to agreements that may be canceled under certain circumstances. If any of our agreements with AWS or Azure is terminated, we could experience interruptions on our platform and in our ability to make our platform available to customers, as well as delays and additional expenses in arranging alternative cloud infrastructure services.

Any of the above circumstances or events may harm our reputation, cause customers to stop using our platform, impair our ability to increase revenue from existing customers, impair our ability to grow our customer base, subject us to financial

penalties and liabilities under our service level agreements and otherwise harm our business, results of operations and financial condition.

The security or operation of our platform, networks, computer systems or data, or those of third parties upon which we rely, may be breached or otherwise disrupted, and any such breach will or other disruption could have an adverse effect on our

business and reputation.

In the ordinary course of business, we process proprietary, confidential, and sensitive data, including **personal** proprietary and confidential business data, **trade secrets**, intellectual property, **trade secrets** sensitive third-party data, business plans, transactions, financial information, and **our customers'** biometric data (collectively, sensitive information). Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive information. In particular, the data processed and stored in our platform, networks, and computer systems by customers in the government market may contain highly sensitive data that is subject to protection under government regulations, and we are obligated to comply with stringent requirements related to the security of such data, such as FedRAMP and Criminal Justice Information Services ("CJIS") security requirements.

Individuals or entities may attempt to penetrate our network, computer system or platform security, or that of our third-party hosting and storage providers and **other third parties upon which we rely, and** could gain access to our sensitive **data, information**, including customer data. Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation, nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, the third parties upon which we rely, and our customers may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our services. **For example, we have operations and third parties upon which we rely to support our business located in unstable regions and regions experiencing (or expected to experience) geopolitical or other conflicts, including in the Middle East, where businesses have experienced an increase in cyberattacks in relation to the Israel/Hamas conflict.**

In addition, our network, computer system or platform may be subject to a variety of evolving threats, **including but not limited to** computer malware (including as a result of advanced persistent threat intrusions), viruses, worms and computer hacking, fraudulent use attempts, **phishing and** **phishing** other social engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake), denial-of-service attacks, credential stuffing attacks, credential harvesting, personnel misconduct or error, **ransomware attacks, supply-chain attacks, adware, attacks enhanced or facilitated by AI, and other similar threats**, all of which have become more prevalent in our industry. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, loss of sensitive **data information** and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. **Our data and information systems may also fail for reasons other than malicious activity, including but not limited to software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, telecommunications failures, earthquakes, fires, and floods.**

Remote work has become more common and has increased risks to our platform, network, computer systems, and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our platform, network, or computer systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and

technologies. Furthermore, we may discover security issues that were not found during due diligence, and it may be difficult to integrate companies into our information technology environment and security program.

These malicious activities and other threats, attacks, disruptions, or accidents could result in the unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure, access or misappropriation of our proprietary or confidential information, including of our customers and their employees or third parties, and/or damage to our or our third party service providers' platform, network, or computer systems. If any of our customers' data is accessed, disclosed, modified or destroyed without authorization, it could harm our reputation, those customers or other customers could terminate their agreements with us, or we could be exposed to civil and criminal liability, penalties and fines

While we have implemented procedures and safeguards that are security measures designed to prevent security breaches and cyber-attacks, they may not be able to protect against all attempts to breach our platform, network, computer systems, or data, and we may not become aware in a timely manner of any such security breach. In incidents, there can be no assurance that these measures will be effective. We take steps designed to detect, mitigate and remediate vulnerabilities in our information systems (such as our hardware and/or software, including that of third parties upon which we rely). However, we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit the vulnerability may change frequently and are often sophisticated in nature. Therefore, nature, and as a result, such vulnerabilities could be exploited but may

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not be detected until after a security incident has occurred. These vulnerabilities pose material risks to our business. Further, we may experience delays in developing and deploying remedial measures and patches designed to address any identified vulnerabilities. Even if we have issued or otherwise made patches or information for vulnerabilities in our software applications, products or services, our customers may be unwilling or unable to deploy such identified vulnerabilities. patches and use such information effectively and in a timely manner. These vulnerabilities could be exploited and result in a security incident.

Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. A An actual or perceived security breach of our platform, network or computer systems, or those of our technology service providers or third party vendors, could result in adverse consequences such as the loss of business, financial losses, reputational damage, negative publicity, government enforcement actions (for example, regulatory investigations, orders, fines, penalties, audits, and orders, inspections), additional reporting requirements and/or oversight, litigation (including class claims), indemnity obligations, damages for contract breach, civil and criminal penalties (including for violation of applicable laws, regulations or contractual obligations, and obligations), restrictions on processing sensitive data (including personal data), diversion of management attention, interruptions in our operations (including availability of data), significant costs, fees and other monetary payments for remediation, remediation, and other similar harms.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our

privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

If we fail or are perceived to have failed to maintain the reliability, security and availability of our platform, network, or computer systems, or if customers believe that our platform does not provide adequate security for the storage of sensitive information or its transmission over the Internet, we may lose existing customers and we may not be able to attract new customers. customers, negatively impacting our ability to grow and operate our business. If we experience security breaches or cyber-attacks or fail to comply with security requirements related to our secure government cloud environment, we may lose our ability to obtain or maintain a FedRAMP certification, which could result in the loss of business from customers in the government market. Any of the foregoing could have a material adverse effect on our business, results of operations and financial position and negatively impact our ability to grow and operate our business.

The reliability and continuous availability of our platform and services is critical to our success. However, software such as ours can contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when such vulnerabilities are first introduced or when new versions or enhancements of our product are released. Additionally, even if we are able to develop a patch or other fix to address such vulnerabilities, such fix may be difficult to push out to our customers or otherwise be delayed. Furthermore, our business depends upon the appropriate and successful implementation of our platform and services by our customers. If our customers fail to use our platform or services according to our specifications, our customers may suffer a security incident on their own systems or other adverse consequences. Even if such an incident is unrelated to our security practices, it could result in our incurring significant economic and operational costs in investigating, remediating, and implementing additional measures to further protect our customers from their own vulnerabilities, and could result in reputational harm. In addition to experiencing a security breach, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. Additionally, our sensitive information or sensitive information of our customers could be leaked, disclosed, or revealed as a result of or in connection with the use of generative AI technologies by our employees, personnel, or vendors.

Our ability to use our loss carryforwards may be limited.

As of December 31, 2023, we had U.S. federal, state and foreign loss carryforwards totaling approximately \$181.2 million, \$127.0 million and \$25.0 million, respectively. These U.S. federal and state net operating loss carryforwards are projected to expire beginning in 2036 and 2028, respectively, unless previously utilized. The foreign loss carryforwards can be carried forward indefinitely. Under current law, U.S. federal net operating loss carryforwards arising in taxable years beginning after December 31, 2017, may be carried forward indefinitely, but our use of such net operating loss carryforwards in a tax year generally may not exceed 80% of such year's taxable income. In addition, our U.S. federal net operating loss carryforwards may be subject to limitations under Section 382 of the Internal Revenue Code of 1986, as amended, if we have undergone or undergo an "ownership change," generally defined as a greater than 50 percentage point change (by value) in our equity ownership by certain stockholders over a rolling three-year period. We may have experienced such ownership

changes in the past and may experience ownership changes in the future as a result of shifts in our stock ownership, some of which are outside our control. Our net operating loss carryforwards may also be impaired or restricted under state law. There is also a risk that due to other future regulatory changes, such as suspensions on the use of net operating losses, or other unforeseen reasons, our existing loss carryforwards could expire or otherwise be unavailable to offset future income tax liabilities. If we earn taxable income, such limitations could result in increased future income tax liability and our future cash flows or results of operations could be adversely affected.

Risks Related to our Indebtedness and Liquidity

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our operations to pay our debt obligations.

As of December 31, 2023, we had \$77.5 million principal amount outstanding of senior secured indebtedness under the Term Loan (as defined below), maturing in December 2027, and \$91.2 million aggregate principal amount outstanding of convertible senior notes maturing in November 2026. Our ability to make scheduled payments of the principal of, to pay interest on and to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring our debt or obtaining additional equity capital on terms that may be onerous or highly dilutive to our stockholders. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

If we are not able to achieve certain cost synergies from our prior acquisitions and cost savings from our planned cost reduction measures, we will need additional liquidity to continue our operations over the next twelve months.

As of December 31, 2023, we had liquidity of \$79.4 million comprised of cash and cash equivalents, and we had debt consisting of \$77.5 million principal amount outstanding under the Term Loan maturing in December 2027 and \$91.2 million aggregate principal amount outstanding under our convertible senior notes maturing in November 2026. During the year ended December 31, 2023, we incurred a net loss of \$58.6 million and used cash in operations of \$76.4 million. As of December 31, 2023, we had an accumulated deficit of \$429.9 million. We have a history of operating losses and negative operating cash flows. The amount of future losses and when, if ever, we will achieve profitability are uncertain. In addition, even if we achieve profitability, there can be no assurance that we will be able to maintain profitability in the future. Based on our liquidity position as of December 31, 2023 and our current forecast of operating results and cash flows, absent any other action, management determined that we will need additional liquidity to continue our operations for the foreseeable future, including over the next twelve months.

We may require additional capital to grow our business, service our debt obligations or refinance our maturing debt obligations, the amount of which will depend upon the size, timing, and structure of future working capital and general corporate needs and / or acquisitions, and this capital might not be available on acceptable terms, if at all.

As noted above, if we are not able to achieve certain cost synergies from our prior acquisitions and cost savings from our planned cost reduction measures, we will need additional liquidity to continue our operations for the foreseeable future, including over the next twelve months. We may also require additional capital to service our debt obligations or refinance our debt obligations as they come due. We have in the past and may again in the future engage in equity and/or debt financings to secure any needed additional funds. For

example, in December 2023, we and certain of our subsidiaries, as guarantors, entered into a Credit and Guaranty Agreement (the "Credit Agreement") with certain lenders and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The Credit Agreement provides for the \$77.5 million senior secured term loan (the "Term Loan"), which was fully drawn by us on closing of the Term Loan. As of December 31, 2023, \$77.5 million was outstanding under the Term Loan.

Any borrowings, including borrowings made to finance future strategic initiatives, could make us more vulnerable to a downturn in our operating results, a downturn in economic conditions, or increases in interest rates on borrowings that are subject to interest rate fluctuations. If our cash flow from operations is insufficient to meet our debt service requirements, we could then be required to sell additional equity securities, refinance our obligations or dispose of assets in order to meet our debt service requirements. Adequate financing may not be available if and when we need it or may not be available on terms acceptable to us. The failure to obtain sufficient financing on favorable terms and conditions could have a material adverse effect on our growth prospects.

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Further, if we raise additional funds through future issuances of equity or convertible debt securities, our stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. If we do so, existing stockholders will experience dilution in the voting power of their common stock and earnings per share could be negatively impacted. The extent to which we will be able and willing to use issuances of equity or convertible debt securities for acquisitions and other strategic initiatives will depend on the market value of our common stock and the willingness of potential third parties to accept any such securities as full or partial consideration. Our inability to use issuances of our equity securities or convertible debt securities as consideration, to generate cash from operations, or to obtain additional funding through debt or equity financings in order to pursue our strategic initiatives could materially limit our growth.

The Credit Agreement governing our Term Loan contains debt service obligations and restrictive covenants that may impair our ability to access sufficient capital and operate our business.

The Credit Agreement governing our Term Loan contains various provisions that limit our ability, and certain of our subsidiaries' abilities to, among other things, maintain unrestricted cash and cash equivalents of less than \$15.0 million at any given time; create, incur, assume or guaranty certain indebtedness, liens, encumbrances and/or restrictions on our subsidiaries; make certain investments; make payments or distributions; undergo certain fundamental changes, including certain mergers, consolidations, liquidations, wind-ups and dissolutions; make sales, transfers and dispositions of certain property; sell, assign, pledge, encumber or dispose of interests in our subsidiaries; guarantee certain leases of real property; enter into certain transactions with certain stockholders and their affiliates; engage in certain lines of business; change our fiscal year-end or the fiscal year-end of our subsidiaries; make any changes in our or our subsidiaries' accounting policies that are not required under GAAP; and make certain material amendments to, or permit certain material terminations or waivers of certain of our existing agreements. These covenants may impact our ability to operate and finance our business as we deem appropriate and may make it more difficult for us to obtain additional capital and pursue other business opportunities.

Our failure to meet our obligations as they become due or to comply with various financial covenants contained in the instruments governing our current or future indebtedness could constitute an event of default under the instruments governing our indebtedness, including the Credit Agreement. In such event, the holders of the affected indebtedness could declare all of that indebtedness immediately due and payable, which, in turn, could cause the acceleration of the maturity of all or part of our other indebtedness. We may not have sufficient funds available, or we may not have access to sufficient capital from other sources, to repay any accelerated debt. Even if we could obtain additional financing, the terms of the financing may not be favorable to us. In addition, substantially all of our assets are subject to liens securing the Term Loan. If amounts outstanding under the Term Loan were accelerated, our lenders could foreclose on these liens and we could lose substantially all of our assets. Any event of default under the instruments governing our indebtedness could have a material adverse effect on our business, financial condition and results of operations.

Any adverse change in market interest rates could increase our interest costs on existing and future debt and could adversely affect our stock price.

Our Term Loan accrues interest at a rate of Term SOFR plus 8.50% per annum, with a 3.00% floor for Term SOFR, payable quarterly. We anticipate that federal reserve rates will remain elevated and volatile in fiscal 2024, and that we will continue to experience higher interest rates accordingly. If interest rates increase, our interest costs could increase under our Credit Agreement and Term Loan. In addition, we may in the future incur additional indebtedness at increased interest rates in connection with entry into new credit facilities or financing other transactions. Increased cost associated with increased interest rates could make the financing of any acquisition more costly, as well as lower our current period earnings. Rising interest rates could limit our ability to refinance existing debt when it matures or cause us to pay higher interest rates upon refinancing.

Risks Related to Target Markets, Competition and Customers

The success of our business depends on our ability to expand into new vertical markets and attract new customers in a cost-effective manner.

To grow our business, we plan to drive greater awareness and adoption of our aiWARE platform, applications and services from enterprises across new vertical markets, including the Government & Regulated Industries markets. We intend to continue to invest in sales and marketing, as well as in technological development, to meet evolving customer needs in these and other markets. We may not be successful in gaining new customers in any or all of these markets. Some markets

may present unique and unexpected challenges and difficulties. For example, for us to offer our Software Products & Services to certain government customers, we are required to operate our aiWARE platform in a secure government cloud environment, and in some cases, in a private cloud environment or an on-premises environment, in order to meet these customers' requirements and to enable them to maintain compliance with applicable regulations that govern the use, storage and transfer of certain government data. However, due to the secure nature of these environments, at this time, not all of the functionalities, features and cognitive processing capabilities of our aiWARE platform are available in these environments, which may limit or reduce the performance of our services. Furthermore, we may

incur additional costs to modify our current platform to conform to customers' or cloud providers' requirements, and we may not be able to generate sufficient revenue to offset these costs. We are also required to comply with certain regulations required by government customers, such as FedRAMP and CJIS, which require us to incur significant costs, devote management time and modify our current platform

and operations. If we are unable to comply with those regulations effectively and in a cost-effective manner, our financial results could be adversely affected.

As part of our strategy to penetrate new vertical markets, we will incur marketing expenses before we are able to recognize any revenue in such markets, and these expenses may not result in increased revenue or brand awareness. We have made in the past, and may make in the future, significant expenditures and investments in new marketing campaigns, and these investments may not lead to the cost-effective acquisition of additional customers. If we are unable to maintain effective marketing programs, then our ability to attract new customers or enter new vertical markets could be adversely affected.

We generate substantial revenue from a single customer and the loss of such customer may harm our business, results of operations and financial results.

We generate substantial revenue from a single customer, Amazon, for which there is no long-term contract with us. Given Amazon's high concentration of revenue on our consolidated results, our revenue results may fluctuate significantly year over year based upon their hiring patterns. For example, during the third and fourth quarters of fiscal year 2022, we experienced a slowdown in our Average Annual Revenue (AAR) ("AAR") per customer which was almost entirely driven by a reduction in hiring consumption from Amazon. In addition, in May 2023, Amazon notified us that it made a decision to reduce its consumption of our human resources products and services, which reduction resulted in a reduction in our revenue of \$10.0 million and \$12.0 million for the quarters ended September 30, 2023 and December 31, 2023. In the event Amazon decides to terminate its contract with us, suffers downturns in its business leading to a further reduction in reduce its budget for our hiring Veritone Hire solutions, or decides to develop a competing solution or otherwise take its recruitment and hiring needs in-house, and we are unable to obtain 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.

We currently generate significant revenue from a limited number of key customers and the loss of one or more of those customers or a significant reduction in the revenues generated from those customers may harm our business, results of operations and financial results.

Our ten largest customers by revenue accounted for approximately 39% and 55% of our net revenues in fiscal years 2023 and 2022, respectively. One customer accounted for approximately 12% of net revenues in fiscal year 2023 and 25% in 2022.

Ten customers accounted for approximately 44% of our total Software Products & Services revenues in 2023, with one customer accounting for approximately 22% of our total Software Products & Services revenues. Ten customers accounted for approximately 50% of our total Managed Services revenues in 2023, with one customer accounting for approximately 12% of our total Managed Services revenues.

If any of our key customers, particularly our key advertising customers which have the ability to terminate our agreements on short notice, decides to terminate or not to renew its contract with us, renews on less favorable terms, or suffers downturns in its business

leading to a reduction in its marketing spending, and we are not able to gain additional customers or increase our revenue from other customers to offset the reduction of revenues, our business, results of operations and financial condition would be harmed.

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

The success of our hiring Veritone Hire solutions is dependent on our customers' demands for talent. As technology continues to evolve, more tasks currently performed by people may be replaced by automation, robotics, machine learning, artificial

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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 hiring Veritone Hire solutions 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 short 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 businesses as customers may adversely affect our operating results.

We currently generate significant revenue from a limited number of key customers and the loss of one or more of those customers or a significant reduction in the revenues generated from those customers may harm our business, results of operations and financial results.

Our ten largest customers by revenue accounted for approximately 55%, 57% and 34% of our net revenues in fiscal years 2022, 2021 and 2020, respectively. One customer accounted for approximately 25% of net revenues in fiscal year 2022 and 30% in 2021, after not generating significant revenues in fiscal year 2020.

Ten customers accounted for approximately 76% of our total Software Products & Services revenues in 2022, with one customer accounting for approximately 58% of our total Software Products & Services revenues. Ten customers accounted for approximately 38% of our total Managed Services revenues in 2022, with one customer accounting for approximately 11% of our total Managed Services revenues.

If any of our key customers, particularly our key advertising customers which have the ability to terminate our agreements on short notice, decides to terminate or not to renew its contract with us, renews on less favorable terms, or

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suffers downturns in its business leading to a reduction in its marketing spending, and we are not able to gain additional customers or increase our revenue from other customers to offset the reduction of revenues, our business, results of operations and financial condition would be harmed.

Our sales efforts related to our Software Products & Services involve considerable time and expense and our sales cycle is often long and unpredictable.

Our results of operations may fluctuate, in part, because of the length and unpredictability of our sales cycle, particularly in our Government & Regulated Industries markets. As part of our sales efforts, we invest considerable time and expense evaluating the specific organizational needs of our potential customers and educating these potential customers about the technical capabilities and value of our Software Products & Services. Potential customers often require evaluation licenses at no charge or for nominal fees to evaluate our solutions before making a purchase decision. Sales to government customers may also be subject to lengthy and complex procurement processes, including technology and security assessments, budget approvals and competitive bidding requirements. Due to these factors, our sales cycle often lasts several months or more for some customers. Our sales efforts typically require a significant investment of human resources expense and time, including efforts by sales engineers, solution architects, product development and senior management, and we may not be successful in making a sale to a potential customer. If our sales efforts to a potential customer do not result in sufficient revenue to justify our investments, our business, financial condition, and results of operations could be adversely affected.

Advertising customers periodically review and change their advertising requirements and relationships. If we are unable to remain competitive or retain key customers, our business, results of operations and financial position may be adversely affected.

The media placement industry is highly competitive, and certain advertising customers periodically put their advertising and marketing business up for competitive review. Customers also review the cost and benefit of servicing all or a portion of their advertising and marketing needs in-house. We have won and lost accounts in the past as a result of these reviews. Because our advertising contracts generally can be canceled by our customers upon 30 to 90 days' prior written notice, clients can easily change media providers on short notice without any penalty. In addition, from time to time, customers cancel media campaigns for their internal business reasons. If we are not able to retain key customers, or if any of our key customers significantly reduce their advertising spend, our revenue may be adversely affected, which could have a material and adverse effect on our business, results of operations and financial position.

Acquiring and retaining advertising customers depends on our ability to avoid and manage conflicts of interest arising from other customer relationships and attracting and retaining key personnel.

Our ability to acquire new advertising customers and to retain existing customers may, in some cases, be limited by customers' perceptions of, or policies concerning, conflicts of interest arising from other customer relationships. If we are unable to manage these customer relationships and avoid potential conflicts of interest, our business, results of operations and financial position may be adversely affected.

Our ability to acquire new advertising customers and to retain existing customers is dependent in large part upon our ability to attract and retain our key personnel in that business, who are an important aspect of our competitiveness. If we are unable to attract and retain key personnel, our ability to provide our services in the manner customers have come to expect may be adversely affected, which could harm our reputation and result in a loss of customers, which could have a material adverse effect on our business, results of operations and financial position.

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Risks Related to Intellectual Property

We face risks arising from our digital content licensing services, including potential liability resulting from claims by third parties for infringement or violation of copyrights, publicity or other rights, as well as indemnification claims by rights holders and customers.

We manage and license digital content on behalf of leading rights holders in the film, television, sports and advertising industries. We enter into agreements with rights holders under which they grant us the right to distribute and license their content to third parties, subject to certain restrictions and requirements, such as limitations on the type and/or duration of use and requirements to obtain clearances and consents from third parties related to the content. Under these agreements, the rights holders generally represent and warrant that they have the right to license the content to us and that the authorized use

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of the content will not infringe any third party copyrights and agree to indemnify us for claims arising from breach of such representations and warranties. However, we, and/or our customers to which we sublicense the content, are generally responsible for obtaining all required clearances, permissions and consents with respect to any specific person, place, property or subject matter depicted in the content, each of which may be subject to trademarks, rights of publicity, property rights or other rights belonging to third parties, and we generally agree to indemnify the right holders with respect to claims arising from any failure to do so. In many cases, our agreements with rights holders also require that we include specific terms, conditions, covenants and obligations in our agreements with our customers.

In our license agreements with customers, we represent and warrant that we have the right to sublicense the content to them and that their authorized use of the content will not infringe any third party copyrights, and we agree to indemnify our customers for claims arising from breach of such representations and warranties. However, our customers are generally responsible for obtaining all necessary clearances, permissions and consents from third parties, unless we have expressly agreed to provide clearance services with respect to the content, and our customers generally agree to indemnify us for claims arising from their failure to do so. If we or our customers fail to obtain all clearances, permissions and consents from third parties required for the customers' use of licensed content, or if our customers otherwise use content in a manner not authorized by the terms of our agreements with the rights holders, then third parties may bring claims against us and the rights holders, and the rights holders may seek indemnification from us related to such

claims. In some cases, we may not be entitled to a supporting indemnification by our customers, or we may not be successful in enforcing our rights to indemnification by our customers. In addition, third parties may bring claims against us and our customers for copyright infringement, and we may be required to indemnify our customers for such claims. Similarly, we may not be entitled to indemnification by the rights holders, or we may not be able to enforce our rights to indemnification by the rights holders.

We may incur significant liabilities and costs in the event of claims for infringement or violation of copyrights, publicity or other rights, and/or indemnification claims by third-party rights holders and customers. Regardless of their merit and outcome, intellectual property and indemnification claims are time consuming, expensive to litigate or settle and cause significant diversion of management attention and could severely harm our financial condition and reputation, and adversely affect our business.

We maintain insurance policies to cover potential intellectual property disputes. However, if an intellectual property claim or related indemnification claim, or a series of claims, is brought against us in excess of our insurance coverage or for uninsured liabilities, our business could suffer. In addition, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts or scope to protect us against all losses.

We may be sued by third parties for alleged infringement of their proprietary rights, which could adversely affect our business, results of operations and financial condition.

There has been considerable patent and other intellectual property development activity in the AI industry, which has resulted in litigation based on allegations of infringement or other violations of intellectual property rights. Our future success depends, in part, on not infringing the intellectual property rights of others. In the future, we may receive claims from third parties, including our competitors, alleging that our platform and underlying technology infringe or violate such third party's intellectual property rights, and we may be found to be infringing upon such rights. We may be unaware of the intellectual property rights of others that may cover some or all of our technology. In addition, in operating our platform, we rely significantly on software provided by third parties, including without limitation, generative AI models and applications, and we may become subject to similar infringement claims related to such third party software. We may not have adequate indemnities from, or we may not be successful in enforcing our rights to indemnification by, such third party software providers.

Any such claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering some portion of our platform, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses or modify our platform, which could further exhaust our resources. Patent infringement, trademark infringement, trade secret misappropriation and other intellectual property claims and proceedings brought against us, whether successful or not, could harm our brand, business, results of operations and financial condition. Litigation is inherently uncertain, and any judgment or injunctive relief entered against us or any adverse settlement could negatively affect our business, results of operations

and financial condition. In addition, litigation can involve significant management time and attention and be expensive, regardless of the outcome.

We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.

Our success depends, in part, on our ability to protect our brand and the proprietary methods and technologies that we develop under patent and other intellectual property laws of the United States and foreign jurisdictions so that we can prevent others from using our inventions and proprietary information. As of **March 10, 2023** **March 25, 2024**, in the United States, we have **41** **33** issued patents, which expire between **2030** **2029** and 2042, and have **12** **14** patent applications pending for examination. As of such date, we also had **13** **20** issued patents and **41** **5** patent applications pending for examination in foreign jurisdictions (including international PCT applications), all of which are based on counterpart U.S. patent applications pursued by us. We may not be issued any additional patents and any patents that have been issued or that may be issued in the future may not provide significant protection for our intellectual property. In addition, we have registered, or have applied for registration of, numerous trademarks, including Veritone and aiWARE, in the United States and in several foreign jurisdictions. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology and our business, results of operations and financial condition may be adversely affected.

The particular forms of intellectual property protection that we seek, or our business decisions about when to file patent applications and trademark applications, may not be adequate to protect our business. We could be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, lead to the narrowing or invalidation of portions of our intellectual property and have an adverse effect on our business, results of operations and financial condition.

We also rely, in part, on confidentiality agreements with our business partners, employees, consultants, advisors, customers and others in our efforts to protect our proprietary technology, processes and methods. These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently without our having an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in these cases, we would not be able to assert any trade secret rights against those parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and the failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

In addition, the laws of some countries do not protect intellectual property and other proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase.

Our means of protecting our intellectual property and proprietary rights may not be adequate or our competitors could independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, results of operations and financial condition could be adversely affected.

Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation.

Our aiWARE platform incorporates select open source software, and we expect to continue to incorporate open source software in our aiWARE platform in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products and platform. Moreover, although we have implemented policies to

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regulate the use and incorporation of open source software into our aiWARE platform, we cannot be certain that we have not incorporated open source software in our aiWARE platform in a manner that is inconsistent with such policies. If we fail to comply with open source licenses, we may be subject to certain requirements, including requirements that we offer our products that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from generating revenue from customers using products that contained the open source software and required to comply with onerous conditions or restrictions on these products. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our Software Products & Services and to re-engineer or discontinue offering our products to customers in the event re-engineering cannot be accomplished on a timely basis. Any of the foregoing could require us to devote additional research and development

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resources to re-engineer our products, could result in customer dissatisfaction and may adversely affect our business, results of operations and financial condition.

Risks Related to Regulatory Compliance

Data protection We are subject to stringent and evolving U.S. and foreign laws, regulations, and rules, contractual obligations, industry standards, policies and other obligations related to data privacy laws and regulations security. These legal and other obligations could require us to make changes to our business, impose additional costs on us and reduce the demand for our software products and solutions. Our actual or perceived failure to comply with such obligations could also lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.

In the ordinary course of business, we process sensitive information. Our customers also utilize our Software Products & Services and Managed Services to process analyze and store data, which may contain personal information data that is subject to data protection

and privacy laws in various jurisdictions.

Our data processing activities subject us to numerous data privacy and security obligations. Federal, state, local and foreign government bodies and agencies have adopted, or may in the future adopt, laws, regulations and guidance regarding the collection, use, processing, storage and disclosure of personal information, such as data. These include, but are not limited to, the GDPR, the CPRA, CCPA (as amended by the California Privacy Rights Act (the "CPRA") and similar other data protection and privacy laws, regulations and guidance adopted in other jurisdictions, including other states within the United States. In addition to government laws, regulations and guidance, privacy advocates and industry groups may propose various self-regulatory standards that may legally or contractually apply to our business. We may also be subject to other data protection and privacy obligations, such as external and internal privacy and security policies, other public representations and contractual requirements.

The regulatory framework relating to privacy and data protection issues worldwide is evolving rapidly and is likely to remain uncertain for the foreseeable future. Consumers' data privacy expectations are also quickly changing, becoming increasingly stringent, and creating uncertainty. Because the interpretation and application of many privacy and data protection obligations are uncertain, it is possible that these obligations may be interpreted and applied in a manner inconsistent with our existing privacy and data management practices. Preparing for and complying with these obligations requires us to devote significant resources, which may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business model. Our business model materially depends on our ability to process personal data, including sensitive and highly regulated types of data such as biometric information, so we are particularly exposed to the risks associated with the rapidly changing legal landscape. For example, we may be at heightened risk of regulatory scrutiny, and any changes in the regulatory framework could require us to fundamentally change our business model.

As we expand into new jurisdictions or markets, we will be required to understand and comply with various new requirements applicable in those jurisdictions or markets. For example, we have entered into agreements and are actively pursuing opportunities to provide our Software Products & Services and Managed Services to customers in Europe, which involve processing of personal data. Europe and other jurisdictions have enacted or proposed laws with stringent obligations and significant penalties. For example, the EU GDPR imposes financial penalties for non-compliance, which can be up to four percent of global revenue or 20 million Euros, whichever is greater.

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In particular, in the ordinary course of business, we may transfer personal data from Europe and other jurisdictions to the United States or other countries. Europe and other jurisdictions have enacted laws limiting the transfer of personal data to other countries or, in some cases, requiring data to be localized. In particular, the European Economic Area (EEA) and the UK have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws they generally believe are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, these mechanisms are subject to potential legal challenges, and there is no assurance that we can satisfy or rely on these

measures to lawfully transfer personal data to the United States. If there is no lawful manner for us to transfer personal data from the EEA and the UK or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Furthermore, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers of personal data out of Europe for allegedly violating the GDPR's cross-border data transfer limitations.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, we are also required to comply with In the CCPA, the CPRA past few years, numerous U.S. states—including California, Virginia, Colorado, Connecticut, and the regulations implemented thereunder, with respect to personal information of California consumers that we collect and process, both directly and indirectly as a service provider to our customers. Other states, such as Virginia and Colorado, Utah—have also passed enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and similar laws are being considered in several other states, as well as at the federal and local levels. Moreover, under various privacy laws and other obligations, we may be required to obtain affording residents with certain consents to process rights concerning their personal data. Our inability As applicable, such rights may include the right to access, correct, or failure to do so could result in adverse consequences.

Under the GDPR and/or the CPRA, as well as similar data protection regulations implemented in other jurisdictions, we are required to maintain appropriate technical and organizational measures to ensure the security and protection of delete certain personal data, and information, to opt-out of certain data processing activities, such as targeted advertising, profiling, and we must comply (either directly or indirectly in support automated decision-making. The exercise of these rights may impact our customers' compliance efforts, as provided business and ability to provide our products and services. Certain states also impose stricter requirements for in our contracts with customers) with a number of requirements with respect to individuals whose processing certain personal data, or including sensitive information, we collect such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the CCPA applies to personal data of consumers, business representatives, and process, including, among others, notification requirements employees who are California residents, and requirements requires businesses to comply with provide specific disclosures in privacy notices and honor requests from of such individuals to (i) opt out exercise certain privacy rights. The CCPA provides for fines of collection, processing and/or sale of their up to \$7,500 per intentional violation and allows private litigants affected by certain data or information, (ii) delete their data or information, and (iii) receive copies of and other information regarding our collection and processing of their data or information. breaches to recover significant statutory damages.

We are also bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, certain privacy laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. Additionally, some of our customer contracts require us to host personal data locally. We also publish privacy policies, marketing materials and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

To the extent applicable to our business or the businesses of our customers, these obligations could have negative effects on our business, including by increasing our costs and operating expenses, and delaying or impeding our deployment of new core functionality and products. Compliance with these obligations requires significant management time and attention, and actual or perceived failure to comply could result in government enforcement actions (e.g., investigations, inspections, etc.), negative publicity, litigation (including class action claims), and mass arbitration demands, subject us to contractual liability, fines or penalties, additional reporting requirements and/or oversight or result in demands that we modify or cease existing business practices (including bans on processing personal data or orders to destroy personal data). In addition, the costs of compliance with, and other burdens imposed by, such laws, regulations and industry standards may adversely affect our customers' ability or desire to collect, use, process and store personal information using our software solutions, which could reduce overall demand for them. Even the perception of privacy and data security concerns, whether or not valid, may inhibit market acceptance of our software solutions in certain markets. Furthermore, privacy and data security concerns may cause our customers' customers, vendors, employees and other industry participants to resist providing the personal information necessary to allow our customers to use our products and services effectively. Additionally, plaintiffs have become increasingly more active in bringing privacy-related claims, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if

viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. Any of these outcomes could adversely affect our business and operating results.

Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. For example, some of our data processing practices may be challenged under wiretapping laws, if we obtain consumer information from third parties through various methods, including chatbot and session replay providers, or via third-party marketing pixels. These practices may be subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands.

Our employees and personnel use generative AI technologies to perform their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages.

Finally, governments and regulators in certain jurisdictions, including Europe, are increasingly seeking to regulate the use, transfer and other processing of non-personal information (for example, under the European Union's Data Act), data, an area which has typically been the subject of very limited or no specific regulation. This means that, if and to the extent such regulations are relevant to our operations or those of our customers, certain of the risks and considerations outlined herein may apply equally to our processing of both personal and non-personal information. data. For example, we may become subject to certain parts of the European Union's Data Act,

which imposes certain data and cloud service interoperability and switching obligations to enable users to switch between service providers without undue delay or cost, as well as certain requirements concerning cross-border international transfers of, and governmental access to, non-personal data outside the EEA. Depending on how these laws are interpreted, we may have to adapt our business practices, contractual arrangements and products to comply with such obligations.

Tax authorities in the United States and in foreign jurisdictions may successfully assert that we, including our acquired companies, should have collected, or in the future should collect, sales, use, value added, or similar taxes, and we could be subject to substantial liabilities with respect to past or future transactions, which could adversely affect our results of operations.

We conduct operations in multiple tax jurisdictions throughout the United States. In many of these jurisdictions, non-income-based taxes, such as sales and use taxes, are assessed on our operations. Our customers agree to pay the use taxes in the states and other jurisdictions where our services are subject to sales or use tax. As a result, we have not billed or collected these taxes and, in accordance with generally accepted accounting principles in the United States, we have not recorded a provision for our tax exposure in these jurisdictions. In the event these jurisdictions challenge our approach or our customers do not satisfy the sales or use tax obligation, such jurisdictions may assert tax assessments, penalties and/or interest against us, which could adversely affect our business, results of operations and financial condition.

In addition, we conduct operations outside of the United States, including in Israel and parts of Europe. These foreign jurisdictions have complex tax laws and regulations, and we may be subject to future uncertainties as a result of historical tax positions taken by us or our acquired companies. While we believe we have taken proper tax positions, as reflected in our financial statements herein, foreign tax authorities may challenge certain tax positions we or our acquired companies have taken historically, or may take in the future. For example, Veritone, Inc. acquired PandoLogic, Inc., the United States subsidiary of PandoLogic Ltd., in 2022, and as a result, created certain tax liabilities within Israel associated with the deemed tax attributes of this transaction. While we believe we have properly accrued for estimated tax obligations due to Israel and the United States, we cannot be certain the Israeli or the U.S. tax authorities will agree with our calculated tax impact. As a result, our tax positions may be challenged in the future, and subject to local-, state- and country-specific audits and inquiries, the outcomes of which could differ materially from our estimates. Incurring any such tax liabilities (including related penalties and interest) could materially adversely affect our business and financial condition.

We currently benefit from certain tax incentives extended by the government of Israel that are designed to encourage investment and development of technology in Israel but which require recipients to meet certain conditions, including development milestones and other requirements. If we fail to satisfy such requirements, we may lose certain tax incentives, resulting in additional income tax expenses.

Recent and proposed laws regarding the use of facial recognition technology, the processing of biometric data, and the use of AI, automated decision-making and machine learning technologies could increase compliance costs or otherwise make it harder for us to conduct our business, require us to change our business practices, lead to regulatory investigations or actions, and have a material adverse effect on demand for certain of our products.

Certain of our Software Products & Services, particularly our IDentify face matching application for law enforcement agencies, utilize facial recognition technology. Facial recognition technology has been the subject of increasing concern and criticism, including over the potential for the technology to misidentify individuals as criminal suspects, and to be used in

ways that infringe on individual rights. Numerous legislative proposals have been introduced to ban or restrict the use of the technology by certain governmental agencies, and several U.S. cities, including San Francisco, California, Oakland, California and Somerville, Massachusetts, have enacted such bans. Although some jurisdictions are re-evaluating the breadth of such bans, where any ban or restriction on the use of facial recognition technologies by governmental agencies have been or may be enacted, potential government customers for our IDentify solution may be prohibited from or restricted in using the technology. If such bans or restrictions are enacted in a significant number of jurisdictions, it would have a material adverse effect on the market for software solutions that utilize facial recognition technology, including our IDentify solution.

We also offer facial recognition technologies to non-governmental customers. Data privacy laws have been enacted or introduced in a number of jurisdictions that regulate the processing of biometric data, including facial images in facial recognition systems, by non-governmental actors. For example, the Illinois Biometric Information Privacy Act ("BIPA") regulates the collection, use, safeguarding, and storage of biometric information. BIPA provides for substantial penalties and statutory damages and have generated significant class action activity; the cost of litigating and settling any claims that we have violated the BIPA or similar laws could be significant. As another example, certain comprehensive U.S. state privacy laws, such as Virginia's Consumer Data Protection Act, require covered businesses to obtain affirmative consumer consent before processing biometric data and other sensitive data. Additionally, under the GDPR, use of biometric data for the purpose of uniquely identifying a natural person constitutes the processing of a special category of personal data, to which heightened standards, requirements and regulatory and individual scrutiny apply. The processing of biometric data for such purposes is prohibited unless one of a very limited and specific set of conditions is satisfied (such as explicit consent of the data subject). Effective compliance in this area (including in the context of use of certain of our products) can be highly challenging, and we are reliant on our customers to ensure that such a condition is satisfied when they use our products to identify someone. We may be unable to provide certain of our products in certain jurisdictions, in particular in Europe where provision of such technologies in compliance with the GDPR is highly challenging and may mean we are unable to provide certain of our products in certain jurisdictions. Such laws may limit the demand for our aiWARE platform for non-governmental use cases that utilize facial recognition technology, which could adversely impact our ability to grow our business in those areas.

In addition, AI, automated decision making, and machine learning ML technologies are increasingly subject to regulatory scrutiny and oversight, for their potentially discriminatory effects. For example, under the comprehensive legal framework governing the use of artificial intelligence adopted by the European Parliament in Europe, there is a proposed regulation related to the European Union (the "EU AI that, if adopted, could impose Act"). The EU AI Act imposes onerous obligations related to the development, deployment and use of AI-related AI/ML-related systems. The proposed Regulation on Artificial Intelligence designates In particular, the EU AI Act is likely to designate certain AI technologies, including technologies used in an employment-related context (such as high risk in relation to recruitment, placement of targeted job advertisements, and decision-making concerning promotion, termination and task allocation), as 'high risk' and subject to numerous onerous compliance obligations; obligations, including various transparency, conformity and risk assessment, monitoring and human oversight requirements; the regulation EU AI Act is also imposes likely to impose a prohibition of the use of 'real-time' biometric identification systems in publicly accessible spaces by law enforcement authorities or on their behalf unless

very limited exceptions apply. Certain of our products and services are likely to fall within one or more of these categories. Under the EU AI Act, non-compliant companies may be subject to administrative fines of up to 35 million Euros or 7% of a company's total worldwide annual turnover for the preceding financial year, whichever is the higher. The EU AI Act has a phased implementation process and is likely to be fully effective by Spring 2026, with an initial ban on prohibited AI systems applying from Autumn 2024. Moreover, in the United Kingdom, the government has confirmed its position that existing regulators are to implement certain specific principles (safety, security and robustness; transparency and explainability; fairness; accountability and governance; contestability and redress), within those regulators' existing remits, to guide and inform the responsible development and use of AI/ML within their relevant sectors / competences. Additionally, several U.S. jurisdictions have enacted measures related to the use of AI in products and services for their potentially discriminatory effects. For example, New York City passed a law to regulate the use of automated employment decision tools by employers and employment agencies. Certain of these laws are likely to be materially unfavorable to our interests and/or inconsistent with our existing operations, policies, practices or plans (or may be interpreted as such). We expect other jurisdictions will adopt similar laws.

Additionally, certain privacy laws extend rights to consumers (such as the right to delete certain personal data) and regulate automated decision making, which may be incompatible with our use of AI (including generative AI) and ML technologies in our products and services. These obligations may make it harder for us to conduct our business using AI/ML, lead to regulatory fines or penalties, require us to change our business practices, retrain our AI/ML, or prevent or limit our use of AI/ML. For example, the FTC has required other companies to turn over (or disgorge) valuable insights or trainings

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generated through the use of AI/ML where they allege the company has violated privacy and consumer protection laws. If we cannot use AI/ML or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage.

Moreover, AI/ML models may create flawed, incomplete, or inaccurate outputs, some of which may appear correct. This may happen if the inputs that the model relied on were inaccurate, incomplete or flawed (including if a bad actor "poisons" the AI/ML with bad inputs or logic), or if the logic of the AI/ML is flawed (a so-called "hallucination"). We may use AI/ML outputs to make certain decisions. Due to these potential inaccuracies or flaws, the model could be biased and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits. For example, our platform uses (and allows our customers to use) AI/ML for recruitment, screening, and other employment-related tasks, and if such AI/ML-based outputs or decisions are deemed to be biased, we could face adverse consequences, including exposure to reputational and competitive harm, customer loss, and legal liability.

Furthermore, any sensitive information (including confidential, competitive, proprietary, or personal data) that we input into a third-party generative AI/machine learning platform could be leaked or disclosed to others, including if sensitive information is used to train the third party's AI/machine learning model. Additionally, where such a model ingests personal data and makes connections using such data, those technologies may reveal other personal or sensitive information generated by the model.

Given that AI, automated decision making and machine learning ML technologies are core to our business, any increased regulation over these technologies, including the EU AI Act, could make it harder for us to conduct our business, significantly complicate our compliance efforts, increase legal risk and compliance costs for us, the third parties upon whom we rely, and our customers, increase our cost of doing business, impede or prevent our growth plans (including into Europe), require us to change our business operations at significant cost (such as retaining or rebuilding our AI/ML models), and in turn, reduce demand for our products.

Risks Related to the Ownership of Our Securities and Our Public Company Operations

Our common stock price has been extremely volatile and could continue to fluctuate widely in price, which could result in substantial losses for investors.

The market price of our common stock has been, and we expect will continue to be, subject to extreme fluctuations over short periods of time. For example, the closing price of our common stock has ranged from a low of \$4.85 \$1.49 to a high of \$19.77 \$7.78 during the 12-month period ended February 28, 2023 February 29, 2024. Prior to that, from the completion of our initial public offering ("IPO") on May 12, 2017 through February 28, 2022 February 28, 2023, the closing price of our common stock has ranged from a low of \$1.52 to a high of \$65.91.

These fluctuations may be due to various factors, many of which are beyond our control, including:

- the volume and timing of our revenues and quarterly variations in our results of operations or those of others in our industry;
- announcement of new contracts with customers or termination of contracts with customers;

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- announcement of acquisitions of other companies or businesses, or other significant strategic transactions;
- announcement of equity or debt financing transactions;
- the introduction of new services, content or features by us or others in our industry;
- media exposure of our products or of those of others in our industry;
- sales of our common stock;
- speculative trading practices of certain market participants;
- actual or purported "short squeeze" trading activity;
- changes in earnings estimates or recommendations by securities analysts; and
- general economic and market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

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In recent years, the stock markets generally have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the listed companies. Broad market and industry factors may significantly affect the market price of our common stock, regardless of our actual operating performance. These fluctuations have been, and may continue to be, even more pronounced in the trading market for our common stock.

Further, on some occasions, our stock price may be, or may be purported to be, subject to "short squeeze" activity. A "short squeeze" is a technical market condition that occurs when the price of a stock increases substantially, forcing market participants who had taken a position that its price would fall (i.e., who had sold the stock "short"), to buy it, which in turn may create significant, short-term demand for the stock not for fundamental reasons, but rather due to the need for such market participants to acquire the stock in order to forestall the risk of even greater losses. A "short squeeze" condition in the market for a stock can lead to short-term conditions involving very high volatility and trading that may or may not track fundamental valuation models.

In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our stock price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would hurt our financial condition and operating results and divert management's attention and resources from our business.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are required to comply with the Sarbanes-Oxley Act and related rules implemented by the SEC. The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. This report must contain, among other things, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. In addition, because we ceased to be an emerging growth company as of December 31, 2022, we are required to have our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting in this annual report on Form 10-K.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting have been identified in the past and may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information and could have a material and adverse effect on our business, results of operations and financial condition and could cause a decline in the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on NASDAQ.

We have identified material weaknesses in our internal control over financial reporting. If we are unable to develop and maintain effective internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us, materially and adversely affect our business and operating results and expose us to potential litigation.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected and corrected on a timely basis. **We have previously identified multiple material weaknesses in our internal control over financial reporting.**

Management previously During management's review of our results for the three and nine months ended September 30, 2023, management identified that a material weakness in internal control over financial reporting existed relating to the appropriate oversight consolidation process and sufficient review of financial statements specifically pertaining to the work performed by third-party specialists on Company's design of controls to determine proper accounting for certain

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foreign exchange transactions and translation between Veritone, Inc. and certain of our behalf and the coordination of work being performed by more than one specialist. Such third-party specialists were used in the preparation of (i) our valuation of Contingent Consideration, (ii) our valuation of certain identified intangible assets and (iii) our purchase price allocation pursuant to ASC 805, Business Combinations, in connection with our acquisition of PandoLogic Ltd. The foreign subsidiaries. This material weakness resulted did not result in the restatement of the unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2022 and immaterial any identified material misstatements to the consolidated financial statements for the year ended December 31, 2021. Additionally, statements. However, this material weakness could have resulted in a misstatement of certain accounting estimates or disclosures that would have resulted in a material misstatement of our to the Company's annual or interim condensed consolidated financial statements that would not have been be prevented or detected and corrected on a timely basis.

Management has also During management's review of our results for the year ended December 31, 2022, management identified a material weakness in internal control over financial reporting relating to information technology general controls ("ITGCs") in the areas of user access and change-management over certain information technology ("IT") systems that support our financial reporting processes. Our business process automated and manual controls that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted. These control deficiencies were a result of user access and change management processes over certain IT systems. Although this material weakness did not result in any identified misstatements to the financial statements and there were no changes to previously released financial results, this material weakness could have resulted in a material misstatement to our annual or interim consolidated financial statements that would not be prevented or detected and corrected on a timely basis. Related to these findings, management concluded that during the year ended December 31, 2023, the Company did not maintain appropriately designed entity-level controls impacting the control environment or monitoring controls to prevent or detect material misstatements to the consolidated financial statements. Specifically, these deficiencies were attributed to (i) a lack of a sufficient

number of qualified resources to perform control activities and (ii) insufficient risk assessment and monitoring activities as a result of untimely or ineffective identification of internal control risks to properly design, test, implement and assess effective internal controls over financial reporting.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports and prevent fraud. We continue to evaluate steps to remediate any existing material weakness. These remediation measures may be time consuming and costly and there is no assurance that these measures will ultimately have the intended effects.

In order to remediate the material weakness relating to appropriate oversight and sufficient review of the work performed by third-party specialists on our behalf and the coordination of work being performed by more than one specialist, we have implemented financial reporting control changes to address the material weakness relating to the process for evaluating the qualifications of third-party specialists, defining the scope of work to be performed by such specialists and reviewing all estimates and other work product prepared by specialists in September 2022. Management has taken steps to enhance our evaluation of the qualifications of third-party specialists, more accurately define the scope of work to be performed by such specialists and improve the review process for all estimates and other work product prepared by such specialists, including a detailed review of all such specialists' work by our employees with the appropriate level of experience and knowledge to review the specialists' work for compliance with accounting standards. During the third and fourth quarters of 2022, we completed our testing of the operating effectiveness of the implemented controls and found them to be effective. As a result, we have concluded this material weakness has been remediated as of December 31, 2022.

In order to remediate the material weakness relating to ITGCs, management is taking remediation actions with respect to this material weakness including: (i) developing and enhancing IT compliance oversight capabilities with specific focus over identification and execution of appropriate ITGCs; (ii) developing a training program addressing ITGCs and policies, including educating control owners concerning the principles and requirements of each control, with a focus on those related to user access and change management over IT systems impacting financial reporting; (iii) developing and maintaining documentation of underlying ITGCs to promote knowledge transfer upon personnel and function changes; and (iv) implementing an IT management review and testing plan to monitor ITGCs with a specific focus on systems supporting our financial reporting processes. To further processes; (v) implementing financial reporting control changes to address foreign currency and consolidation matters, evaluating the adequacy of resources surrounding its consolidation process and training individuals in the proper accounting treatment for foreign currency transactions and consolidation under US GAAP, which training was completed in the fourth quarter of 2023; and (vi) hiring additional staff to oversee the implementation and testing of these remediation actions.

Although management is implementing procedures designed to remediate the existing material weakness weaknesses identified herein, the management team, including implementation of these procedures is ongoing and will require validation and testing of the Chief Executive Officer design and Chief Financial Officer, have reaffirmed and re-emphasized the importance operating effectiveness of internal controls over a sustained period of financial reporting cycles. We cannot be certain that these measures will successfully remediate the material weaknesses or that other material weaknesses and control consciousness and a strong control environment.

deficiencies will not be discovered in the future. If we are not able to remediate the existing material weakness, weaknesses, or if we identify any new material weaknesses in the future, we may be unable to maintain compliance with the requirements of securities laws, stock exchange listing rules, or

debt instrument covenants regarding timely filing of information; we could lose access to sources of capital or liquidity; and investors may lose confidence in our financial reporting and our stock price may decline as a result. Though we are taking steps to remediate the existing material **weakness, weaknesses**, we cannot be assured that the measures we have taken to date, or any measures we may take in the future, will be sufficient to remediate the material weakness or avoid potential future material weaknesses.

As a result of the material **weakness, weaknesses** described above and other related matters raised or that may in the future be identified, we face potential for adverse regulatory consequences, including investigations, penalties or suspensions by the SEC or NASDAQ, litigation or other disputes which may include, among others, claims invoking the federal and state securities laws, contractual claims or other claims arising from the restatement and material weakness in our internal control over financial reporting and the preparation of our consolidated financial statements. As of the date of this filing, we have no knowledge of any such regulatory consequences, litigation, claim or dispute. However, we can provide no assurance that such regulatory consequences, litigation, claim or dispute will not arise in the future. Any such regulatory consequences, litigation, claim or dispute, whether successful or not, could subject us to additional costs, divert the attention of our management, or impair our reputation. Each of these consequences could have a material adverse effect on our business, results of operations and financial condition.

We are a “smaller reporting company” under the U.S. federal securities laws, and the reduced reporting requirements applicable to smaller reporting companies could make our common stock less attractive to investors.

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We are a “smaller reporting company,” and prior to December 31, 2022, we were an “emerging growth company” under U.S. federal securities laws. For as long as we continue to be a smaller reporting company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Furthermore, in prior years, as an emerging growth company, we took advantage of exemptions from further reporting requirements including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and exemptions from the requirements of holding a non-binding advisory vote on executive compensation. Investors may not find our common stock attractive because we may rely on these exemptions and reduced disclosures. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Our anti-takeover provisions could prevent or delay a change in control of our company, even if such change in control would be beneficial to our stockholders.

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws as well as provisions of Delaware law could discourage, delay or prevent a merger, acquisition or other change in control of our company, even if such change in control would be beneficial to our stockholders. These include:

- authorizing the issuance of “blank check” preferred stock that could be issued by our Board to increase the number of outstanding shares and thwart a takeover attempt;

- a provision for a classified board of directors so that not all members of our Board are elected at one time;
- the removal of directors only for cause;
- no provision for the use of cumulative voting for the election of directors;
- limiting the ability of stockholders to call special meetings;
- requiring all stockholder actions to be taken at a meeting of our stockholders (i.e., no provision for stockholder action by written consent); and
- establishing advance notice requirements for nominations for election to the Board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, the Delaware General Corporation Law prohibits us, except under specified circumstances, from engaging in any mergers, significant sales of stock or assets or business combinations with any stockholder or group of stockholders who owns at least 15% of our common stock.

Additionally, certain provisions in the indenture governing our convertible senior notes may make it more difficult or expensive for a third party to acquire us. For example, the indenture will generally require us to repurchase the convertible senior notes for cash upon the occurrence of a fundamental change of us and, in certain circumstances, to increase the

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conversion rate for a holder that converts its convertible senior notes in connection with a make-whole fundamental change. A takeover of us may trigger the requirement that we repurchase the convertible senior notes and/or increase the conversion rate, which could make it more costly for a potential acquiror to engage in such takeover. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to stockholders.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders;
- any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or

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- any action asserting a claim against us governed by the internal affairs doctrine.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to this provision of our amended and restated certificate of incorporation. This choice-of-forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable or convenient for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Conversion or exercise of outstanding equity-lined equity-linked securities may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock.

We have a substantial number of shares of our common stock reserved for issuance upon the exercise of stock options, settlement of restricted stock units and upon conversion of our convertible senior notes. The exercise or conversion of some or all of these securities may dilute the ownership interests of our stockholders. Upon conversion of our convertible senior notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to settle our conversion obligation in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the convertible senior notes may encourage short selling by market participants because the conversion of the notes could be used to satisfy short positions, or anticipated conversion of the notes into shares of our common stock could depress the price of our common stock.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will rely in part on the research and reports that securities or industry analysts publish about us and our business. If one or more of the analysts who cover us downgrades our common stock or issues other unfavorable commentary or research the price of our common stock may decline. If one or more analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which in turn could cause the trading price or trading volume of our common stock to decline and could result in the loss of all or part of your investment in us.

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Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Risk management and strategy

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical computer networks, third party hosted services, communications systems, hardware and software, and our critical data, including, without limitation, intellectual property, confidential information that is proprietary, strategic or competitive in nature, and personal data (including sensitive personal data such as biometric data and employment-related data) (“Information Systems and Data”).

Our Chief Information Officer (“CIO”), our Vice President of Information Security (who serves as our Chief Information Security Officer (“CISO”)), and the Company’s information security function help identify, assess and manage the Company’s cybersecurity threats and risks. This team identifies and assesses risks from cybersecurity by monitoring and evaluating our threat landscape and the Company’s risk profile using various methods, including, for example, manual and automated tools in certain environments and systems, subscribing to threat intelligence reports and services, scanning our environment for certain threats, evaluating our risk exposure, evaluating and analyzing certain reported threats, collaborating with law enforcement on certain threat intelligence, conducting internal and external cybersecurity audits, performing threat assessments in certain environments and systems, conducting vulnerability assessments in certain environments and systems, and engaging third-party experts for red/blue team testing and tabletop incident response exercises.

Depending on the environment and system, we implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including, for example: an incident response plan, vulnerability management, disaster recovery and business continuity planning, risk assessments, encryption of certain data, network security controls in certain environments and systems, data segregation of certain data, access controls for certain environments and systems, physical security, asset management, vendor risk management, employee cybersecurity training, cybersecurity insurance, and dedicated cybersecurity staff.

None. Our assessment and management of material risks from cybersecurity threats are integrated into the Company’s overall risk management processes. For example, the information security team works with management to prioritize our risk management processes and mitigate cybersecurity threats that are more likely to lead to a material impact to our business. We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including, for example, professional services firms (including legal counsel), cybersecurity consultants, cybersecurity software providers, managed cybersecurity service providers, forensic investigators, and penetration testing firms.

We use third-party service providers to perform a variety of functions throughout our business, such as application providers and hosting and cloud-hosting companies. We have a vendor management program to manage cybersecurity risks associated with our use of certain of these providers. The program includes the administration of a security questionnaire for certain providers, evaluation of certain provider’s written security program, and review of security assessments and reports from certain providers. Depending on the nature of the services provided, the sensitivity of the Information Systems and Data at issue, and the identity of the provider, our vendor management process may involve different levels of assessment designed to help identify cybersecurity risks associated with a provider and impose contractual obligations related to cybersecurity on the provider.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under Part 1. Item 1A. Risk Factors in this Annual Report on Form 10-K, including the risk factors captioned “Risk Factors—Risks Related to the Development and Operation of Our aiWARE Platform and other Products—The security or operation of our platform, networks, computer systems or data, or those of third parties upon which we rely, may be breached or otherwise disrupted, and any such breach or other disruption could have an adverse effect on our business and reputation” and “Risk Factors—Risks Related to

the Development and Operation of Our aiWARE Platform and other Products—Interruptions or performance problems associated with our technology and infrastructure, or that of our third party service providers, including AWS and Azure, may adversely affect our business and operating results.”

Governance

Our board of directors addresses the Company's cybersecurity risk management as part of its general oversight function. The board of directors is responsible for overseeing the Company's cybersecurity risk management processes, including oversight of mitigation of risks from cybersecurity threats.

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Our cybersecurity risk assessment and management processes are implemented and maintained by certain members of our management team, including our CIO, who has over 20 years of expertise in overseeing corporate information technology functions, and our CISO, who has 20 years of experience in the cybersecurity industry.

Our CIO and CISO are responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel.

Our CIO and CISO are also responsible for approving cybersecurity budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Our incident response plan is designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including the Company's Chief Executive Officer, CIO, security management team, and our legal team (including privacy). These stakeholders work with the Company's incident response team to help the Company mitigate and remediate cybersecurity incidents of which they are notified. In addition, the Company's incident response plan includes reporting to the board of directors for certain cybersecurity incidents.

The board of directors receives periodic reports, summaries or presentations from the CISO concerning the Company's significant cybersecurity threats and risks, as well as the processes the Company has implemented to address them.

Item 2. Properties.

Our principal executive offices are located ~~in~~ at 1615 Platte Street, 2nd Floor, Denver, Colorado ~~which we lease under a lease expiring on September 30, 2023.~~ 80202.

In addition to our principal executive offices, we lease office space in Irvine, California; London, England; Sydney, Australia; and Herzliya, Israel. We also maintain shared office spaces ~~in~~ New York, New ~~York~~; York, Paris, France and Herzliya, Israel.

~~Noida, India.~~ We lease all of our facilities and do not own any real property. We believe our facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Item 3. 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 may have an adverse impact on us due to defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosures.

Not **Applicable**, applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information and Holders

Our common stock is listed on the NASDAQ under the ticker symbol "VERI." As of **March 10, 2023** **March 25, 2024**, we had **4751** holders of record of our common stock based upon the records of our transfer agent, which do not include beneficial owners of common stock whose shares are held in the names of various securities brokers, dealers and registered clearing agencies.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business. Therefore, we do not currently expect to pay any cash dividends on our common stock for the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our Board and will depend upon our results of operations, financial condition, capital requirements, general business conditions, and other factors that our Board deems relevant. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities.

Recent Sales of Unregistered Equity Securities

None.

Purchases of Equity Securities

None.

Performance Graph

As a smaller reporting company, we are not required to provide the performance graph required by Item 201(e) of Regulation S-K.

Item 6. Reserved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to the consolidated financial statements and related notes that are included elsewhere in this Annual Report on Form 10-K. 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 "Item 1A. Risk Factors" set forth in Part I of this Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission ("SEC"), including future SEC filings. See "Cautionary Note Regarding Forward-Looking Statements."

Overview

We are a provider of AI solutions, powered by our proprietary AI operating system, aiWARE™, to deliver differentiated products and solutions to our Commercial Enterprise and Government & Regulated Industries customers.

During the year ended December 31, 2022 December 31, 2023, we generated revenue of \$149.7 million \$127.6 million as compared to \$115.3 million \$149.7 million during the year ended December 31, 2021 December 31, 2022. Our Software Products & Services grew 42% year over year revenue was \$68.4 million and \$84.8 million during the years ended December 31, 2023 and 2022, respectively, and represented 54% and 56% of our consolidated revenue during the years ended December 31, 2023 and 2022, respectively. Our Managed Services revenue was \$59.2 million and \$65.0 million during the years ended December 31, 2023 and 2022, respectively, and represented 46% and 44% of our consolidated revenue in the years ended December 31, 2022 December 31, 2023 and 2021, respectively, and our Managed Services grew 17% year over year, and represented 44% and 49% of our consolidated revenue in the years ended December 31, 2022 and 2021, 2022, respectively. During the years ended December 31, 2022 December 31, 2023 and 2021, 2022, our largest customer represented approximately 25% 12% and 30% 25% of our consolidated revenue, respectively.

Recent Developments

In November 2021, Broadbean Acquisition. On June 13, 2023, we completed the acquisition of Broadbean (as defined herein) for a total purchase price of \$53.3 million, subject to certain post-closing adjustments. Broadbean is a global leader of talent acquisition software-as-a-service technology, and the acquisition of Broadbean is intended to strengthen our AI-driven human resources product suite and build on our previous acquisition of PandoLogic. A portion of the purchase consideration, consisting of \$1.3 million in cash, was deposited into a third-party escrow account at closing and will be held in such account for the purposes of satisfying any post-closing indemnification claims and certain post-closing adjustments. We also obtained a representation and warranty insurance policy at closing. *Energy Group Divestiture.* On June 30, 2023, we completed the sale of our energy group (the "Energy Divestiture") to GridBeyond Limited, an offering Ireland-based privately held company ("GridBeyond") that delivers AI-powered energy solutions, pursuant to an asset purchase agreement. We received 4,160,644 shares of convertible Series B Preference Shares in GridBeyond valued at approximately

\$2.0 million, plus \$0.5 million in cash. The Energy Divestiture did not meet the criteria of discontinued operations because the disposal did not have a major effect on our operations or financial results.

Senior Secured Term Loan and Warrants. On December 13, 2023 (the "Closing Date"), we entered into a Credit and Guaranty Agreement (the "Credit Agreement") with certain funds managed by Highbridge Capital Management, LLC and with certain other lenders (collectively, the "Lenders") and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The Credit Agreement provides for a \$77.5 million senior notes in secured term loan (the "Term Loan"), which we issued, at par value, \$201.25 million was fully drawn by us on the Closing Date. A portion of the proceeds of the Term Loan were used to repurchase \$50.0 million aggregate principal amount of our 1.75% convertible senior notes due 2026 (the "Convertible Notes"). In December 2022, we repurchased \$60.0 million aggregate held by the Lenders at a purchase price of \$37.5 million plus accrued and unpaid interest through the repurchase date. The Term Loan accrues interest at a rate of Term SOFR plus 8.50% per annum, with a 3.00% floor for Term SOFR, payable quarterly. The Term Loan matures on December 13, 2027, with quarterly amortization payments of 2.50% of the original principal amount, of the Convertible Notes at approximately sixty-five percent (65%) of par (the "Repurchase Transaction"), generating a cash gain of approximately \$21.0 million. After the completion of the Repurchase Transaction, we recorded a net \$19.1 million debt extinguishment gain and, as a result of the Repurchase Transaction, we have \$141.3 million in aggregate principal amount of the Convertible Notes remaining outstanding.

Throughout 2022, we made several acquisitions, including an influencer-based management company in March, a company specializing in the creation of personalized synthetic voices called VocaliD commencing in June and 2024. In connection with the assets of Vision Semantics Limited, a U.K.-based company focused on AI-powered video analytics and surveillance software solutions in August (collectively, the "2022 Acquisitions"). The aggregate purchase consideration of the 2022 Acquisitions was \$11.2 million, which consisted of cash payments of \$4.8 million at closing, stock of \$1.9 million, future earnout payments up to \$4.5 million, and deferred cash payments to be made in 2023 and 2024 totaling \$4.7 million, net of other purchase price adjustments of \$0.3 million.

In September 2022, Credit Agreement, we and the legacy shareholders of PandoLogic entered into an amendment issued warrants (the "Amendment" "Warrants") to the PandoLogic Merger Agreement. The Amendment provides that Lenders (in such capacity, the 2022 PandoLogic Earnout will be no less than \$10.8 million "Warrant Holders") to purchase up to 3,008,540 shares of our common stock (the "Minimum 2022 Earnout Amount" "Common Stock"), payable at an exercise price of \$2.576 per share with a target of approximately 67% in cash and 33% in stock calculated at a price of \$20.52 per share, irrespective of the actual financial performance of PandoLogic for the 2022 PandoLogic Earnout period. In exchange for the Minimum 2022 Earnout Amount, the Amendment further provides that certain restrictive operational covenants and obligations imposed on us during the 2022 PandoLogic Earnout period would terminate as of the termination date of the Amendment and provides for the early release of certain escrow funds to us and to the paying agent for further distribution to the certain PandoLogic shareholders and employees under the PandoLogic Merger Agreement. The Amendment also provides for releases as to certain matters related to the PandoLogic Merger Agreement and the Amendment. December 12, 2028.

Effective December 31, 2022, Chad

Appointment of Ryan Steelberg resigned as Chairman. Ryan Steelberg, our Chief Executive Officer, and, effective January 1, 2023, our Board of Directors was appointed Ryan Steelberg as President and Chief Executive Officer Chairman of the Company ("CEO"). Board, effective January 22, 2024, replacing Chad Steelberg will continue to provide services to us in his role who resigned as Chairman of the Board of Directors and on the same date. Chad Steelberg continues to serve as a consultant to the member of our Board.

Company. In January 2023, we entered into new employment agreements with Ryan Steelberg and Michael L. Zemetra, our Chief Financial Officer.

On January 4, 2023, we entered into a consulting agreement (the "Consulting Agreement") with Steel Holdings, LLC, an entity affiliated with Chad Steelberg. Pursuant to the Consulting Agreement, we retained Chad Steelberg as a consultant to provide ongoing transition services related to Ryan Steelberg's appointment as CEO and to manage and oversee the further development of our aiWARE platform.

On January 31, 2023, we announced strategic cost reduction initiatives with the aim of achieving net annualized savings of \$12 to \$15 million over the course of fiscal 2023. As part of this initiative, we engaged in a headcount reduction during the first quarter of 2023. In addition, we plan to divest our energy group in the first half of 2023, and we intend to reduce and consolidate expenses tied to software, outside services, and cloud-based processing throughout 2023.

Opportunities, Challenges and Risks

In 2022 2023 and 2021, 2022, we derived our revenue primarily through our Commercial Enterprise customers, and secondarily, through our Government & Regulated Industries customers.

We are a leader in AI-based Software Products & Services. Our proprietary AI operating system, aiWARE, uses machine learning algorithms, or AI models, together with a suite of powerful applications, to reveal valuable insights from vast amounts of structured and unstructured data. In addition to the 42% increase in our Software Products & Services during the year ended December 31, 2022 as compared to the prior year, we have also demonstrated our ability to grow our AI-based Managed Services, with our revenue from these Managed Services increasing by 17% during the year ended December 31, 2022 as compared to the prior year. Historically, we have derived a large portion of our Software Products Product & Services revenue from applications we internally developed from our aiWARE platform and actively sold across various customers, but our growth in 2022 was driven by the inclusion of PandoLogic in our financial results for the entirety of 2022 as compared to 2021 when we acquired PandoLogic in September 2021. Beginning in the second half of 2021, we realigned our organization to also focus on enterprise sales and opportunities across existing and newer markets. customers. While management believes there is a substantial opportunity to increase revenue longer term, current economic conditions have negatively impacted parts of our business consumption-based operations and financial results, and there is no certainty that any future investments, which could be significant and include future potential acquisitions, will result in significant enterprise revenue realization or revenue growth when compared with historical revenue. Nevertheless, we continue to see significant opportunities for growth in our Software Products & Services and our aiWARE platform sales to existing and newly acquired customers, and where our AI solutions could add tremendous near and long-term value in the government and regulated industries and content creation and distribution including in across the news, television global media and film industries. entertainment industry.

We believe there will be are significant near and long-term revenue and growth opportunities for revenue from our Software Products & Services. In June 2023, we completed the acquisition of Broadbean, a leader in subscription-based talent acquisition software-as-a-service which has approximately 3,000 subscription-based customers based throughout the world, integrated with over 100 applicant tracking systems ("ATS") and has direct access to over 2,500 job boards globally. The acquisition of Broadbean was

strategic to our growth from across our hiring applications, as we plan in the near term to offer our existing product offerings to Broadbean's 3,000 customers, including programmatic advertising capabilities. Over the long term, we plan to utilize our AI capabilities to analyze complex data sets through direct access to these ATS, including future integration with aiWARE. In Government & Regulated Industries markets, due to we see growth opportunities with customer adoption of our products and services related to AI technologies and more recently with our official Authorization to Operate, or ATO, of our aiWARE platform across the entire U.S. Department of Justice and progress with the Joint Chief Digital and Artificial Intelligence Commission ("JAIC") Officer and Department of Defense, ("DOD"), including our recently announced iDEMS platform. However, many enterprise-level opportunities with Government & Regulated Industries 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 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 our Government & Regulated Industries solutions to help utilities increase profitability and improve grid reliability as they make the transition to renewables. Today, our energy solutions are in production at a major utility and being deployed across global manufacturers. While we believe our energy solutions have significant long term value, our aiWARE platform is in the early stages of deployment in this market, and given the current macroeconomic environment, coupled with the fact that we will need to continue making significant investments in product, sales and engineering to further develop current and future solutions, we have elected to divest our energy group in the first half of 2023.

Growing our existing and new Software Products & Services customer base is critical for our success. During the year ended December 31, 2022, ending Software Products & Services customers grew to 642, a 21% increase revenue declined 19.1% year over year. While year as a result of lower consumption across our overall Veritone Hire customer growth has been significant, we did experience a slowdown in our Average Annual Revenue (AAR) per customer (as defined and discussed below under "—Non-GAAP Financial Measures") beginning in our second quarter of 2022, which was principally driven base, offset by the reduction in hiring consumption from our largest customer, Amazon. For the large part addition of 2021 through the first quarter of 2022, Amazon utilized our hiring platform to support its growth during

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the COVID-19 pandemic. In the beginning Broadbean in the second quarter of 2022, 2023, and the COVID-19 pandemic improved and many consumers returned to decline of certain non-recurring, one-time software revenue in person experiences, including for shopping. As a result, Amazon substantially slowed its hiring efforts around its warehouse and distribution services throughout 2023 versus 2022. Since the remainder second quarter of 2022, and created significant fluctuations in we have experienced large variances from the consumption use of our quarterly results in 2022. While we do not expect Veritone Hire solutions from our customers, including our largest customer Amazon, when compared to the same level prior year periods. In May 2023, Amazon informed us that they planned to reduce their consumption of fluctuation our Veritone Hire solutions further. Overall, our revenues from Amazon in 2023 during the year ended December 31, 2023 declined as compared to 2022, given Amazon's high concentration the prior year and represented 12% of revenue on our consolidated results, revenue during the year ended December 31, 2023 compared to 25% of our consolidated revenue results may continue to fluctuate significantly year over year based upon its hiring patterns. To reduce this risk, in the comparable prior year. As we continue to aggressively invest in existing grow and growing new customers. We also grew PandoLogic's diversify our customer base over the near and long term, we expect that Amazon's share of our revenue will continue to decline, and will represent less than 5% of our consolidated revenue in fiscal 2024. Offsetting this decline was non-Amazon Software Products & Services revenue, which grew as compared to the prior year, driven in part by Government & Regulated Industries revenue growth of December 31, 2022

by 22% year over year. Additionally, PandoLogic's non-volume hiring revenue for 56% during the year ended December 31, 2022, which excludes Amazon, grew over 75% year over December 31, 2023 as compared to the prior year.

Additionally, and as a result of the recent pullback in the macroeconomic environment caused by high inflation, rising interest rates, and recent geopolitical factors including the Russia-Ukraine conflict and potential future disruptions the war in access to bank deposits or lending commitments due to bank failures, we expect Israel, some of our customers may reduce reduced consumption-based and advertising spending across our managed services Commercial Enterprise customer base across parts of our Veritone Hire solutions and Managed Services, in 2023 the year ended December 31, 2023 when compared to same periods in the prior year. In addition, if the U.S. government officially declares the U.S. is in a recession in 2023, we may see additional declines in existing and new customers consumption As of December 31, 2023, our total Software Products & Services. Services customers declined to 3,460, which was a decrease of 10% compared to the prior year on a pro forma basis, giving effect to the acquisition of Broadbean as if it occurred on January 1, 2022. The decrease in customers was largely driven by planned migration of legacy CareerBuilder customers off the Broadbean software platform, which did not have a significant impact on our financial results in 2023. While we anticipate these trends to continue in the first quarter of 2024, we expect the overall impact will not be significant to our financial results in 2024. To mitigate against these risks, continue our effort to grow our customer base and overall revenue, we have been investing aggressively in existing customers and acquiring new customers, customers. In addition, in January 2023, November 2023 and more recently February 2024, we announced certain cost reduction and restructuring initiatives in the first quarter and through February 2024, we had executed over \$34.0 million of 2023. net annualized strategic cost reductions. As a result of continuing our efforts to diversify our customer base and increase sales within our existing customer base, as well as the June 2023 acquisition of Broadbean, we intend to continue to increase increased our sales and marketing spending in the near

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term as compared to the trailing twelve months; however, these increased investments will be somewhat were partially offset by our 2023 cost reduction and 2024 cost-reduction initiatives.

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

For the year ended December 31, 2022, our total revenues increased to \$149.7 million compared to \$115.3 million for the year ended December 31, 2021, an increase of 30%. For the year ended December 31, 2022, our total loss from operations decreased to

\$38.0 million compared to \$61.4 for the year ended December 31, 2021, a decrease of 38%. For the year ended December 31, 2022, our non-GAAP gross margin (calculated as described in "Non-GAAP Financial Measures" below) improved to approximately 82% compared with approximately 81% for the year ended December 31, 2021, driven by growth of new customers across our Software Products & Services and the inclusion of a full year of our hiring solutions revenue results, which collectively generated incremental non-GAAP gross margins in excess of 80% during the year ended December 31, 2022. Our non-GAAP gross margin is impacted significantly by the mix of our Software Products & Services and our Managed Services revenue in any given period because our Managed Services revenue typically has a lower overall non-GAAP gross margin than our Software Products & Services revenue. Our non-GAAP gross profit (see "Non-GAAP Financial Measures" below) is also dependent upon our ability to grow our revenue by expanding our customer base and increasing business with existing customers, and to manage our costs by negotiating favorable economic terms with cloud computing providers such as AWS and Microsoft Azure. While we are focused on continuing to improve our non-GAAP gross profit, our ability to attract and retain customers to grow our revenue will be highly dependent on our ability to implement and continually improve upon our technology and services and improve our technology infrastructure and operations as we experience increased network capacity constraints due to our growth.

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

We expect to continue pursuing a Historically, we have pursued an opportunistic strategy of acquiring companies to help accelerate our organic growth. We believe there are strategic acquisition targets that can accelerate our entry into and expand our existing market share in key strategic

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markets, as well as our ability to grow our business. As a result, we will continue to prioritize corporate development efforts throughout 2023. Our acquisition strategy is has been threefold: (i) to increase the scale of our business in markets we are in today, (ii) to accelerate growth in new markets and product categories, including expanding our existing engineering and sales resources, and (iii) to accelerate the adoption of aiWARE as the universal AI operating system through venture or market-driven opportunities. While we believe there are strategic acquisition targets that can accelerate our entry into and expand our existing market share in key strategic markets, as well as our ability to grow our business, there is no certainty our historical or future acquisitions will achieve these objectives. Conversely, we have pursued and may continue to pursue opportunistic sales of certain business operations that are not strategic to us long-term, such as the divestiture of our energy group in the second quarter of 2023.

For the year ended December 31, 2023, our total revenues were \$127.6 million as compared to \$149.7 million for the year ended December 31, 2022, a decrease of 15%. For the year ended December 31, 2023, our total loss from operations was \$92.3 million as compared to \$38.0 million for the year ended December 31, 2022, an increase of 143%. For the year ended December 31, 2023, our non-GAAP gross margin (calculated as described in "Non-GAAP Financial Measures" below) declined to approximately 78% as

compared to 82% for the year ended December 31, 2022, driven in large part by the mix of revenue as compared to 2022. Our non-GAAP gross margin is impacted significantly by the mix of our Software Products & Services and our Managed Services revenue in any given period because our Managed Services revenue typically has a lower overall non-GAAP gross margin than our Software Products & Services revenue. Our non-GAAP gross profit (see "Non-GAAP Financial Measures" below) is also dependent upon our ability to grow our revenue by expanding our customer base and increasing business with existing customers, and to manage our costs by negotiating favorable economic terms with cloud computing providers such as AWS and Microsoft Azure. While we are focused on continuing to improve our non-GAAP gross profit, our ability to attract and retain customers to grow our revenue will be highly dependent on our ability to implement and continually improve upon our technology and services and improve our technology infrastructure and operations as we experience increased network capacity constraints due to our growth.

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During the year ended **December 31, 2022** **December 31, 2023**, we reported a net loss of **\$25.6 million** **\$58.6 million** as compared to a net loss of **\$64.7 million** **\$25.6 million** during the year ended **December 31, 2021** **December 31, 2022**. During the year ended **December 31, 2022** **December 31, 2023**, we reported a non-GAAP net loss of **\$15.9 million** **\$37.3 million** as compared to a non-GAAP net **income loss** of **\$6.8 million** **\$15.9 million** during the year ended **December 31, 2021** **December 31, 2022**. To continue to grow our revenue, we will continue to make targeted investments in people, namely software engineers and sales personnel. For example, our net headcount grew approximately **24%** **8%** since the beginning of **2022** **2023**. In addition, during the year ended **December 31, 2022** **December 31, 2023** we made substantial investments in our existing employee base, including higher annual raises and increased benefits, in order to compete in a challenging and constrained labor environment. Lastly, we made investments in our corporate infrastructure, including new ERP and workforce systems to help us better manage the scale and growth of our business. However, considering the current challenging macro-economic environment in the first half of 2023, we have made and are continuing to make significant cost reductions to our operating structure to better streamline our business and prioritization around our growth and corresponding investments. These cost reduction initiatives began in the latter half of 2022 and will continue through the first half of **2023** **2024**, and include reductions in workforce and certain legacy operating costs, as well as the divestiture of our energy group. As a result of these initiatives, we believe we will be able to accelerate our pathway toward long term profitability.

In the **years** **year** ended December 31, 2022 **and 2021**, substantially all of our revenue was derived from customers located in the United States. With the June 2023 acquisition of Broadbean, we expanded our customer base throughout Europe and Asia Pacific. In 2023, 13% of our consolidated revenue was from customers outside of the U.S., as compared to less than 10% in 2022. We believe that there is a substantial opportunity over time for us to **expand** **continue expanding** our service offerings and customer base in countries outside of the United States. In the long term, we plan to expand our business further internationally in places such as Europe, Asia Pacific and Latin America, and as a result, we expect to continue to incur significant incremental upfront expenses associated with these expansion opportunities.

Impact of the COVID-19 Pandemic and Current Global Economic Conditions

The COVID-19 outbreak emerged in late 2019 and was declared a global pandemic by the World Health Organization in March 2020. The continuing COVID-19 pandemic has had, and will likely continue to have, a severe negative impact on the global economy. 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 duration of the pandemic in other countries such as China, the impact on the businesses of our customers, and the duration of the resulting negative macroeconomic conditions, all of which are uncertain and are difficult to predict at this time.

In addition to continued market disruptions caused by the COVID-19 pandemic, global economic and business activities continue to face widespread uncertainty as a result of macroeconomic uncertainties, including and geopolitical factors, lingering economic disruption caused by the COVID-19 pandemic, labor shortages, inflation rates and the responses by central banking authorities to control inflation, monetary supply shifts, recession risks, and disruptions from the Russia-Ukraine conflict, and the war in Israel. In particular, business operations at our Tel Aviv office location where we do development work on our Veritone Hire solutions products have been, and may continue to be, impacted by the war in Israel. A small portion of our Israel-based employees, and a number of their family members, have been conscripted into military service. The extent of the impact of these factors on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, and the impact on our customers, partners and employees, all of which are uncertain have uncertainty and cannot be predicted. These global economic conditions and any continued or new disruptions caused by these conditions may negatively impact our business in a number of ways. For example, our hiring solutions are sold to businesses whose financial conditions fluctuate based on general economic and business conditions, particularly the overall demand for labor and the economic health of current and prospective employers. In fiscal 2021, the COVID-19 pandemic forced certain technology and ecommerce companies, like Amazon, to increase hiring to meet increased demand. This in turn increased the overall consumption and use of our hiring solutions, and corresponding revenue. In fiscal 2022, with the easing of COVID-19 restrictions and higher inflation worldwide, demand for certain ecommerce services declined. As a result, companies adversely impacted by this shift in consumer behavior, including Amazon, experienced a decline in the demand for hiring and the consumption of our hiring solutions and corresponding revenue declined.

To the extent that economic uncertainty or attenuated economic conditions cause our customers and potential customers to freeze or reduce their headcount, as we experienced throughout 2022, and reduce their advertising spending, demand for our products and services may be negatively affected in 2023 and beyond. These adverse economic conditions could also result in reductions in sales of our applications, longer sales cycles, reductions in contract duration and value, slower adoption of new technologies and increased price competition. In addition, economic recessions have historically resulted in overall reductions in spending on software and technology solutions as well as pressure from customers and potential customers for extended 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.

Due to the nature of our business, the effect of these macroeconomic conditions may not be fully reflected in our results of operations until future periods. We have assessed the potential credit deterioration of our customers due to changes in the

macroeconomic environment and have determined that no additional allowance for credit losses was necessary due to credit deterioration as of December 31, 2023. The most significant risks to our business and results of operations are discussed in Part I, Item 1A (Risk Factors) in this Annual Report on Form 10-K.

Non-GAAP Financial Measures and Key Performance Indicators

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

"Pro Forma" information provided in this annual report on Form 10-K represents our historical information combined with the historical information of Broadbean (as defined below) for the applicable period on a pro forma basis as if we had acquired Broadbean on January 1, 2022.

Pro Forma Software Revenue includes historical represents Software Products & Services revenue from the past six 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, 2021. Average Annual Revenue (AAR) is calculated as the aggregate of trailing twelve-month Software Products & Services Pro Forma Revenue divided by the average number of customers over the same period for both Veritone, Inc. and PandoLogic Ltd. Non-GAAP gross profit is the Company's revenue less its cost of revenue. Non-GAAP gross margin is defined as Non-GAAP gross profit divided by revenue. Non-GAAP net loss (pro forma) is the Company's net loss excluding the items set forth below presented on a combined pro forma basis treating PandoLogic Ltd. as owned by Veritone, Inc. since January 1, 2021. 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 interest income, interest expense, foreign currency gains and losses, acquisition and due diligence costs, gain on sale of energy group, loss from business held for sale, variable consultant performance bonus expense, and severance and executive search transition costs. The results for non-GAAP net income (loss), are presented below for the years year ended December 31, 2022 December 31, 2023 and 2021. The items excluded from these non-GAAP financial measures, as well as a breakdown of GAAP net loss, non-GAAP net income (loss) and these excluded items between our Core Operations and Corporate, are detailed in the reconciliation below.

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

reconciling such non-GAAP measures to the most directly comparable GAAP measures.

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

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Reconciliation of GAAP net loss to Non-GAAP net loss

(in thousands)	Year Ended December 31,						Year Ended December 31,						
	2022			2021			2023			2022			
	Core		Core	Core		Core	Core Operations(1)		Corporate(2)	Total	Core Operations(1)		Corporate(2)
	Oper-	Corp-		Oper-	Corp-								Total
	S(1)	(2)	Total	S(1)	(2)	Total							
Net income			(2)		(7)	(6)							
(loss)	(1)	(6)	5,		2,	4,							
	9,	.5	5	8,	9	6							
	02	3	5	29	7	7							
	\$ 7)	\$ 0)	\$ 7)	\$ 8	\$ 0)	\$ 2)							
Provision for			2,			2,							
income	1,	5	3	2,		7							
taxes	80	0	0	65	8	4							
	5	4	9	8	6	4							
Net loss				\$ (46,133)	\$ (12,492)	\$ (58,625)	\$ (19,027)	\$ (6,530)	\$ (25,557)				

(Benefit from) provision for income taxes						(4,022)	974	(3,048)	1,805	504	2,309
Depreciation and amortization	2										
	2, 21	4	8, 5	4	4						
	,9	5	9	98	2	1					
	36	7	3	4	6	0	25,216	885	26,101	21,936	557
Stock-based compensatio n expense	1		3	4							
	8, 10	9	1	6, 7	4	0					
	,1	7	1	57	8	6					
	38	7	5	5	8	3	7,259	3,567	10,826	10,138	8,977
Change in fair value of contingent consideratio n	(2	(2	1	1							
	2, 2	2	2	2							
	7	7	0	0							
	2	2	7	7							
	—	1)	1)	—	4	4	—	2,284	2,284	—	(22,721)
State sales tax reserve			3	3							
			0	0							
	—	—	—	—	6	6					
Interest expense, net	4, 3	4, 3	4	4							
	5	5	9	9							
	—	0	0	—	3	3	10	2,438	2,448	—	4,350
Foreign currency impact							—	(133)	(133)	—	—
Gain on debt extinguishm ent	(1 9, 0	(1 9, 0									
	9	9									
	—	7)	7)	—	—	—	—	(30,023)	(30,023)	—	(19,097)
Acquisition and due diligence costs	2, 6	2, 6	2, 6	2, 6							
	8	8	9	9							
	—	8	8	—	8	8	—	9,125	9,125	—	2,688
											2,688

Charges related to sublease	3,	3,	3	3	6	6
—	—	—	—	—	7	7
Severance and executive search	51	2	4	4	4	4
2	8	0	—	9	9	9
Non-GAAP	(3)	(1)	—	(1)	—	—
Net Income (Loss)	1,	5,	—	9,	6,	—
15	2	8	26	6	8	—
,3	4	8	,5	8	3	—
\$ 64	\$ 4)	\$ 0)	\$ 15	\$ 3)	\$ 2	—
Gain on sale of energy group	—	—	(2,572)	(2,572)	—	—
Loss from business held for sale	—	—	—	—	—	—
(3)	1,691	—	—	1,691	—	—
Variable consultant performance bonus	951	—	—	951	—	—
expense (4)	—	—	—	—	—	—
Severance and executive transition costs	2,676	968	3,644	512	28	540
Non-GAAP	—	—	—	—	—	—
Net (Loss) Income	\$ (12,352)	\$ (24,979)	\$ (37,331)	\$ 15,364	\$ (31,244)	\$ (15,880)

⁽¹⁾ Core operations consists of our consolidated Software Products & Services and Managed Services that include our content licensing and advertising services, and their supporting operations, including direct costs of sales as well as operating expenses for sales, marketing, and product development and certain general and administrative costs dedicated to these operations.

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

⁽³⁾ Loss from business held for sale relates to the net loss for the periods presented for our energy group that we divested during the second quarter of 2023. We have not recast Non-GAAP Net Loss for periods ended prior to March 31, 2023 because the change in business strategy to divest the business occurred in the first quarter of 2023.

and the prior period contributions were costs to operate the continuing business when incurred in the prior periods. The historical amounts would not have a major effect on prior period results.

⁽⁴⁾ Variable consultant performance bonus expense represents the bonus payments paid to Mr. Chad Steelberg as a result of his achievement of the performance goals pursuant to his consulting agreement with us.

For the year ended December 31, 2022 December 31, 2023, our total loss from operations decreased to \$38.0 million \$92.3 million compared to \$61.4 \$38.0 million for the year ended December 31, 2021 December 31, 2022. The following tables set forth the calculation of our non-GAAP gross profit and non-GAAP gross margin, followed by a reconciliation of non-GAAP to GAAP financial information presented in our consolidated financial statements for years ended December 31, 2022 December 31, 2023 and 2021, 2022.

(dollars in thousands)	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
Revenue	\$ 149,728	\$ 115,305	\$ 127,560	\$ 149,728
Cost of revenue	27,432	22,129	28,256	27,432
Non-GAAP gross profit	122,296	93,176	99,304	122,296
Non-GAAP gross margin	81.7 %	80.8 %	77.8 %	81.7 %

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	Year Ended	
	December 31,	
	2022	2021
Revenue	\$ 149,728	\$ 115,305
Cost of revenue	27,432	22,129
Non-GAAP gross profit	122,296	93,176
GAAP cost of revenue	27,432	22,129
Stock-based compensation expense	(116)	(116)
Non-GAAP cost of revenue	27,316	22,013
GAAP sales and marketing expenses	51,345	28,935

Stock-based compensation expense	(2,263)	(1,716)
Severance and executive search	(86)	(236)
Non-GAAP sales and marketing expenses	48,996	26,983
GAAP research and development expenses	43,589	25,075
Stock-based compensation expense	(5,056)	(3,217)
Severance and executive search	(198)	(14)
Non-GAAP research and development expenses	38,335	21,844
GAAP general and administrative expenses	44,177	91,667
Depreciation	(1,313)	(538)
Stock-based compensation expense	(11,680)	(35,014)
Change in fair value of contingent consideration	22,721	(12,074)
Charges related to sublease	—	(3,367)
State sales tax reserve	—	(306)
Acquisition and due diligence costs	(2,688)	(2,698)
Severance and executive search	(256)	(99)
Non-GAAP general and administrative expenses	50,961	37,571
GAAP amortization	(21,180)	(8,872)
GAAP loss from operations	(37,995)	(61,373)
Total non-GAAP adjustments ⁽¹⁾	22,115	68,267
Non-GAAP income (loss) from operations	(15,880)	6,894
GAAP other income (expense), net	14,747	(600)
Gain on debt extinguishment	(19,097)	—
Interest expense, net	4,350	538
Non-GAAP other expense, net	0	(62)
GAAP loss before income taxes	(23,248)	(61,973)
Total non-GAAP adjustments ⁽¹⁾	7,368	68,805
Non-GAAP income (loss) before income taxes	(15,880)	6,832
Income tax provision	2,309	2,699
GAAP net loss	(25,557)	(64,672)
Total non-GAAP adjustments ⁽¹⁾	9,677	71,504
Non-GAAP net income (loss)	\$ (15,880)	\$ 6,832

Shares used in computing non-GAAP basic net income (loss) per share	36,034	33,298
Shares used in computing non-GAAP diluted net income (loss) per share	36,034	43,928
Non-GAAP basic net income (loss) per share	\$ (0.44)	\$ 0.21
Non-GAAP diluted net income (loss) per share	\$ (0.44)	\$ 0.16

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	Year Ended	
	December 31,	
	2023	2022
Revenue	\$ 127,560	\$ 149,728
Cost of revenue	28,256	27,432
Non-GAAP gross profit	99,304	122,296
GAAP cost of revenue	28,256	27,432
Stock-based compensation expense	(52)	(116)
Non-GAAP cost of revenue	28,204	27,316
GAAP sales and marketing expenses	52,024	51,345
Depreciation	(60)	—
Stock-based compensation expense	(1,301)	(2,263)
Severance and executive transition costs	(831)	(86)
Non-GAAP sales and marketing expenses	49,832	48,996
GAAP research and development expenses	42,090	43,589
Depreciation	(1,499)	—
Stock-based compensation expense	(4,445)	(5,056)
Variable consultant performance bonus expense	(951)	—
Severance and executive transition costs	(1,034)	(198)
Non-GAAP research and development expenses	34,161	38,335
GAAP general and administrative expenses	73,811	44,177
Depreciation	(827)	(1,313)
Stock-based compensation expense	(5,028)	(11,680)
Change in fair value of contingent consideration	(2,284)	22,721
Acquisition and due diligence costs	(9,125)	(2,688)
Severance and executive transition costs	(1,779)	(256)

Non-GAAP general and administrative expenses	54,768	50,961
GAAP amortization	(23,715)	(21,180)
GAAP loss from operations	(92,336)	(37,995)
Total non-GAAP adjustments ⁽¹⁾	52,931	22,115
Non-GAAP loss from operations	(39,405)	(15,880)
GAAP other income (expense), net	30,663	14,747
Loss from business held for sale ⁽²⁾	1,691	—
Gain on debt extinguishment	(30,023)	(19,097)
Gain on sale of energy group	(2,572)	—
Foreign currency impact	(133)	(575)
Interest expense, net	2,448	4,925
Non-GAAP other expense, net	2,074	0
GAAP loss before income taxes	(61,673)	(23,248)
Total non-GAAP adjustments ⁽¹⁾	24,342	7,368
Non-GAAP loss before income taxes	(37,331)	(15,880)
(Benefit from) provision for income taxes	(3,048)	2,309
GAAP net loss	(58,625)	(25,557)
Total non-GAAP adjustments ⁽¹⁾	21,294	9,677
Non-GAAP net loss	\$ (37,331)	\$ (15,880)
Shares used in computing non-GAAP basic and diluted net loss per share	36,910	36,034
Shares used in computing non-GAAP diluted net loss per share	36,910	36,034
Non-GAAP basic and diluted net loss per share	\$ (1.01)	\$ (0.44)
Non-GAAP diluted net loss per share	\$ (1.01)	\$ (0.44)

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

⁽²⁾ Loss from business held for sale relates to the net loss for the periods presented for our energy group that we divested during Q2 2023. We have not recast Non-GAAP Net Loss for periods ended prior to March 31, 2023 because the change in business strategy to divest the business occurred in Q1 2023 and the prior period contributions were costs to operate the continuing business when incurred in the prior periods. The historical amounts would not have a major effect on prior period results.

Supplemental Financial Information

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

Software Products & Services Supplemental Financial Information

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

	Quarter Ended							
	Mar 31,		Jun 30,		Sept 30,		Dec 31,	
	2021	2021	2021	2021	2022	2022	2022	2022
Software Revenue - Pro Forma (in 000's) ⁽¹⁾	\$ 10,183	\$ 20,072	\$ 21,860	\$ 40,223	\$ 18,167	\$ 18,379	\$ 20,812	\$ 27,220
Ending Software Customers ⁽²⁾	385	419	433	529	559	594	618	642
Average Annual Revenue (AAR) (in 000's) ⁽³⁾	\$ 199	\$ 203	\$ 208	\$ 209	\$ 207	\$ 187	\$ 170	\$ 140
Total New Bookings (in 000's) ⁽⁴⁾	\$ 2,442	\$ 4,896	\$ 3,356	\$ 8,317	\$ 9,574	\$ 14,658	\$ 16,548	\$ 20,047
Gross Revenue Retention ⁽⁵⁾	>90%	>90%	>90%	>90%	>90%	>90%	>90%	>90%

	Quarter Ended							
	Mar 31,		Jun 30,		Sept 30,		Dec 31,	
	2022 ⁽¹⁾	2022 ⁽¹⁾	2022 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2023 ⁽¹⁾	2023	2023
Pro Forma Software Revenue (in 000's) ⁽²⁾	\$ 26,319	\$ 26,650	\$ 28,603	\$ 35,612	\$ 22,423	\$ 20,860	\$ 20,361	\$ 19,820
Total Software Products & Services Customers ⁽³⁾	3,673	3,718	3,787	3,824	3,773	3,705	3,536	3,460
Annual Recurring Revenue (SaaS) (in 000's) ⁽⁴⁾	\$ 48,392	\$ 44,465	\$ 43,925	\$ 46,248	\$ 45,453	\$ 47,720	\$ 47,756	\$ 48,026
Annual Recurring Revenue (Consumption) (in 000's) ⁽⁵⁾	\$ 87,445	\$ 85,901	\$ 85,091	\$ 71,754	\$ 67,242	\$ 60,229	\$ 50,803	\$ 34,102
Total New Bookings (in 000's) ⁽⁶⁾	\$ 16,643	\$ 22,009	\$ 23,793	\$ 26,342	\$ 22,794	\$ 8,388	\$ 15,501	\$ 17,457

Gross Revenue Retention (7)	>90%	>90%	>90%	>90%	>90%	>90%	>90%	>90%
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⁽¹⁾ "Software Revenue - All of the supplemental financial information for this period is presented on a Pro Forma" includes historical Forma basis inclusive of Broadbean.

⁽²⁾ "Pro Forma Software Revenue" is a non-GAAP measure that represents Software Products & Services revenue from the past eight (8) fiscal quarters of each of Veritone, Inc. and PandoLogic (unaudited) and presents such revenue on a combined pro forma basis treating PandoLogic as owned by Veritone, Inc. since January 1, 2021. Pro Forma basis.

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

^{(3) (4)} "Annual Recurring Revenue (SaaS)" represents an annualized calculation of monthly recurring revenue during the last month of the applicable quarter for all Total Software Products & Services customers, in each case on a Pro Forma basis. In prior periods, we provided "Average Annual Revenue, (ARR)" which was calculated as the aggregate of trailing twelve-month Software Products & Services revenue divided by the average number of customers over the same period for both Veritone, Inc. and PandoLogic. PandoLogic Ltd. Annual Recurring Revenue is not comparable to Average Annual Revenue (SaaS). Annual Recurring Revenue (SaaS) includes only subscription-based SaaS revenue, is not averaged among active customers and uses a calculation of recurring revenue as described above instead of annual revenue. Management uses "Annual Recurring Revenue (SaaS)" and we believe Annual Recurring Revenue (SaaS) is useful to investors because Broadbean significantly increases our mix of subscription-based SaaS revenues as compared to Consumption revenues and the split between the two allows the reader to delineate between predictable recurring SaaS revenues and more volatile Consumption revenues.

^{(4) (5)} "Annual Recurring Revenue (Consumption)" represents the trailing twelve months of all non-recurring and/or consumption-based revenue for all active Total Software Products & Services customers, in each case, on a Pro Forma basis. In prior periods, we provided "Average Annual Revenue," which was calculated as the aggregate of trailing twelve-month Software Products & Services revenue divided by the average number of customers over the same period for both Veritone, Inc. and PandoLogic Ltd. Annual Recurring Revenue (Consumption) is not comparable to Average Annual Revenue. Annual Recurring Revenue (Consumption) includes only non-recurring and/or consumption-based revenue, is not averaged among active customers and uses a calculation of recurring revenue as described above instead of annual revenue. Management uses "Annual Recurring Revenue (Consumption)" and we believe Annual Recurring Revenue (Consumption) is useful to investors because Broadbean significantly increases our mix of subscription-based SaaS revenues as compared to Consumption revenues and the split between the two allows the reader to delineate between predictable recurring SaaS revenues and more volatile Consumption revenues.

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

(5) (7) "Gross Revenue Retention": We calculate represents a calculation of our dollar-based gross revenue retention rate as of the period end by starting with the revenue from Ending Software Customers for Software Products & Services Customers as of the 3 months in the prior year quarter to such period, or Prior Year Quarter Revenue. We then deduct from the Prior Year Quarter Revenue any revenue from Ending Software Products & Services Customers who are no longer customers as of the current period end, or Current Period Ending Software Customer Revenue. We then divide the total Current Period Ending Software Customer Revenue by the total Prior Year Quarter Revenue to arrive at our dollar-based gross retention rate, which is the percentage of revenue from all Ending Software Products & Services Customers from our Software Products & Services as of the year prior that is not lost to customer churn.

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As we grow our business for our Software Products & Services, 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, our PandoLogic business has significant 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 All numbers used to determine Gross Revenue Retention are calculated on a pro forma basis for comparability. Pro Forma basis.

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

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

	Quarter Ended								
	Mar 31,	Jun 30,	Sept 30,	Dec 31,	Mar 31,	Jun 30,	Sept 30,	Dec 31,	

	2021	2021	2021	2021	2022	2022	2022	2022
Software Products & Services								
Revenue	\$ 4,685	\$ 5,580	\$ 9,027	\$ 40,223	\$ 18,167	\$ 18,379	\$ 20,812	\$ 27,220
PandoLogic Revenue ⁽¹⁾	5,498	14,492	12,833	—	—	—	—	—
Software Revenue - Pro Forma	\$ 10,183	\$ 20,072	\$ 21,860	\$ 40,223	\$ 18,167	\$ 18,379	\$ 20,812	\$ 27,220
Managed Services Revenue	13,610	13,626	13,628	14,926	16,240	15,856	16,384	16,670
Total Pro Forma Revenue	\$ 23,793	\$ 33,698	\$ 35,488	\$ 55,149	\$ 34,407	\$ 34,235	\$ 37,196	\$ 43,890

	Trailing Twelve Months Ended							
	Mar 31,	Jun 30,	Sept 30,	Dec 31,	Mar 31,	Jun 30,	Sept 30,	Dec 31,
	2022	2022	2022	2022	2023	2023	2023	2023
Software Products & Services								
Revenue (in 000's)	\$ 72,997	\$ 85,796	\$ 97,581	\$ 84,578	\$ 80,538	\$ 76,252	\$ 75,801	\$ 68,401
Broadbean Revenue (in 000's) ⁽¹⁾	29,599	30,006	30,136	29,047	30,999	32,399	33,499	33,931
Broadbean Revenue included in Software Products & Services	—	—	—	—	—	(1,716)	(10,455)	(19,117)
Pro Forma Software Revenue (in 000's)	\$ 102,596	\$ 115,802	\$ 127,717	\$ 113,625	\$ 111,537	\$ 106,935	\$ 98,845	\$ 83,215
Managed Services Revenue (in 000's)	58,419	60,546	63,406	65,150	65,046	63,064	61,452	59,159
Total Pro Forma Revenue (in 000's)	\$ 161,015	\$ 176,348	\$ 191,123	\$ 178,775	\$ 176,583	\$ 169,999	\$ 160,297	\$ 142,374
Pro Forma Total Number of Customers	3,673	3,718	3,787	3,824	3,773	3,705	3,536	3,460
Pro Forma Annual Recurring Revenue (in 000's) ⁽²⁾	\$ 135,837	\$ 130,366	\$ 129,016	\$ 118,002	\$ 112,695	\$ 107,949	\$ 98,549	\$ 82,127

	Trailing Twelve Months Ended							
	Mar 31,	Jun 30,	Sept 30,	Dec 31,	Mar 31,	Jun 30,	Sept 30,	Dec 31,
	2021	2021	2021	2021	2022	2022	2022	2022
Software Products & Services								
Revenue	\$ 15,439	\$ 18,017	\$ 23,693	\$ 59,515	\$ 72,997	\$ 85,796	\$ 97,581	\$ 84,578
PandoLogic Revenue ⁽¹⁾	50,283	57,262	59,292	32,824	27,325	12,833	—	—
Software Revenue - Pro Forma	\$ 65,722	\$ 75,279	\$ 82,985	\$ 92,339	\$ 100,322	\$ 98,629	\$ 97,581	\$ 84,578
Managed Services Revenue	43,845	52,019	53,279	55,789	58,419	60,546	63,406	59,159
Total Pro Forma Revenue	\$ 109,567	\$ 127,298	\$ 136,264	\$ 148,128	\$ 158,741	\$ 159,175	\$ 160,987	\$ 149,728

Average Number of Customers -	330	372	399	442	485	529	575	603
Pro Forma								
Average Annual Revenue (AAR)	\$ 199	\$ 203	\$ 208	\$ 209	\$ 207	\$ 187	\$ 170	\$ 140

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⁽¹⁾ "Pro Forma Software Revenue" includes historical Software Products & Services Revenue from the past eight (8) fiscal quarters of each of Veritone, Inc. and Broadbean and presents such revenue on a combined pro forma basis treating Broadbean as owned by Veritone, Inc. since January 1, 2022.

⁽²⁾ "Pro Forma Annual Recurring Revenue" represents an annualized calculation of the monthly recurring revenue in the last period of the calculated quarter, combined with the trailing twelve month calculation for all non-recurring and/or consumption based revenue for all active customers.

Managed Services Supplemental Financial Information

The following table sets forth the results for each of the key performance indicators for Managed Services.

	Quarter Ended							
	Mar 31,		Jun 30,		Sept 30,		Dec 31,	
	2022	2022	2022	2022	2023	2023	2023	2023
Avg billings per active Managed								
Services client (in 000's) ⁽¹⁾	\$ 684	\$ 736	\$ 747	\$ 823	\$ 771	\$ 576	\$ 630	\$ 647
Revenue during quarter (in 000's) ⁽²⁾	\$ 10,735	\$ 9,625	\$ 10,035	\$ 11,074	\$ 9,337	\$ 6,876	\$ 9,117	\$ 8,612
Quarter Ended								
	Mar 31,		Jun 30,		Sept 30,		Dec 31,	
	2021		2021		2021		2021	
	2021	2021	2021	2021	2022	2022	2022	2022
Avg billings per active Managed								
Services client (in 000's) ⁽⁶⁾	\$ 582	\$ 622	\$ 615	\$ 625	\$ 684	\$ 736	\$ 747	\$ 823
Revenue during quarter (in 000's)	\$ 10,327	\$ 9,968	\$ 9,647	\$ 10,857	\$ 10,735	\$ 9,625	\$ 10,035	\$ 11,074

⁽⁶⁾ ⁽¹⁾ Avg billings per active Managed Services customer for each quarter reflects the average quarterly billings per active Managed Services customer over the twelve-month period through the end of such quarter for Managed Services customers that are active during such quarter.

⁽⁷⁾ ⁽²⁾ Managed Services revenue and metrics exclude content licensing and media services, services, and Table Rock Management.

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 customer agreements; (ii) loss of customers who choose to replace our services with new providers or by bringing their advertising placement in-house; (iii) customers who experience reductions in their advertising budgets due to issues with their own businesses; and (iv) the seasonality of the campaigns for certain large customers. We have historically generated a

significant portion of our revenue from a few major customers. As we continue to grow and diversify our customer base, we expect that our dependency on a limited number of large customers will be minimized.

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Net Loss Carryforwards

As of December 31, 2022 December 31, 2023, we had U.S. federal, state and state income tax net operating foreign loss carryforwards ("NOLs") totaling approximately \$172.9 million \$181.2 million, \$127.0 million and \$122.3 million \$25.0 million, respectively. The U.S. federal and state NOLs are projected to expire beginning in 2034 2036 and 2030, 2028, respectively, unless previously utilized. The U.S. federal NOLs generated after January 1, 2018 may be carried forward indefinitely, subject to an 80% taxable income limitation on the utilization of the carryforwards. The foreign loss carryforwards can be carried forward indefinitely.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an "ownership change" (generally defined as a cumulative change (by value) of more than 50% in the equity ownership of certain stockholders over a rolling three-year period) is subject to limitations on its ability to utilize its pre-change NOLs to offset post-change taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes, and our ability to utilize NOLs could be further limited by Section 382 of the Code. In addition, future changes in our stock ownership, some of which may be outside of our control, could result in an ownership change under Section 382 of the Code. The amount of such limitations, if any, has not been determined.

There is also a risk that due to other future regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, even if we attain profitability.

Critical Accounting Policies and Estimates

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

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non-cash consideration received in barter transactions and evaluation of realizability, the valuation of stock awards and stock warrants and income taxes, where applicable.

Management evaluated the development and selection of its critical accounting policies and estimates and believes that the following involve a higher degree of judgment or complexity and are most significant to reporting our results of operations and financial position and are therefore discussed as critical. The following critical accounting policies reflect the significant estimates and judgments used in the preparation of our consolidated financial statements. With respect to critical accounting policies, even a relatively minor variance between expected and actual experience can potentially have a materially favorable or unfavorable impact on subsequent results of operations. More information on these critical accounting policies and our significant accounting policies can be found in Note 2 to our audited consolidated financial statements included in Part II, Item 8 (Financial Statements and Supplementary Data) of this Annual Report on Form 10-K.

Accounting for Business Combinations

As part of the purchase accounting for acquisitions, we estimate the fair values of the assets acquired and liabilities assumed. A fair value measurement is determined as the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. In the context of purchase accounting, the determination of fair value often involves significant judgments and estimates by management, including the selection of valuation methodologies, estimates of future revenues, costs and cash flows, discount rates, and selection of comparable companies. The fair values reflected in the purchase accounting rely on management's judgment and the expertise of a third-party valuation firm engaged to assist in concluding on the fair value measurements.

Impairment of Goodwill and Long-Lived Assets

Goodwill is not amortized but instead is tested at least annually for impairment, or more frequently when events or changes in circumstances indicate that goodwill might be impaired. Our annual impairment test is performed during the second quarter. In assessing goodwill impairment, we have the option to first assess qualitative factors to determine whether

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the existence of events or circumstances leads to a determination that the fair value of a reporting unit is less than its carrying amount. Our qualitative assessment of the recoverability of goodwill considers various macro-economic, industry-specific and company-specific factors. These factors include: (i) severe adverse industry or economic trends; (ii) significant company-specific actions, including exiting an activity in conjunction with restructuring of operations; (iii) current, historical or projected deterioration of our financial performance; or (iv) a sustained decrease in our market capitalization below its net book value. If, after assessing the totality of events or circumstances, we determine it is unlikely that the fair value of a reporting unit is less than its carrying amount, then a quantitative analysis is unnecessary. However, if we conclude otherwise, or if we elect to bypass the qualitative analysis, then we are required to perform a quantitative analysis that compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered impaired; otherwise, a goodwill impairment loss is recognized for the lesser of: (a) the amount that the carrying amount of a reporting unit exceeds its fair value; or (b) the amount of the goodwill allocated to that reporting unit.

We review long-lived assets to be held and used, other than goodwill, for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an evaluation of recoverability is required, the estimated undiscounted future cash flows directly associated with the asset are compared with the asset's carrying amount. If the estimated future cash flows from the use of the asset are less than the carrying value, an impairment charge would be recorded to write down the asset to its estimated fair value.

During the year ended December 31, 2023, we experienced multiple adverse financial trends. As a result, we determined that an indicator of impairment was present and performed a quantitative goodwill impairment assessment as of September 30, 2023 using a market approach, which estimates fair value based on our market capitalization and an estimate of a reasonable range of values of a control premium. We determined that goodwill was not impaired, as the estimated fair value of our reporting units exceeded their carrying values. Additionally, as of September 30, 2023, we performed a quantitative analysis of the recoverability of each of our asset groups. The result of the analyses was that the assets were not impaired, as the expected cash flows exceeded the carrying value for each asset group.

Stock-Based Compensation Expense

We record stock-based compensation expense associated with restricted stock, restricted stock units and stock options granted under our stock incentive plans, and purchase rights granted under our Employee Stock Purchase Plan ("ESPP"). We have granted stock options with time-based vesting conditions, as well as performance-based stock options, the vesting of which is conditioned upon the achievement of specified target stock prices for our common stock ("Performance Options"). All Performance Options become exercisable in three equal tranches based on the achievement of specific market price targets for our common stock. For each tranche to become exercisable, the closing price per share of our common stock must meet or exceed the applicable stock price target for a period of 30 consecutive trading days. All stock options have terms of ten years following the grant date, subject to earlier termination in the case of cessation of the awardee's continued service with us.

The fair values of restricted stock and restricted stock unit awards are based on the closing market price of our common stock on the date of grant.

We estimate the fair values of stock options having time-based vesting conditions, as well as purchase rights under our ESPP, using the Black-Scholes-Merton option pricing model. We estimate the fair values of Performance Options utilizing a Monte Carlo simulation model to estimate when the stock price targets will be achieved and the Black-Scholes-Merton option pricing model. A fair value is estimated for each tranche of such Performance Options that is tied to a particular stock price target.

Determining the appropriate fair values of stock options and ESPP purchase rights at the grant date requires significant judgment, including estimating the volatility of our common stock, the expected term of awards, and the derived service periods for each tranche of Performance Options. In determining fair values, we estimate volatility based on the historical volatility of our common stock along with the volatility of the peer group. In calculating estimated volatility, as the number of years of trading history for our common stock has

increased, the volatility of our common stock has been given a weighting ranging from 25% to 75%, and the volatility of the peer group companies has been given a weighting ranging from 75% to 25%, with each peer company weighted equally. We will continue utilizing this combination and will periodically adjust the weightings as additional historical volatility data for our own shares of common stock becomes available.

The expected term for stock options other than Performance Options represents the period of time that stock options are expected to be outstanding and is determined using the simplified method. Under the simplified method, the expected term is calculated as the midpoint between the weighted average vesting date and the contractual term of the options. The expected term for Performance Options considers the remaining term of the option after the attainment date and the ratio of the stock price at the attainment date to the option exercise price.

The risk-free rate is based on the implied yield of U.S. Treasury notes as of the grant date with a remaining term approximately equal to the expected term of the award.

The fair value of stock-based awards (other than Performance Options) is amortized using the straight-line attribution method over the requisite service period of the award, which is generally the vesting period. For Performance Options,

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expense is recognized over a graded-vesting attribution basis over the period from the grant date to the estimated attainment date, which is the derived service period of each tranche of the award.

We recognize actual forfeitures as they occur and do not estimate forfeitures in determining our stock-based compensation expense.

If Performance Options are modified, the fair values and the new derived service periods of the modified awards as of the date of modification and the fair values of the original awards immediately before the modification are determined. The amount of incremental compensation expense resulting from the modification of each award is equal to the excess of the fair value of the modified award on the date of modification over the fair value of the original award immediately before the modification. The incremental compensation expense is recognized over the new derived service period of the modified award.

Accounting for Income Taxes

We account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are established for temporary differences between the financial statement carrying amounts and the tax bases of our assets and liabilities using statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse.

We assess the likelihood that the deferred tax assets will be recovered from future taxable income and, if recovery is not more likely than not, we establish a valuation allowance to reduce the deferred tax assets to the amounts expected to be realized. Realization of the deferred tax assets is dependent on us generating sufficient taxable income in future years to obtain a benefit from the reversal of temporary differences and from net operating losses. Due to uncertainties related to the ability to utilize historical U.S. federal and state deferred tax assets in future periods, we have recorded a valuation allowance

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against these net deferred tax assets in the amount of \$81.1 million \$88.4 million, as of December 31, 2022 December 31, 2023. These assets consist primarily of net operating loss and tax credit carryovers and non-deductible stock-based compensation.

In connection with the acquisition of PandoLogic, 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 Of the goodwill recorded on PandoLogic goodwill, \$33,111 of which the acquisition date, \$1.9 million is not deductible for tax purposes.

In connection with the acquisition of Broadbean, 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. Of the goodwill recorded on the acquisition date, \$3.7 million is deductible for tax purposes.

Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and our valuation allowance. In assessing the need for a valuation allowance, management has considered both the positive and negative evidence available, including but not limited to, our prior history of net losses, projected future outcomes, industry and market trends and the nature of existing deferred tax assets. In management's judgment, any positive indicators are outweighed by the uncertainties surrounding our estimates and judgments of potential future taxable income, due primarily to uncertainties surrounding the timing of realization of future taxable income. In the event that actual results differ from these estimates or we adjust these estimates should we believe we would be able to realize these deferred tax assets in the future, an adjustment to the valuation allowance would increase income in the period such determination was made.

Results of Operations

The following tables set forth our results of operations for the years ended December 31, 2022 December 31, 2023 and 2021, in dollars and as a percentage of our revenue for those periods. The period-to-period comparisons of our historical results are not necessarily indicative of the results that may be expected in the future.

(dollars in thousands)	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
Revenue	\$ 149,728	\$ 115,305	\$ 127,560	\$ 149,728
Operating expenses:				
Cost of revenue	27,432	22,129	28,256	27,432
Sales and marketing	51,345	28,935	52,024	51,345
Research and development	43,589	25,075	42,090	43,589
General and administrative	44,177	91,667	73,811	44,177
Amortization	21,180	8,872	23,715	21,180

Total operating expenses	187,723	176,678	219,896	187,723
Loss from operations	(37,995)	(61,373)	(92,336)	(37,995)
Gain on debt extinguishment			30,023	19,097
Other income (expense), net	14,747	(600)	640	(4,350)
Loss before provision for income taxes	(23,248)	(61,973)	(61,673)	(23,248)
Provision for income taxes	2,309	2,699		
(Benefit from) provision for income taxes			(3,048)	2,309
Net loss	<u>\$ (25,557)</u>	<u>\$ (64,672)</u>	<u>\$ (58,625)</u>	<u>\$ (25,557)</u>

	Year Ended	
	December 31,	
	2022	2021
Revenue	100.0%	100.0%
Operating expenses:		
Cost of revenue	18.3	19.2
Sales and marketing	34.3	25.1
Research and development	29.1	21.7
General and administrative	29.5	79.5
Amortization	14.1	7.7
Total operating expenses	125.4	153.1
Loss from operations	(25.4)	(53.1)
Other income (expense), net	9.8	(0.5)
Loss before provision for income taxes	(15.5)	(53.6)
Provision for income taxes	1.5	2.3
Net loss	(17.1)	(56.0)

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	Year Ended	
	December 31,	
	2023	2022
Revenue	100.0%	100.0%
Operating expenses:		
Cost of revenue	22.2	18.3

Sales and marketing	40.8	34.3
Research and development	33.0	29.1
General and administrative	57.9	29.5
Amortization	18.6	14.1
Total operating expenses	172.5	125.4
Loss from operations	(72.5)	(25.4)
Gain on debt extinguishment	23.5	12.8
Other income (expense), net	0.5	(2.9)
Loss before provision for income taxes	(48.5)	(15.5)
(Benefit from) provision for income taxes	(2.4)	1.5
Net loss	(46.1)	(17.1)

Year Ended **December 31, 2022** **December 31, 2023** Compared With Year Ended **December 31, 2021** **December 31, 2022**

Revenue

	Year Ended			Year Ended			Year Ended				
	December 31, 2022		December 31, 2021	December 31, 2022		December 31, 2021	December 31, 2023		December 31, 2022		
	Gov	Gov	Com	mer	mer	ment	Commercial	Government &	Enterprise	Regulated	Total
	re	pris	Com	mer	mer	ment					
	e	u	re	e	u	re					
	8	8	8	5	5	5					
Software	8	8	8	5	5	5					
Products	0,	4,	5,	9,							
&	7	3,	5	4	4,	5					
Services	4	82	7	8	03	1					
(1)	\$ 9	\$ 9	\$ 8	\$ 4	\$ 1	\$ 5	\$ 62,410	\$ 5,991	\$ 68,401		
Manage	6	6	5	5							
d	5,	5,	5,	5,							
Services	1	1	7	7							
	5	5	9	9							
	0	—	0	0	—	0	59,159	—	59,159		

	Year Ended		
	December 31, 2022		
	Commercial	Government &	
	Enterprise	Regulated	Total
Software Products & Services ⁽¹⁾	\$ 80,749	\$ 3,829	\$ 84,578
Managed Services	65,150	—	65,150
Revenue	\$ 145,899	\$ 3,829	\$ 149,728

⁽¹⁾ Software Products & Services consists of aiWARE revenues of \$27.2 million \$21.1 million and \$21.2 million \$27.2 million for the years ended December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively, as well as Broadbean revenue of \$19.1 million for the year ended December 31, 2023 and Pandologic revenues of \$57.4 million \$28.2 million and \$38.3 million \$57.4 million for the years ended December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, respectively.

Commercial Enterprise

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Commercial Enterprise revenue of \$121.7 million decreased \$24.3 million, or 16% in the year ended December 31, 2023 as compared to Commercial Enterprise revenue of \$145.9 million in the year ended December 31, 2022. The \$24.3 million decline was driven primarily by Commercial Enterprise Software Products & Services revenue, increased \$25.3 million which decreased \$18.5 million, or 46% 23%, in the year ended December 31, 2022 December 31, 2023 compared to the prior year, due primarily to our acquisition of PandoLogic in September 2021, coupled with expanded services we provided to existing media and entertainment customers, secondarily from Commercial Enterprise Managed Services increased revenue, which declined \$6.0 million year over year. The \$18.3 million decline in Commercial Enterprise Software Products & Services revenue was primarily due to a decline of \$9.0 million in certain one-time software revenue, and declines in spending by consumption based customers across our hiring solutions, including our largest customer Amazon, offset by incremental revenue from our acquisition of Broadbean in the year ended December 31, 2022 second quarter of 2023. Revenue from Amazon declined from 25% to 12% of consolidated revenue in 2023 as compared to the prior year 2022. The \$6.0 million decline in Commercial Enterprise Managed Services revenue was primarily due to growth of our licensing platform, in new reduced advertising revenue, which declined largely due to reduced spending from existing customers and budget deferrals to later periods as a result of the negative macroeconomic environment in expanded services for existing advertising customers 2023 and in live events coverage as conditions return to pre-COVID levels. 2022.

Government & Regulated Industries

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Government & Regulated Industries Software Products & Services revenue decreased \$0.2 million increased \$2.2 million, or 5% 56%, in the year ended December 31, 2022 December 31, 2023 compared to the prior year. year due primarily to organic growth in software revenues from public safety and federal customers, offset slightly by the divestiture of our energy group in the second quarter of 2023 as compared to 2022. In some cases, Government & Regulated Industries Software Products & Services revenue from customers in certain markets, particularly our government is often customers, can involve project-based and is be impacted by the timing of such projects. As such, we expect that our revenue from these markets could fluctuate significantly from period to period.

Operating Expenses

(dollars in thousands)	Year Ended December 31,				Year Ended December 31,			
			\$	%			\$ Change	% Change
	2022	2021	Change	Change	2023	2022		
Cost of revenue	27,4	22,1	5,3	24.	\$ 32	\$ 29	\$ 03	0%
Sales and marketing	51,3	28,9	22,	77.				
Research and development	45	35	410	4%				
General and administrative	43,5	25,0	18,	73.				
Amortization	89	75	514	8%				
Total operating expenses	44,1	91,6	(47,	(51.				
	77	67	490)	8)%				
	21,1	8,87	12,	138				
	80	2	308	.7%				
	187,	176,	11,					
	\$ 723	\$ 678	\$ 045	6.3%	\$ 219,896	\$ 187,723	\$ 32,173	17.1%

Cost of Revenue. The increase in cost of revenue in 2022 2023 compared to 2021 2022 was primarily due to our a shift in the mix of revenues from higher revenue level, as discussed above. margin Software Products & Services products to lower margin Managed Services products. As a percentage of revenue, cost of revenue improved increased to 18.3% 22% in 2022 2023 as compared to 19.2% 18% in 2021 2022, driven by the decline in higher mix of margin revenue from consumption customers across Software Products & Services and certain one time software products and services revenue, consistent with the declines in 2022, which generally have lower cost of revenues. revenue over the same period.

Sales and Marketing. The increase in sales Sales and marketing expenses of \$22.4 million increased \$0.7 million, or 77% 1% in 2022 2023 compared with 2021 was 2022, primarily due to an increase of \$13.5 million relating to our acquisition of PandoLogic in September 2021, increases in personnel-related costs of \$4.2 million from the addition of new sales and marketing resources, and

increases including the acquisition of Broadbean in marketing spend of \$1.8 million. June 2023. As a percentage of revenue, sales and marketing expenses increased to 41% in 2023 from 34% in 2022 from 25% in 2021. 2022.

Research and Development. The increase decrease in research and development expenses of \$18.5 million \$1.5 million, or 74% 3% in 2022 2023 compared with 2021 2022, was primarily due to an increase of \$10.0 million relating to our acquisition of PandoLogic in September 2021 capitalized costs for internal use software and increases a decrease in personnel-related costs of \$10.3 million from the addition of new engineering resources due to support our growth and continued investment in our aiWARE platform, various cost reduction initiatives enacted throughout 2023, partially offset by increased costs for the consulting agreement we entered into with Steel Holdings, LLC, an increase affiliate of Chad Steelberg, a director on our Board, and our former Chief Executive Officer and former Chairman of our Board in internal use capitalized software development costs. January 2023 and the acquisition of Broadbean in June 2023. As a percentage of revenue, research and development expenses increased to 33% in 2023 from 29% in 2022 from 22% in 2021. 2022.

General and Administrative. General and administrative expenses decreased \$47.5 million increased \$29.6 million, or 52% 67% in 2022 2023 compared to 2021 2022, principally due to a \$34.8 million decrease non-cash benefit of \$23.1 million recognized in the prior year associated with a change in the estimated fair value of contingent consideration, coupled with the June 2023 Broadbean acquisition and an increase in professional fees largely associated with acquisitions, a \$24.8 million decrease in stock compensation expense attributable primarily to additional expense related to the vesting of performance-based stock options in 2021, and a \$3.4 million one-time charge related to the sublease of our former Costa Mesa corporate office space in the first quarter of 2021, partially offset by an increase of \$6.9 million relating to our acquisition of PandoLogic in September 2021, and increases in personnel-related costs of \$4.7 million from the addition of new resources. acquisition. As a percentage of revenue, general and administrative expenses declined increased to 58% in 2023 from 30% in 2022 from 80% in 2021. 2022.

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Amortization. Amortization expense increased in 2022 2023 compared with the corresponding prior year period due to the addition of amortization expense related to our PandoLogic acquisition 2022 and 2023 acquisitions.

Gain on Debt Extinguishment

During 2023 and 2022, the gain on debt extinguishment represented gains on the fair value of extinguishing \$50.0 million and \$60.0 million, respectively, of our 2022 acquisitions. convertible notes due November 2026.

Other Income, Net

Other income, net for 2022 2023 was comprised primarily of a net gain on debt extinguishment the sale of \$19.1 million the energy group of \$2.6 million, partially offset by net interest expense net of \$1.2 due primarily \$1.8 million.

Provision for (benefit from) income taxes

The change in income taxes from expense of \$2.3 million in 2022 to a benefit of \$3.0 million for the Convertible Notes we issued year ended December 31, 2023 is largely driven by a decline in November 2021. profitability of certain foreign-based subsidiaries.

Non-GAAP Gross Profit

For the year ended December 31, 2022 December 31, 2023, our total loss from operations decreased increased to \$38.0 million \$92.3 million compared to \$61.4 \$38.0 million for the year ended December 31, 2021 December 31, 2022. As noted above, our non-GAAP gross profit is calculated as our revenue less our cost of revenue, as follows:

(dollars in thousands)	Year Ended December 31,				Year Ended December 31,			
			\$ Chan	% Chan			\$ Change	% Change
	2022	2021	ge	ge	2023	2022		
Revenue	149,	115,	34,	29.	\$ 127,560	\$ 149,728	\$ (22,168)	(14.8)%
Cost of revenue	27,4	22,1	5,3	24.	28,256	27,432	824	3.0%
Non-GAAP gross profit	122,	93,1	29,	31.	99,304	122,296	(22,992)	(18.8)%
Non-GAAP gross margin	81.7 %	80.8 %			77.8 %	81.7 %		

The increase decrease in non-GAAP gross profit and non-GAAP gross margin in the year ended December 31, 2022 December 31, 2023 compared with the prior year was due primarily due to growth decreases in Software Products & Services revenue including a full compared to the corresponding prior year of hiring solutions revenue in our 2022 results. periods.

Liquidity and Capital Resources

We have historically financed our business through the sale of equity and debt securities. Our principal sources of liquidity are our cash and cash equivalents, which totaled \$184.4 million \$79.4 million as of December 31, 2022 December 31, 2023, compared with total cash and cash equivalents of \$254.7 million \$184.4 million as of December 31, 2021 December 31, 2022. The decrease in our cash and cash equivalents as of December 31, 2022 December 31, 2023 as compared with December 31, 2021 December 31, 2022 was primarily due to our loss from operating activities of \$92.3 million, the \$39.0 million \$37.5 million repurchase of a portion of our outstanding Convertible Notes in December 2022, 2023, investments and acquisitions made during the year ended December 31, 2022 December 31, 2023, including the net acquisition of \$50.3 million for Broadbean in June 2023, taxes paid related to net share settlement of equity awards, and the payment payments of the 2021 PandoLogic Earnings, certain legacy acquisition contingent consideration, offset slightly by gross cash proceeds of \$3.7 million \$77.5 million received from operating activities our December 2023 senior secured Term Loan in the year ended December 31, 2022 December 31, 2023.

In December 2023, we and certain of our subsidiaries, as guarantors, entered into the Credit Agreement with certain lenders and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The Credit Agreement provides for a \$77.5 million senior secured Term Loan, which was fully drawn by us on closing of the Term Loan. In connection with our entry into the Credit Agreement, the Prior Credit Agreement, by and among us, certain of our subsidiaries and Alterna Capital Solutions, LLC, and the related

Commercial Guarantee, dated August 8, 2023 were terminated. Immediately prior to its termination, no amounts were outstanding under the Prior Credit Agreement.

Based on our liquidity position as of December 31, 2023 and our current forecast of operating results and cash flows, absent any other action, management determined that we will need additional liquidity to continue our operations for the foreseeable future, including over the next twelve months. In the near term and to meet its obligations as they come due, we expect to capture cost synergies from our past acquisitions coupled with expected cost savings from additional planned cost reduction measures through optimization of the Company's operational structure. We expect these cost synergies and cost reduction measures to enable us to continue our operations for the foreseeable future, including over the next twelve months.

Cash Flows

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

<i>(in thousands)</i>	Year Ended	
	December 31,	2021
2022	2021	
Cash provided by operating activities	\$ 3,737	\$ 7,234
Cash used in investing activities	(12,104)	(53,843)
Cash (used in) provided by financing activities	(61,928)	186,514
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (70,295)	\$ 139,905

<i>(in thousands)</i>	Year Ended	
	December 31,	2022
2023	2022	
Cash (used in) provided by operating activities	\$ (76,421)	\$ 3,737
Cash used in investing activities	(54,884)	(12,104)
Cash provided by (used in) financing activities	26,329	(61,928)
Net decrease in cash, cash equivalents and restricted cash	\$ (104,976)	\$ (70,295)

Cash Provided By Operating Activities

Our operating activities used cash of \$76.4 million in the year ended December 31, 2023, due primarily to our net loss of \$58.6 million, adjusted by \$4.2 million in non-cash expenses, including \$26.1 million in depreciation and amortization and \$11.0 million in

stock-based compensation expense, offset by \$30.0 million from a net gain on debt extinguishment, with an additional \$22.0 million from the net working capital decrease. The net working capital decrease is primarily due to an increase in other assets of \$2.2 million, an increase in accrued media payments of \$8.2 million, an increase in accounts receivable of \$5.7 million, an increase in accounts payable of \$5.4 million, an increase in other liabilities of \$1.8 million and an increase in other accrued liabilities of \$2.9 million.

Our operating activities generated cash inflows of \$3.7 million in the year ended December 31, 2022, due primarily to our net loss of \$25.6 million, adjusted by \$1.0 million in non-cash expenses, including \$22.5 million in depreciation and amortization and \$19.3 million in stock-based compensation expense, offset in part by \$22.7 million from a change in the fair value of contingent consideration and a \$19.1 million net gain on debt extinguishment, with an additional \$28.2 million and from the net working capital increase primarily due to a decrease in accounts receivable of \$29.7 million.

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Investing Activities

Our operating investing activities provided for the year ended December 31, 2023 used cash of \$7.2 million in 2021, \$54.9 million primarily due for \$50.2 million to a net increase of \$31.0 million in cash received from advertising customers for future payments to vendors, offset by the effect of fund our net loss of \$70.6 million, adjusted by \$70.7 million in non-cash expenses, including \$40.1 million in stock-based compensation expense and \$18.3 million in change in the fair value of contingent consideration.

Cash Used in Investing Activities

Our investing activities for the year ended December 31, 2022 used cash of \$12.1 million primarily for \$4.8 million in capital expenditures, \$4.6 million to fund a portion of the consideration for our acquisitions, and for an equity investment of \$2.8 million in a strategic partner.

In 2021, our investing Financing Activities

Our financing activities used for the year ended December 31, 2023 provided cash of \$53.8 million \$26.3 million, primarily to fund consisting of \$77.5 million for the issuance of the Term Loan, partially offset by the \$37.5 million repurchase of a portion of our outstanding Convertible Notes, \$7.8 million to pay the 2021 contingent consideration for PandoLogic and \$2.7 million for the acquisition payment of PandoLogic.

Cash Provided by Financing Activities

Our financing activities for the year ended December 31, 2022 used cash of \$61.9 million, consisting of \$39.0 million to pay for the repurchase of a portion of our outstanding Convertible Notes, \$14.4 million to pay the 2021 earnout contingent consideration for PandoLogic and \$9.8 million to pay taxes paid related to the net share settlement of equity awards, partially offset by \$1.3 million \$1.1 million in proceeds received from the exercise of stock options and purchases of shares under our ESPP.

Our financing activities provided cash of \$186.5 million in 2021. Net cash provided by financing activities consisted of \$201.3 million in gross proceeds from the sale of the Convertible Notes, \$7.9 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, partially offset by a use of \$18.6 million to fund the capped call transactions related to the Convertible Notes and a use of \$6.3 million in debt issuance costs for the Convertible Notes.

Contractual Obligations and Known Future Cash Requirements

As of December 31, 2022 December 31, 2023, our only debt obligations were the are comprised of our Term Loan and 2026 Convertible Notes. As of December 31, 2023, we have \$77.5 million principal amount outstanding under our Term Loan that matures in December 2027 and \$91.2 million aggregate principal amount outstanding of our 2026 Convertible Senior Notes issued that mature in the fourth quarter of fiscal year 2021, net of amounts repurchased in 2022. The remaining principal on the Convertible Notes of \$141.25 million will mature on November 15, 2026, unless earlier converted, redeemed or repurchased in accordance with the terms of the Convertible Notes. November 2026.

As of December 31, 2022 December 31, 2023, we have future cash requirements to pay the PandoLogic Earnout amount for 2022 of \$10.8 million in a combination of cash and stock in the first quarter of 2023 and to pay \$5.3 million in purchase consideration commitments related to the VSL acquisition the VocaliD acquisition, and the March 2022 acquisition that will be paid in 2023 and in 2024. We have no other present agreements or commitments with respect to any material acquisitions of businesses or technologies or any other material capital expenditures.

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As of December 31, 2023, we have generated significant losses since inception; however, recorded \$2.0 million of gross liability for uncertain tax positions, including interest and penalties. Based upon the information available and possible outcomes, we do expect to begin generating profits cannot reasonably estimate the amount and period in which the foreseeable future. We believe that our current cash and cash equivalents balance will liability might 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. We have not entered into any off-balance sheet arrangements.paid.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.Risk

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

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Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Veritone, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Veritone, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of ~~December 31, 2022~~ December 31, 2023 and ~~2021~~, 2022, the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity (deficit), and cash flows for each of the two years in the period ended ~~December 31, 2022~~ December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of ~~December 31, 2022~~ December 31, 2023 and ~~2021~~, 2022, and the results of its operations and its cash flows for each of the two years in the period ended ~~December 31, 2022~~ December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of ~~December 31, 2022~~ December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated ~~March 16, 2023~~ March 29, 2024 expressed an adverse opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be

independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit mattercommunicated below is a matterarising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matterbelow, providing aseparate opinionon the critical audit matteror on the accounts or disclosures to which it relates.

Realizability of Trade Credits

As described further in note Note 2 to the financial statements, the Company provides software as barter transactions in exchange for other assets, such as trade credits, in the ordinary course of business. Adjustments are made to reduce the trade credits to their net realizable value. Management monitors trade credit usage and evaluates the need for potential write-downs for estimated trade credits that are expected to remain unused prior to their expiration based on forecasted usage. We identified the realizability of the trade credits as a critical audit matter.

The principal consideration for our determination that the realizability of trade credits is a critical audit matter is that the assessment of the valuation of the trade credits includes an estimate of forecasted usage. The usage estimate is subjective and requires the Company to consider significant assumptions such as economic conditions and estimates of spend, which are subject to significant uncertainty and therefore require significant auditor judgement.

Our audit procedures related to the realizability of trade credits included the following, among others.

- We obtained management's analysis of forecasted usage of the trade credits. We evaluated the appropriateness of managem approach, reviewed the agreements and tested delivery of software related to 2023 trade credit

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additions, reviewed modifications to existing trade credit agreement, agreements, and tested the completeness and accuracy of the underlying data.

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- We evaluated the reasonableness of selected usage assumptions by making inquiries of management, reviewing industry reports and inquiring with staff members outside of the finance function to understand macroeconomic trends and forecasted usage estimates. Further, we performed procedures to evaluate management's intent and ability to carry out a course of action underlying certain usage assumptions.
- We compared selected 2023 estimated usage to actual statements of placed spend in 2023 in order to test the accuracy of the spend information included in the calculation.
- We compared selected 2023 estimated usage to actual customer agreements for spend in 2023 in order to test the accuracy of spend information included in the calculation.
- We performed a sensitivity analysis over the significant assumptions to evaluate the changes in usage estimates that would result from changes in the underlying assumptions.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2018.

Newport Beach, CaliforniaPhoenix, Arizona

March 16, 2023 29, 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Veritone, Inc.

Opinion on the internal control over financial reporting

We have audited the internal control over financial reporting of Veritone, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2022 December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, because of the effect of the material weakness weaknesses described in the following paragraphs on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

A material weakness is a deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or

detected on a timely basis. The following material **weakness has** **weaknesses have** been identified and included in management's assessment.

The Company's controls to determine proper accounting for certain foreign exchange transactions and translation between Veritone, Inc. and certain foreign subsidiaries were not designed effectively.

There were ineffective The Company's information technology general controls ("ITGCs") in the areas of user access and change-management over certain information technology systems that support the Company's financial reporting processes. processes were not effective. In addition, the Company's business process automated and manual controls that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted.

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

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2022 December 31, 2023. The material **weakness** **weaknesses** identified above was were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2022 2023 consolidated financial statements, and this report does not affect our report dated March 16, 2023 March 29, 2024 which expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Broadbean whose financial statements reflect total assets and revenues constituting approximately \$85.0 million and \$19.1 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2023. As indicated in Management's Report, Broadbean was acquired during 2023. Management's assertion on

the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Broadbean.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Newport Beach, California Phoenix, Arizona

March 16, 2023 29, 2024

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

As of	As of
-------	-------

	Dece mber 31, 2022	Dece mber 31, 2021	December 31, 2023	December 31, 2022
ASSETS				
Cash and cash equivalents	18	25		
	4,4	4,7		
	\$ 23	\$ 22	\$ 79,439	\$ 184,423
Accounts receivable, net	56,	85,		
	00	06		
	1	3	69,266	56,001
Expenditures billable to clients	22,	27,		
	33	18		
	9	0	19,608	22,339
Prepaid expenses and other current assets	15,	12,		
	24	11		
	2	7	14,457	15,242
Total current assets	27	37		
	8,0	9,0		
	05	82	182,770	278,005
Property, equipment and improvements, net	5,2	1,5		
	91	56	8,656	5,291
Intangible assets, net	79,	93,		
	66	87		
	4	2	83,423	79,664
Goodwill	46,	42,		
	49	02		
	8	8	80,247	46,498
Long-term restricted cash	85	85		
	9	5	867	859
Other assets	14,			
	43	95		
	5	4	19,851	14,435
Total assets	42	51		
	4,7	8,3		
	\$ 52	\$ 47	\$ 375,814	\$ 424,752
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES AND STOCKHOLDERS' EQUITY				
Accounts payable	36,	46,		
	73	71		
	\$ 8	\$ 1	\$ 32,756	\$ 36,738

Accrued media payments	10	86,		
	2,0	92		
	64	3	93,896	102,064
Client advances	19,	10,		
	04	56		
	2	1	15,452	16,442
Deferred revenue			12,813	2,600
Senior Secured Term Loan, current portion			5,813	—
Contingent consideration, current		20,		
	8,0	05		
	67	3	1,000	8,067
Other accrued liabilities	27,	27,		
	41	09		
	2	3	27,095	27,412
Total current liabilities	19	19		
	3,3	1,3		
	23	41	188,825	193,323
Convertible senior notes, non-current	13	19		
	7,7	5,0		
	67	82	89,572	137,767
Senior Secured Term Loan, non-current			45,012	—
Contingent consideration, non-current		31,		
		53		
	—	3	633	—
Other non-current liabilities	13,	13,		
	81	89		
	1	1	13,625	13,811
Total liabilities	34	43		
	4,9	1,8		
	01	47	337,667	344,901
Commitments and contingencies (Note 9)				
Stockholders' equity				
Common stock, par value \$0.001 per share; 75,000,000 shares authorized; 36,321,222 and 34,972,256 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively	36	35		
Common stock, par value \$0.001 per share; 75,000,000 shares authorized; 37,186,348 and 36,321,222 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively			38	36
Additional paid-in capital	45	43		
	1,1	1,6		
	62	06	468,015	451,162

Accumulated deficit	(37	(34		
	1,2	5,0		
	71)	37)	(429,896)	(371,271)
Accumulated other comprehensive income (loss)		(10		
	(76)	4)		
Accumulated other comprehensive loss			(10)	(76)
Total stockholders' equity	79,	86,		
	85	50		
	1	0	38,147	79,851
Total liabilities and stockholders' equity	42	51		
	4,7	8,3		
	\$ 52	\$ 47	\$ 375,814	\$ 424,752

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

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

	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
Revenue	\$ 149,728	\$ 115,305	\$ 127,560	\$ 149,728
Operating expenses:				
Cost of revenue	27,432	22,129	28,256	27,432
Sales and marketing	51,345	28,935	52,024	51,345
Research and development	43,589	25,075	42,090	43,589
General and administrative	44,177	91,667	73,811	44,177
Amortization	21,180	8,872	23,715	21,180
Total operating expenses	187,723	176,678	219,896	187,723

Loss from operations	(37,995)	(61,373)	(92,336)	(37,995)
Gain on debt extinguishment			30,023	19,097
Other income (expense), net	14,747	(600)	640	(4,350)
Loss before provision for income taxes	(23,248)	(61,973)		
Provision for income taxes	2,309	2,699		
Net loss	<u>\$ (25,557)</u>	<u>\$ (64,672)</u>		
Net loss per share:				
Basic and diluted	<u>\$ (0.71)</u>	<u>\$ (1.94)</u>		
Income (loss) before provision for income taxes			(61,673)	(23,248)
(Benefit from) provision for income taxes			(3,048)	2,309
Net income (loss)	<u>\$ (58,625)</u>	<u>\$ (25,557)</u>		
Net income (loss) used for calculating net income (loss) per share:				
Basic	<u>\$ (58,625)</u>	<u>\$ (25,557)</u>		
Diluted	<u>\$ (58,625)</u>	<u>\$ (25,557)</u>		
Net income (loss) per share:				
Basic	<u>\$ (1.59)</u>	<u>\$ (0.71)</u>		
Diluted	<u>\$ (1.59)</u>	<u>\$ (0.71)</u>		
Weighted average shares outstanding:				
Basic and diluted	36,033,56	33,298,38		
	<u>0</u>	<u>2</u>		
Comprehensive loss:				
Net loss	\$ (25,557)	\$ (64,672)		
Foreign currency translation gain (loss), net of income taxes	28	(170)		
Total comprehensive loss	<u>\$ (25,529)</u>	<u>\$ (64,842)</u>		
Basic			36,909,919	36,033,560
Diluted			<u>36,909,919</u>	<u>36,033,560</u>
Comprehensive income (loss):				
Net income (loss)			\$ (58,625)	\$ (25,557)
Foreign currency translation (gain) loss, net of income taxes			66	28
Total comprehensive income (loss)			<u>\$ (58,559)</u>	<u>\$ (25,529)</u>

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

VERITONE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share data)

		Year Ended December 31, 2023									
		Accumulated			Accumulated						
		Addition		Other							
		Capital		Comprehensive		Additional					
Common	Stock	Paid-in Capital	Unearned Premium	Accumulated Deficit	Prepaid Expenses	Common Stock	Paid-in Capital	Accumulated Deficit	Comprehensive Income	Other	Total
		Shares	Amount	Capital	Deficit				Loss		
		Reserves	Capital	Deficit	(Loss)	Total					
		Shares	Amount	Capital	Deficit	Total			Loss		
						8					
		31,	36			8,					
		79	8,	(28		2					
Balance as of December 31, 2020		9.3	3	47	0.3	1					
		54	\$ 2	\$ 7	\$ 65)	\$ 66	\$ 0				
		1,1				7,					
Common stock issued under employee stock plans, net		76,	7,			9					
		98	90			0					
		4	1	2	—	—	3				
						3					
		1,7				1,					
		04,	31			5					
Common stock issued for acquisition		82	,4			0					
		2	2	99	—	—	1				

	15,			3			
Common stock issued for services	82	36		6			
	8	—	9	—	—	9	
						3	
						9,	
				39		6	
				,6		9	
Stock-based compensation	—	—	96	—	—	6	
						2,	
		27	2,			2	
		5,2	27			7	
Exercise of warrants	68	—	9	—	—	9	
						(1	
				(1		8,	
				8,		6	
Purchases of capped calls related to convertible notes	—	—	61			1	
	—	—	6)	—	—	6)	
						(6	
						4,	
				(64		6	
				,67		7	
Net loss	—	—	—	2)	—	2)	
						(1	
						(17	7
Other comprehensive loss	—	—	—	—	0)	0)	
	—	—	—	—	—	8	
				34,	43	6,	
				97	1,	(34	5
Balance as of December 31, 2021	2,2	3	60	5,0	(10	0	
	56	5	6	37)	4)	0	34,972,256
Cumulative-effect of accounting change adopted as of January 1, 2022							\$ 35 \$ 431,606 \$ (345,037) \$ (104) \$ 86,500
							(6
							(67
							7
	—	—	—	7)	—	7)	
							—
							\$ (677)
							—
							(677)
Common stock issued under employee stock plans, net	82,	1,		3			
	09	30		0			
	1	1	4	—	—	5	1,382,091
							1
							1,304
							—
							—
							1,305

Common stock withheld for employee taxes	(50,05)	(9,6)	(9,6)	(9,6)	(9,6)	(9,6)	(9,6)	(9,6)	(9,6)	(9,6)	(9,6)	(9,6)
Common stock issued for acquisitions	6,50	—	9	—	—	9	116,550	—	1,929	—	—	1,929
Common stock issued as part of contingent consideration	35,23	—	0	—	—	0	352,330	—	6,440	—	—	6,440
Stock-based compensation	—	—	73	—	—	3	—	—	19,373	—	—	19,373
Unwinding of capped calls related to convertible notes repurchase	—	—	6	—	—	6	—	—	276	—	—	276
Net loss	—	—	—	7)	—	7)	—	—	—	(25,557)	—	(25,557)
Other comprehensive loss	—	—	—	—	—	28	—	—	—	—	28	28
Balance as of December 31, 2022	1,222	\$ 6	\$ 2	\$ 71)	\$ (76)	\$ 1	36,321,222	36	451,162	(371,271)	(76)	79,851
Common stock issued under employee stock plans, net	36,321	45	1,	(37)	8	5	953,306	2	1,062	—	—	1,064
Common stock withheld for employee taxes							(223,980)	—	(1,153)	—	—	(1,153)

Common stock						
issued as part of						
contingent						
consideration	135,800	—	756	—	—	756
Stock-based						
compensation	—	—	11,239	—	—	11,239
Warrants issued in						
connection with the						
2023 Senior Secured						
Term Loan	—	—	4,949	—	—	4,949
Net loss	—	—	—	(58,625)	—	(58,625)
Other comprehensive						
loss	—	—	—	—	66	66
Balance as of						
December 31, 2023	37,186,348	\$ 38	\$ 468,015	\$ (429,896)	\$ (10)	\$ 38,147

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

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

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Cash flows from operating activities:	Year Ended	
	December 31,	
	2022	2021

Net loss	\$ (25,557)	\$ (64,672)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	22,493	9,410
Loss on disposal of fixed assets	—	1,894
Provision for doubtful accounts	549	172
Loss on sublease	—	1,211
Stock-based compensation expense	19,115	40,065
Change in fair value of contingent consideration	(22,721)	12,074
Change in deferred taxes	(1,562)	(45)
Amortization of debt issuance costs	1,191	—
Amortization of right-of-use assets	1,053	—
Gain on debt extinguishment	(19,097)	—
Changes in assets and liabilities:		
Accounts receivable	29,658	(47,225)
Expenditures billable to clients	4,841	(8,815)
Prepaid expenses and other assets	(2,938)	3,368
Other assets	(9,558)	(241)
Accounts payable	(9,997)	17,896
Accrued media payments	14,507	31,049
Client advances	8,481	4,065
Other accrued liabilities	(1,600)	8,184
Other liabilities	(5,121)	(1,156)
Net cash provided by operating activities	3,737	7,234
Cash flows from investing activities:		
Minority investment	(2,750)	—
Capital expenditures	(4,765)	(1,016)
Acquisitions, net of cash acquired	(4,589)	(52,827)
Net cash used in investing activities	(12,104)	(53,843)
Cash flows from financing activities:		
Proceeds from issuance of convertible senior notes	—	201,250
Payment of debt issuance costs	—	(6,304)
Purchases of capped calls related to convertible senior notes	—	(18,616)
Repurchase of convertible senior notes	(39,029)	—
Payment of debt repurchase costs	(380)	—
Unwinding of capped calls related to debt repurchase	276	—
Payment of contingent considerations	(14,376)	—
Taxes paid related to net share settlement of equity awards	(9,766)	—
Proceeds from the exercise of warrants	—	2,279
Proceeds from issuances of stock under employee stock plans, net	1,347	7,905

Net cash (used in) provided by financing activities	(61,928)	186,514
Net (decrease) increase in cash and cash equivalents and restricted cash	(70,295)	139,905
Cash and cash equivalents and restricted cash, beginning of period	255,577	115,672
Cash and cash equivalents and restricted cash, end of period	\$ 185,282	\$ 255,577

Supplemental Disclosure of Cash Flow Information

	Year Ended	
	December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (58,625)	\$ (25,557)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	26,102	22,493
Provision for credit losses	272	549
Stock-based compensation expense	10,950	19,115
Gain on sale of energy group	(2,572)	—
Change in fair value of contingent consideration	2,284	(22,721)
Change in deferred taxes	(4,984)	(1,562)
Amortization of debt issuance costs	1,082	1,191
Amortization of right-of-use assets	1,561	1,053
Imputed non-cash interest expense	(439)	—
Gain on debt extinguishment	(30,023)	(19,097)
Changes in assets and liabilities:		
Accounts receivable	(5,720)	29,658
Expenditures billable to clients	2,731	4,841
Prepaid expenses and other assets	2,276	(2,938)
Other assets	(2,204)	(9,558)
Accounts payable	(5,449)	(9,997)
Deferred revenue	184	—
Accrued media payments	(8,168)	14,507
Client advances	(982)	8,481
Other accrued liabilities	(2,877)	(1,600)
Other liabilities	(1,820)	(5,121)

Net cash (used in) provided by operating activities	(76,421)	3,737
Cash flows from investing activities:		
Minority investment	—	(2,750)
Proceeds from sale of energy group	504	—
Capital expenditures	(5,120)	(4,765)
Acquisitions, net of cash acquired	(50,268)	(4,589)
Net cash used in investing activities	(54,884)	(12,104)
Cash flows from financing activities:		
Payment of debt issuance costs	(3,120)	—
Issuance of Senior Secured Term Loan	77,500	—
Repurchase of convertible senior notes	(37,500)	(39,029)
Payment of debt repurchase costs	—	(380)
Unwinding of capped calls related to debt repurchase	—	276
Payment of contingent consideration	(2,690)	(14,376)
Taxes paid related to net share settlement of equity awards	(1,153)	(9,766)
Payment of earnout	(7,772)	—
Proceeds from issuances of stock under employee stock plans, net	1,064	1,347
Net cash provided by (used in) financing activities	26,329	(61,928)
Net decrease in cash and cash equivalents and restricted cash	(104,976)	(70,295)
Cash and cash equivalents and restricted cash, beginning of period	185,282	255,577
Cash and cash equivalents and restricted cash, end of period	\$ 80,306	\$ 185,282
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for:		
Taxes paid	\$ 2,648	\$ 1,869
Interest paid	\$ 2,630	\$ 3,502
Non-cash investing and financing activities:		
Warrants issued in connection with the 2023 Term Loan	\$ 4,949	—
Fair value of shares issued for acquisition of businesses and contingent consideration	\$ 756	\$ 8,369
Stock-based compensation capitalized for software development	\$ 413	\$ 258
Lease liabilities arising from right-of-use assets	\$ 1,436	\$ 4,501

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

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VERITONE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data and percentages)

NOTE 1. DESCRIPTION OF BUSINESS

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

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. The Company also offers cloud-native digital content management solutions and 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.

On August 11, 2022/June 13, 2023, the Company acquired certain assets of Vision Semantics Limited ("VSL") Broadbean (as defined in Note 3), a U.K.-based company focused on AI-powered video analytics and surveillance software solutions. On June 10, 2022, the Company acquired VocaliD, Inc. ("VocaliD"), a U.S.-based company that pioneered the creation global leader of personalized synthetic voices. On March 1, 2022, the Company acquired an influencer-based management company. On September 14, 2021, the Company acquired PandoLogic Ltd. ("PandoLogic"), a company incorporated under the laws of the state of Israel, and a leading provider

of intelligent hiring solutions. PandoLogic's software platform, PandoIQ, is an AI-enabled talent acquisition and recruitment platform. software-as-a-service technology. For further details on these acquisitions, this acquisition, refer to Note 3.

NOTE 2. PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the rules and regulations of the Securities and Exchange Commission (the "SEC"). The consolidated financial statements include the accounts of the Company. All intercompany accounts and transactions have been eliminated in consolidation.

Adjustment of Previously Issued Financial Statements

The Company evaluated the aggregate effects of an error related to the calculation of fair value of contingent consideration at the time of the acquisition of PandoLogic, which led to an understatement of goodwill, intangible assets and contingent consideration at the time of the acquisition, an overstatement of subsequent changes to the fair value of contingent consideration, and an understatement of subsequent intangible amortization expense to its previously issued financial statements in accordance with SEC Staff Accounting Bulletins No. 99 and No. 108. Based upon quantitative and qualitative factors, the Company determined that the errors were not material to the previously issued financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2021 or for any quarterly periods included therein.

The following tables reflect the impact of the adjustments to the specific line items presented in the Company's previously reported consolidated financial statements as of and for the year-ended December 31, 2021 (in thousands, except per share amounts):

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Consolidated Balance Sheet

	As of December 31, 2021		
	As Reported	Adjustment	As Adjusted
Intangible assets, net	\$ 88,247	\$ 5,625	\$ 93,872
Goodwill	34,058	7,970	42,028
Total assets	504,752	13,595	518,347
Contingent consideration, current	19,988	65	20,053
Total current liabilities	191,276	65	191,341
Contingent consideration, non-current	24,737	6,796	31,533
Other non-current liabilities	13,078	813	13,891
Total liabilities	424,173	7,674	431,847
Accumulated deficit	(350,958)	5,921	(345,037)
Total stockholders' equity	80,579	5,921	86,500
Total liabilities and stockholders' equity	504,752	13,595	518,347

Consolidated Statement of Operations and Comprehensive Loss

	Year Ended

	December 31, 2021		
	As Reported	Adjustment	As Adjusted
General and administrative	\$ 97,918	\$ (6,251)	\$ 91,667
Amortization	8,497	375	8,872
Total operating expenses	182,554	(5,876)	176,678
Loss from operations	(67,249)	5,876	(61,373)
Loss before provision for income taxes	(67,849)	5,876	(61,973)
Provision for income taxes	2,744	(45)	2,699
Net loss	(70,593)	5,921	(64,672)
Basic and diluted net loss per share	(2.12)	0.18	(1.94)
Total comprehensive loss	(70,763)	5,921	(64,842)

Consolidated Statement of Stockholders' Equity

	Accumulated Deficit		
	As Reported	Adjustment	As Adjusted
Net loss	\$ (70,593)	\$ 5,921	\$ (64,672)
Balance as of December 31, 2021	(350,958)	5,921	(345,037)
Total Stockholders' Equity			
Net loss	(70,593)	5,921	(64,672)
Balance as of December 31, 2021	80,579	5,921	86,500

Consolidated Statement of Cash Flows

	Year Ended		
	December 31, 2021		
	As Reported	Adjustment	As Adjusted
Cash flows from operating activities:			
Net loss	\$ (70,593)	\$ 5,921	\$ (64,672)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	9,035	375	9,410
Change in fair value of contingent consideration	18,325	(6,251)	12,074
Change in deferred taxes	—	(45)	(45)

There was no impact on cash flows from investing or financing activities.

The accompanying applicable Notes to the Consolidated Financial Statements have been updated to reflect the revision for the year ended December 31, 2021.

Liquidity and Capital Resources

During 2022 and 2021, These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles assuming the Company generated will continue as a going concern. During the year ended December 31, 2023,

the Company used cash flows from operations of \$3,737 76,421 and \$7,234, respectively, during the years ended December 31, 2023 and 2022 incurred net losses of \$25,557 58,625 and \$64,672 25,557, respectively. Also, As of December 31, 2023, the Company had an accumulated deficit of \$371,271 429,896 as of December 31, 2022. Historically, the Company has satisfied its capital needs with the net proceeds from its sales of equity securities, its issuance of convertible debt and a term loan, and the exercises of common stock options and warrants.

During the year ended December 31, 2023, the cash flows used in operations were driven principally by the Company's net loss of \$58,625, and the Company used cash in investing activities of \$54,884, driven principally by its acquisition of Broadbean (see Note 3), and generated cash flows from financing activities of \$26,329, driven principally by the issuance of the Senior Secured Term Loan, offset by the repurchase of convertible notes. Based on the Company's liquidity position as of December 31, 2023 and the Company's current forecast of operating results and cash flows, absent any other action, management determined that the Company will require additional liquidity to continue its operations for the foreseeable future, including over the next twelve months.

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Management believes that In the Company's existing balances of cash near term and cash equivalents, which totaled \$184,423 as of December 31, 2022, will be sufficient to meet its anticipated cash requirements obligations as they come due, the Company expects to capture cost synergies from the Company's past acquisitions coupled with expected cost savings from additional planned cost reduction measures through optimization of the Company's operational structure. The Company expects the cost synergies coupled with the additional cost reduction measures to enable the Company to continue operations for the foreseeable future, including over the next twelve months.

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Use of Accounting Estimates

The preparation of the accompanying 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 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, credit losses, purchase accounting, impairment of long-lived assets, the valuation of contingent consideration, the valuation of senior secured debt, the valuation of non-cash consideration received in barter transactions and evaluation of realizability, the valuation of stock awards and stock warrants and income taxes, where applicable.

There has been uncertainty and disruption in the global economy and financial markets due to a number of factors, including the COVID-19 pandemic, the wars in Ukraine and Israel, the global inflationary environment and rising interest rates. The war in Israel has also adversely impacted the Company's business operations because the Company has an office and personnel based in Tel Aviv, Israel. The Company is not aware of any specific event or circumstance that would require an update to its estimates or assumptions or a revision of the carrying value of its assets or liabilities as of the date of filing of this Annual Report on Form 10-K.

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.

Business Combinations

The results of a business acquired in a business combination are included in the Company's consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business generally being recorded at their estimated fair values as of the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expenses in the consolidated statements of operations and comprehensive loss.

The Company performs valuations of assets acquired and liabilities assumed and allocates the purchase price to its respective assets and liabilities. Determining the fair value of assets acquired and liabilities assumed may require management to use significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenues, costs and cash flows, discount rates, and selection of comparable companies. The Company engages the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of assets acquired and liabilities assumed in a business combination.

Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash equivalents.

Accounts Receivable, Allowance for Credit Losses and Expenditures Billable to Clients

Accounts receivable consist primarily of amounts due from the Company's clients and customers under normal trade terms.

Allowances Past due is generally considered greater than 90 days outstanding, but this can vary depending on common business practices for uncollectible certain products and customers.

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

The amounts due from clients based on costs incurred or fees earned that have not yet been billed to advertising clients are reflected as expenditures billable to clients in the accompanying consolidated balance sheets.

Fair Value of 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, which is based on three levels of inputs, the first two of which are considered observable and the last unobservable, that may be used to measure fair value, is as follows:

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

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- 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.

The Company classifies its cash equivalents within Level 1 of the fair value hierarchy on the basis of valuations based on quoted prices for the specific securities in an active market.

The Company's stock warrants are categorized as Level 3 within the fair value hierarchy. Stock warrants are recorded within equity in the Company's consolidated balance sheets as of **December 31, 2022** **December 31, 2023** and **2021**. The warrants have been recorded at their fair values using a probability weighted expected return model or Black-Scholes-Merton option pricing model. These models incorporate contractual terms and assumptions regarding expected term, risk-free 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.

The Company's contingent consideration is categorized as Level 3 within the fair value hierarchy. Contingent consideration is recorded within contingent consideration, current and contingent consideration, non-current in the Company's consolidated balance sheets as of **December 31, 2022** **December 31, 2023** and **2021**. The contingent consideration for PandoLogic has been recorded at its fair values using a Monte Carlo simulation option pricing framework. These models incorporate contractual terms and assumptions regarding financial forecasts for PandoLogic, discount rates, and volatility of forecasted revenue. The value of the PandoLogic contingent consideration would increase if a lower discount rate was used and would increase if a higher discount rate was used. Similarly, a higher revenue volatility assumption would increase the value of the PandoLogic contingent consideration, and a lower revenue volatility assumption would decrease the value of the PandoLogic contingent consideration. The contingent consideration for the March 2022 Acquisition has been recorded at its fair values using was the expected (probability-weighted) payment based on the likelihood of achieving the financial performance targets. The development and determination of the unobservable inputs for Level 3 fair

value measurements and fair value calculations are the responsibility of the Company's management with the assistance of a third-party valuation specialist.

The Company's strategic minority investment is investments are categorized as Level 3 within the fair value hierarchy. This investment is These investments are recorded at cost within other assets in the Company's consolidated balance sheets as of December 31, 2022, December 31, 2023 and 2022. The Company will monitor this investment these investments to determine whether an other-than-temporary decline in value indicates that impairment charges may be required. The Company will also re-measure its investment investments if there is an observable transaction in a similar class of security to our investment. investments.

The Company's other financial instruments consist primarily of cash, accounts receivable and accounts payable. The Company has determined that the carrying values of these financial instruments approximate fair value for the periods presented due to their short-term nature and the relatively stable current interest rate environment.

Long-Term Restricted Cash

Long-term restricted cash consists primarily of collateral required as security for the Company's corporate credit cards.

Property, Equipment and Improvements

Property, equipment and improvements are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred. Major improvements enhancing the function and/or useful life of the related assets are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives (or lease term, if shorter) of the related assets. At the time of retirement or disposition of these assets, the cost and accumulated depreciation or amortization are removed from the accounts and any related gains or losses are recorded in the Company's statements of operations and comprehensive loss.

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The useful lives of property, equipment and improvements are as follows:

- Property and equipment (includes capitalized internal use software development costs) — 3 years
- Leasehold improvements — 5 years or the remaining lease term, whichever is shorter

The Company assesses the recoverability of property, equipment and improvements whenever events or changes in circumstances indicate that their carrying value may not be recoverable. No property, equipment and improvements were impaired in the periods presented.

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Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for under the acquisition method. Intangible assets include acquired developed technology, licensed technology,

customer relationships, noncompete covenants, and trademarks and tradenames. Intangible assets are amortized on a straight-line basis over the applicable amortization period as set forth below.

The amortization periods for intangible assets are as follows:

- Developed technology — 3 to 5 years
- Customer and supplier relationships — 5 to 7 years
- Noncompete agreements — 3 to 4 years
- Trademarks and trade names — 2 to 10 years
- Licensed technology — lesser of the term of the agreement, or the estimated useful life

Intangible asset amortization expense is recorded in amortization on the consolidated statements of operations and comprehensive loss.

Impairment of Goodwill and Long-Lived Assets

Goodwill is not amortized but instead is tested at least annually for impairment, or more frequently when events or changes in circumstances indicate that goodwill might be impaired. The Company's annual impairment test is performed during the second quarter. In assessing goodwill impairment, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that the fair value of a reporting unit is less than its carrying amount. The Company's qualitative assessment of the recoverability of goodwill considers various macro-economic, industry-specific and company-specific factors. These factors include: (i) severe adverse industry or economic trends; (ii) significant company-specific actions, including exiting an activity in conjunction with restructuring of operations; (iii) current, historical or projected deterioration of the Company's financial performance; or (iv) a sustained decrease in the Company's market capitalization below its net book value. If, after assessing the totality of events or circumstances, the Company determines it is unlikely that the fair value of such reporting unit is less than its carrying amount, then a quantitative analysis is unnecessary. However, if the Company concludes otherwise, or if it elects to bypass the qualitative analysis, then it is required to perform a quantitative analysis that compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered impaired; otherwise, a goodwill impairment loss is recognized for the lesser of: (a) the amount that the carrying amount of a reporting unit exceeds its fair value; or (b) the amount of the goodwill allocated to that reporting unit.

The Company reviews long-lived assets to be held and used, other than goodwill, for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an evaluation of recoverability is required, the estimated undiscounted future cash flows directly associated with the asset are compared with the asset's carrying amount. If the estimated future cash flows from the use of the asset are less than the carrying value, an impairment charge would be recorded to write down the asset to its estimated fair value.

During the year ended December 31, 2023, the Company experienced multiple adverse financial trends. As a result, the Company determined that an indicator of impairment was present and performed a quantitative goodwill impairment assessment as of September 30, 2023 using a market approach, which estimates fair value based on the Company's market capitalization and an estimate of a reasonable range of values of a control premium. The Company determined that goodwill was not impaired, as the estimated fair value of the Company's reporting units exceeded their carrying values. Additionally, as of September 30, 2023, the Company performed a quantitative analysis of the recoverability of each of the Company's asset groups. The result of the analyses was that the assets were not impaired, as the expected cash flows exceeded the carrying value for each asset group.

No impairment of goodwill or long-lived assets was recorded for the years ended **December 31, 2022** **December 31, 2023** and **2021**, **2022**.

Revenue Recognition

The Company recognizes revenue under its contracts with customers in accordance with ASU 2014-09, *Revenue from Contracts with Customers* ("Topic 606"). The Company derives its revenues primarily from two sources: (1) Software Products & Services, which are comprised primarily of subscription and related fees from customers for access to and use of the Company's platforms and associated services delivered as software-as-a-service ("SaaS") and (2) Managed Services, which are composed of content licensing revenues made up primarily of fees from customers for licenses to third-party content owners' digital assets and advertising revenues.

The Company recognizes revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company follows a five-step process to determine revenue recognition, as follows:

- Identifies the contract(s) with a customer;
- Identifies the performance obligations in the contract;
- Determines the transaction price;

- Allocates the transaction price to the performance obligations in the contract; and
- Recognizes revenue when (or as) performance obligations are satisfied.

The Company enters into contracts with customers that may include promises to transfer multiple services. The Company evaluates these services to determine whether they represent distinct, separately identifiable performance obligations that should be accounted for separately or as a single performance obligation. For contracts containing multiple performance obligations, to meet the allocation objective of Topic 606, the Company allocates the transaction price to each performance obligation on a relative standalone selling price ("SSP") basis. The SSP is the price at which the Company would sell a promised service separately to a customer. For certain arrangements, the determinations regarding whether a contract contains multiple performance obligations and, if so, the SSP of each performance obligation, may require judgment by management.

Software Products & Services Revenues

aiWARE Revenues

The Company has agreements with its customers under which it provides customers with access to and use the Company's aiWARE and digital content management platforms. Under most agreements, the Company provides access to the platform, specified applications and associated data ingestion, hosting and/or processing services, and standard user support. Fees for these services

typically take the form of a fixed monthly subscription fee, with certain contracts specifying usage-based fees for data processing services in excess of the data processing services included as part of such subscription services. Fees for excess usage-based data processing services are accounted for as variable consideration. In certain cases, the fixed monthly subscription fee may adjust during each monthly period of the contract based on changes in the monthly volume of services, at the rates established in the contract. These contracts typically have terms ranging from one to three years, with renewal options, and do not contain refund-type provisions. All significant services provided as part of these subscription arrangements are highly interdependent and constitute a single performance obligation comprised of a series of distinct services transferred to the customer in a similar manner throughout the contract term (collectively, the "subscription services"). The fixed subscription fees are recognized as revenue over the contract term using the output method of passage of time, as this best depicts the pattern of control transfer. If a portion of the term of a contract is cancellable, the Company determines the transaction price for, and recognizes revenue ratably over, the non-cancellable portion of the term of the contract. The Company receives fees from advertisers or resellers as consideration for combined software and services performed by the Company. The amount expected to be received from the advertiser or through the reseller represents the Company's fees which are recognized when the Company's services are transferred to the customer. The Company concluded that it is the principal in delivering these products to customers and as a result reports revenue on a gross basis. In certain SaaS arrangements with broadcasters, the fees for subscription services are paid by broadcasters with advertising inventory that is provided to and monetized by the Company. The Company recognizes revenue for these arrangements based on the estimated fair value of the advertising inventory.

The Company also makes data processing, storage and transfer services available to customers through its aiWARE and digital content management platforms under usage-based arrangements with no minimum fees, either separately or in addition to subscription services as described above. Fees are charged for actual usage of such services at the rates specified

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in the contract for each particular service. Each of these distinct services represents an individual performance obligation. When sold in connection with subscription services, the Company considers the allocation guidance of Topic 606.

Variable consideration for usage-based data processing, storage and transfer services is recognized in the month in which it is earned, as the payment terms relate to a specific outcome (amount of data processed, stored or transferred) of delivering the distinct time increment (the month) of services, and represents the fees to which the Company expects to be entitled for providing the services, and allocating the variable fees in this way is consistent with the allocation objective of Topic 606.

The Company also enters into software license agreements with customers under which the Company provides software representing an on-premises deployment of its aiWARE platform or components thereof. Under these license agreements, the customer is responsible for the installation and configuration of the software in the customer-controlled environment. The Company recognizes the license fees as revenue under these agreements at the time that the software is made available by the Company for download by the customer. In certain instances, the Company will provide software under such arrangements as a barter transaction in exchange for services or other assets in the ordinary course of business. The transaction price for these contracts is measured at the estimated fair value of the non-cash consideration received unless this is not reasonably estimable, in which case the consideration is measured based

on the standalone selling price of the software promised to the customer. Revenue is recognized on barter transactions when the software is made available by the Company for download by the customer. Barter revenues are included on the Company's consolidated statements of operations and comprehensive loss within Revenue.

The Company typically invoices its aiWARE SaaS customers for subscription services monthly, for on-premises software at the time the software is made available for download by the customer, and for professional services either

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monthly or in accordance with an agreed upon invoicing schedule. Invoices are typically due and payable within 30 days following the date of invoice. Amounts that have been invoiced are recorded in revenue or in deferred revenue, depending on whether transfer of control to customers of the promised services has occurred.

Veritone Hire Solutions Revenues

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

Hiring Solutions Subscription Fee Revenue

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

Revenue for Broadbean is generated through various types of talent acquisition software solutions that principally consist of subscription-based talent acquisition products, subscription revenue for recruitment SaaS solutions and access to the Broadbean's online talent networks, transactional talent acquisition products, and other recruitment services. Subscription contracts do not provide customers with the right to take possession of the software supporting the applications and, as a result, are accounted for as service contracts. Subscription fee revenue from SaaS applications and access to Broadbean's online talent networks, which makes up the majority of Broadbean's revenues, are generally recognized ratably over the contractual term of the arrangement beginning on the date that service is made available to the customer. Broadbean does not offer financing alternatives to customers and there are no rights of return, warranties, or other variable consideration in contracts with customers. Payment terms are generally net 30 days. In most cases, Broadbean acts as a principal with respect to the goods and services it sells providing for gross revenue.

Media Revenue

Media buy is a service offered by Broadbean to purchase media for job postings, job advertising space, etc. from various third-party jobsites (e.g., LinkedIn) on behalf of customers. Broadbean then uses the media that has been purchased for the customers job listings and advertisements. In accordance with Accounting Standard Codification ("ASC") 606, the Company records customer billed amounts into revenue and, in the same revenue account, recognizes the cost associated

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with these transactions. Revenues and costs are recorded in the same period which results in the Company effectively recognizing net revenue.

In the certain cases where Broadbean is acting as an agent, revenue is recognized net of the costs to obtain the media. Broadbean reports revenue net of sales and other taxes collected from customers to be remitted to government authorities.

Implementation and Customization Revenue

Broadbean implementation and customization revenue include, amongst other items, account setup, customization of job boards that customer uses, training, additional languages, testing, user acceptance testing, project management, customized reports, and integration with the applicant tracking system. The criteria for implementation and customization revenue to be considered as separate performance obligations requires them to be distinct in the context of the contract and not integral to the customer receiving value from the product (ASC 606-10-25-19). The determination was made that since a customer can use the product without additional integration or personalized setup services, they are distinct. Performance obligations are typically fulfilled within one month of signing, and the Company recognizes these revenues at the point in time the performance obligation is satisfied.

Contracts With Multiple Performance Obligations

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

Programmatic Advertising Services

The Company generates revenue primarily from platform services where it provides its customers access to intelligent hiring services, including ad placements on job boards. Revenue is derived from AI-enabled services, 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 hiring solutions to clients to execute digital hiring campaigns at scale, which are typically ordered through monthly purchasing commitments. The Company charges clients customers a fee based on various performance indicators as outlined in our customer contracts including job advertisements placed, potential job applicants or other outputs of services placed through its platform, which is accounted for as variable consideration. All services provided as part of these arrangements are highly interdependent and constitute a single performance obligation comprised of a series of distinct services transferred to the customer in a similar manner throughout the contract term. Revenue is recognized over time using the input method of cost incurred as platform services are provided during each campaign as this best depicts the transfer of control. The Company determined that it is not a principal in the purchase and sale of job placements in its arrangements, and as a result, reports its revenue on a net basis for solution fees charged to clients. Costs to source applicants are recorded monthly over the period the services are delivered as an offset to revenue.

Managed Services Revenues

Influencer Representation

The Company earns commissions on its clients' successful engagements. As part of the client representation business, the Company represents, supports and advocates for its clients in the sourcing, negotiating, and execution of income generating engagements. The Company's clients consist primarily of influencers in the social media market.

The Company's promise, as well as its performance obligation, under the Company's representation arrangements is to achieve a successful engagement for its clients, which is fulfilled when its clients perform in accordance with the terms of their respective engagements. Accordingly, the Company recognizes commission revenue when a client achieves a successful engagement, as this is when a client also obtains control of the representation service.

The Company's clients may receive a fixed fee for their services or receive a combination of a fixed fee and the potential to earn variable consideration. Such variable consideration is generally based on performance of social media posts or direct marketing campaigns promoted in the posts. Commission revenue from variable consideration is recognized using

the most likely amount method. The Company is determined to be an agent with respect to the representation services, and therefore revenues will be recognized net of the amounts paid to the influencer.

Advertising Revenues

The Company's advertising services consist primarily of placing advertisements for clients with media vendors, including broadcasters, podcasters and digital media providers. Under the most common billing arrangements, the Company bills and collects the gross cost of the advertisement it places, less any discounts negotiated with its client from the media vendor's standard agency fee. The Company then remits to the media vendor the gross amount less the standard agency fee. The amount billed to the client, less the amount payable to the media vendor, represents the Company's fees and is recognized as revenue.

All significant services performed by the Company under its contracts with advertising clients in conjunction with media placements, including planning and placing media and verifying that advertisements have aired, represent a single performance obligation as such services are highly interrelated. The Company's fee, which represents the transaction price, is recognized as revenue at a point in time when the advertisement is aired, which is the point at which the Company has an enforceable right to payment of its fees.

The Company's clients may be required to make a deposit or prepay the gross costs of advertisements, including the Company's fees. Such amounts are reflected as **accrued media payments** **client advances** on the Company's consolidated balance sheets until all revenue recognition criteria have been met.

For certain advertising products, we provide advertisers with the opportunity to reach unique ad units and markets. Leveraging our aiWARE platform to programmatically manage clearance, verification and analysis of advertising performance, we create marketable advertising products through the curation of our broadcaster and influencer networks. We receive fees from advertisers or resellers as consideration for combined software and services performed by us. The amount expected to be received from the advertiser or through

the reseller represents our fees which are recognized when our services are transferred to the customer. The Company concluded that it is the principal in delivering these products to customers and as a result reports revenue on a gross basis.

Licensing Revenues

The Company has agreements with third-party owners of digital assets pursuant to which the Company licenses those assets to customers and remits royalties to the content owners. In licensing such third-party digital assets, the Company hosts public and private content libraries on the Company's platform to enable customers to view and search for digital assets to be licensed, establishes and negotiates with customers the scope and term of, and the prices for, licenses to those digital assets, and makes the licensed digital assets available to the end-customers. The Company is considered the principal under most agreements that have this range of services due to obtaining control prior to transfer of the assets, and the Company records the revenue from the customer gross of royalties due to the content owner. In limited cases, the Company does not obtain

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control prior to transfer of the assets, and accordingly, the Company records revenues net of royalties due to the content owner.

The Company licenses digital assets under (i) individual license agreements, pursuant to which the customer licenses a particular digital asset (or set of digital assets) for a specified license fee, and (ii) bulk license agreements, pursuant to which the customer pays a fixed fee to have access to view and search third-party owners' content and to license a specified number of minutes of that content in each year over the term of the contracts, which typically range from one to three years, with certain contracts specifying usage-based license fees for additional digital assets that may be licensed by the customer.

Under individual license agreements, the Company has a single performance obligation, which is to make the licensed digital assets available to the customer, generally by download. The Company recognizes the license fees charged for the digital assets as revenue when the licensed digital assets are made available to the customer.

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Under bulk license agreements, the Company's obligations include hosting the content libraries for access and searching by the customer, updating the libraries with new content provided by the content owner, and making assets selected by the customer available for download, throughout the term of the contract. All of these services are highly interdependent and constitute a single performance obligation comprised of a series of distinct services transferred to the customer in a similar manner throughout the contract term. The predominant item in the single performance obligation is a license providing a right to access the content library throughout the license period. For these arrangements, the Company recognizes the total fixed fees under the contract as revenue ratably over the term of the contract as the performance obligation is satisfied, as this best depicts the pattern of control transfer. If the customer selects digital assets in excess of the amount included in the fixed fees under the contract, the Company constrains the variable consideration until the

usage occurs and recognizes such usage-based license fees as the digital assets are made available to the customer, consistent with the usage-based royalty accounting of Topic 606.

Gross Versus Net Revenue Recognition

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction. To the extent the Company acts as the principal, revenue is reported on a gross basis, net of any sales tax from customers, when applicable. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company controls the good or service prior to transfer to the customer. The Company has determined that it acts as the principal in providing all of its services with the exception of certain content licensing services, advertising services, **media revenue** and **hiring solutions, programmatic advertising services**, where the Company recognizes its fees on a net basis.

Remaining Performance Obligations

As of **December 31, 2022** **December 31, 2023**, the aggregate amount of the transaction prices under the Company's contracts allocated to the Company's remaining performance obligations was **\$6,795** **32,254**, approximately **57** **56%** of which the Company expects to recognize as revenue over the next twelve months, and the remainder **thereafter**. **thereafter to be recognized over the next 3 years**. This aggregate amount excludes amounts allocated to remaining performance obligations under contracts that have an original duration of one year or less and variable consideration that is allocated to remaining performance obligations. Excluded based on this policy are balances related to **hiring Veritone Hire** solutions representing gross purchase orders to be satisfied in less than one year. Revenues will be recognized net of costs to fulfill these orders.

Cost of Revenue

Cost of revenue related to the Company's advertising business consists of production costs relating to advertising content for advertisements placed for clients, and amounts payable to media vendors under revenue sharing arrangements for ad inventory transferred to and monetized by the Company.

Cost of revenue related to the Company's Software Products & Services consists primarily of fees charged by vendors for cloud infrastructure, computing and storage services and cognitive processing services related to the operation of the Company's platforms. The Company's arrangements with cloud infrastructure providers typically require fees that are based on computing time, data storage and transfer volumes, and reserved computing capacity. The Company also pays fees to third-party providers of AI models, which are generally based upon the hours of media processed through their models.

Cost of revenue related to the Company's Managed Services include royalties paid to content owners on revenue generated from the Company's licensing of their content, and fees charged by vendors that provide products and services in support of the Company's live event services and obtaining of talent and property clearances.

Stock-Based Compensation

Stock-based compensation expense is estimated at the grant date based on the fair value of the award.

The fair values of restricted stock and restricted stock unit awards granted by the Company are based on the closing market price of the Company's common stock on the date of grant.

The Company estimates the fair values of stock options having time-based vesting conditions, as well as purchase rights under the Company's Employee Stock Purchase Plan ("ESPP"), using the Black-Scholes-Merton option pricing model. The Company's performance-based stock options vest if a specified target price for the Company's common stock is achieved. The Company estimates the fair values of performance-based stock options utilizing a Monte Carlo simulation model, to estimate the date that the specified stock price targets will be achieved (the attainment date), and the

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Black-Scholes-Merton option pricing model. A fair value is determined for each tranche of such performance-based stock options that is tied to a particular stock price target.

Determining the appropriate fair values of stock options and ESPP purchase rights at the grant date requires significant judgment, including estimating the volatility of the Company's common stock, the expected term of awards, and the derived service periods for each tranche of performance stock options. In determining fair values, the Company estimated volatility based on the historical volatility of its own common stock along with the volatility of the peer group. In calculating estimated volatility, as the number of years of trading history for the Company's common stock has increased, the volatility of the Company's common stock has been given a weighting ranging from 25% to 50% and the volatility of the peer group companies has been given a weighting ranging from 75% to 50%, with each peer company weighted equally. The Company will continue utilizing this combination and will periodically adjust the weightings as additional historical volatility data for its own shares of common stock becomes available.

The expected term for stock options other than performance-based stock options represents the period of time that stock options are expected to be outstanding and is determined using the simplified method. Under the simplified method, the expected term is calculated as the midpoint between the weighted average vesting date and the contractual term of the options. The expected term for performance-based stock options considers the remaining term of the option after the attainment date and the ratio of the stock price at the attainment date to the option exercise price.

The risk-free rate is based on the implied yield of U.S. Treasury notes as of the grant date with a remaining term approximately equal to the expected term of the award.

The assumptions used in the Company's Black-Scholes-Merton option-pricing and Monte Carlo simulation models represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment.

The fair value of stock-based awards (other than performance-based stock options) is amortized using the straight-line attribution method over the requisite service period of the award, which is generally the vesting period. For performance-based stock options, expense is recognized over a graded-vesting attribution basis over the period from the grant date to the estimated attainment date, which is the derived service period of each tranche of the award.

In recording stock-based compensation expense, the Company accounts for actual forfeitures as they occur and does not estimate forfeitures.

If performance options are modified, the fair values and the new derived service periods of the modified awards as of the date of modification and the fair values of the original awards immediately before the modification are determined. The amount of incremental compensation expense resulting from the modification of each award is equal to the excess of the fair value of the modified award on the date of modification over the fair value of the original award immediately before the modification. The incremental compensation expense is recognized over the new derived service period of the modified award.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred and are primarily included in sales and marketing expenses in the Company's consolidated statements of operations and comprehensive loss. Advertising and marketing costs include personnel-related costs for sales and marketing resources, online and print advertising, public relations, tradeshows, and

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sponsorships. For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, the Company recorded expense of \$6,613 5,430 and \$2,681 6,613, respectively, for advertising and marketing costs.

Research and Development Costs and Software Development Costs

Research and development costs are expensed as incurred. Computer software development costs and website development costs are expensed as incurred, except for internal use software that qualify for capitalization as described below.

The costs of internal use software that is developed to meet the Company's needs and will not be marketed externally are subject to capitalization. capitalization under ASC 350-40. The Company expenses costs incurred in the preliminary project and post-implementation stages of software development and capitalizes costs incurred in the application development stage and costs associated with significant enhancements to existing internal use software applications. These capitalized costs are included in property, equipment and improvements, net on the consolidated balance sheets and are amortized using the straight-line method over an estimated useful life of three years commencing when the software project is ready for its intended use. The Company capitalized \$4,507 of software development costs in 2023 and \$4,188 of software development costs in 2022 and \$413 software development costs were capitalized in 2021.2022.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are established for temporary differences between the financial statement carrying amounts and the tax bases of

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the Company's assets and liabilities using statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse.

The Company assesses the likelihood that the deferred tax assets will be recovered from future taxable income and, if recovery is not more likely than not, the Company establishes a valuation allowance to reduce the deferred tax assets to the amounts expected to be realized. Realization of the deferred tax assets is dependent on the Company generating sufficient taxable income in future years to obtain a benefit from the reversal of temporary differences and from net operating losses.

The Company utilizes a two-step approach to recognizing and measuring uncertain tax positions. The first step is to determine whether the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes. If the first test is met, then the second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement.

Foreign Currency

The functional currency of the Company's foreign subsidiary in Israel is the U.S. dollar. Accordingly, monetary assets and liabilities of the Company's foreign subsidiaries are remeasured into U.S. dollars at the exchange rates in effect at the reporting date, non-monetary assets and liabilities are re-measured at historical rates, and revenue and expenses are re-measured at average exchange rates in effect during each reporting period. Foreign currency transaction gains and losses are recognized in other income (expense), net within the consolidated statements of operations. The functional currency of the Company's remaining international subsidiaries is the local currency of the country in which they operate. The Company translates the assets and liabilities of its non-U.S. dollar functional currency subsidiaries into U.S. dollars using exchange rates in effect at the end of each reporting period. Revenue and expenses for these subsidiaries are translated using rates that approximate those in effect during the period. Gains and losses from these translations are recognized as a cumulative translation adjustment and included in accumulated other comprehensive income (loss).

Comprehensive Loss

Comprehensive loss consists of net loss and other gains and losses affecting equity that are excluded from net loss. These consist of foreign currency translation adjustments.

Segment Information

The Company reports segment information based on the internal reporting used by the chief operating decision maker for making decisions and assessing performance as the source of the Company's reportable segments. As of October 1, 2021, the Company determined that there was a change in the internal reporting for such information reviewed by the chief operating decision maker. As a result, the Company determined that it has one reportable segment.

The chief operating decision maker reviews financial information on a consolidated basis, accompanied by more detailed revenue information for Commercial Enterprise and Government & Regulated Industries (see Note 8), but does not evaluate other metrics such as cost of revenue, operating expenses, total assets, net income (loss), capital expenditures, goodwill or other intangible assets financial information on a more disaggregated basis. The Company's revenues are generated primarily in the United States and it therefore does not report additional information on geographic segments.

Significant Customers

One individual customer accounted for 10% or more of the Company's revenue for each of the years ended December 31, 2022 December 31, 2023 and 2021. December 31, 2022. One No individual customers customer accounted for 10% or more of the

Company's accounts receivable as of December 31, 2022 December 31, 2023, and two one individual customers customer accounted for 10% or more of accounts receivable as of December 31, 2021 December 31, 2022.

Concentration of Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company places its cash and cash equivalents with what management believes are quality financial institutions in the United States and management reviews its capital investment policies on an annual basis. At times, the value of the United States deposits exceeds federally insured limits. The Company has not experienced any losses in such accounts.

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Recently Adopted Accounting Pronouncements

In February 2016, the FASB Financial Accounting Standards Board ("FASB") issued ASU Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842). The amendments under this pronouncement change the way all leases with duration of one year or more are treated. Under this guidance, lessees are required to capitalize virtually all leases on the balance sheet as a right-of-use asset and an associated financing lease liability or operating lease liability. On January 1, 2022, the Company adopted the new leasing standard using the modified retrospective transition method applied at the adoption date of the standard. See Note 9 for further details.

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. The standard was effective for the Company beginning in the first quarter of fiscal year 2023. The Company adopted this guidance on January 1, 2023 and the impact of the adoption was not material to our consolidated financial statements as credit losses are not expected to be significant based on historical collection trends, the financial condition of payment partners, and external market factors.

In December 2019, the FASB issued ASU No. 2019-12 to simplify the accounting in ASC Topic 740, *Income Taxes*. This standard removes certain exceptions related to the approach for intra-period 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. The Company adopted this guidance on January 1, 2022 using the prospective transition method. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options* (Subtopic 470-20) and *Derivatives and Hedging—Contracts in Entity's Own Equity* (Subtopic 815-40): *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The Company early adopted the standard as of January 1, 2021 and applied this guidance to the convertible senior notes issued in November 2021. Refer to Note 4 for additional information.

Recently Issued Accounting Pronouncements

In September 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which requires measurement and recognition of expected credit losses for financial assets held. This standard will be effective for the Company beginning in the first quarter of fiscal year 2023, and early adoption is permitted. The Company will adopt on January 1, 2023 and the adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

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

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires entities to provide additional information in the rate reconciliation and additional disaggregated disclosures about income taxes paid. This guidance requires public entities to disclose in their rate reconciliation table additional categories of information about federal, state, and foreign income taxes and to provide more details about the reconciling items in some categories if the items meet a quantitative threshold. The guidance is effective for annual periods beginning after December 15, 2024. The Company plans to adopt ASU 2023-09 on January 1, 2025. The Company does not expect the adoption of this guidance to have a significant impact on the Company's consolidated financial statements, but the guidance will impact its income tax disclosures.

NOTE 3. BUSINESS COMBINATIONS AND DIVESTITURE

Broadbean Acquisition

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

The total purchase consideration was \$53,301 (the "Broadbean Acquisition Consideration"), which consisted of cash payments of \$53,301 at closing. The Company incurred \$4,214 in acquisition-related expenses and has recorded them in general and administrative expenses in the consolidated statement of operations and comprehensive loss. The following table summarizes the fair value of the Broadbean Acquisition Consideration:

Broadbean Acquisition Consideration	Amount
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Cash consideration at closing	\$ 53,301
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The allocation of the Broadbean Acquisition Consideration to tangible and intangible assets acquired and liabilities assumed is based on estimated fair values and is as follows:

Allocation of Broadbean Acquisition Consideration**	As Reported	Measurement	
		Period Adjustment	As Adjusted
Cash and cash equivalents	\$ 3,029	\$ 4	\$ 3,033
Accounts receivable, net	7,910	(93)	7,817
Prepaid expenses and other current assets	1,008	(1)	1,007
Property, equipment and improvements, net	4,348	(4,005)	343
Intangible assets	27,500	—	27,500
Other assets	1,115	2,371	3,486
Total assets acquired	44,910	(1,724)	43,186
Accounts payable	1,369	(262)	1,107
Deferred revenue	10,134	(105)	10,029
Other accrued liabilities	4,565	489	5,054
Other non-current liabilities	7,565	(947)	6,618
Total liabilities assumed	23,633	(825)	22,808
Identifiable net assets acquired	21,277	(899)	20,378
Goodwill	31,947	976	32,923
Total purchase consideration	\$ 53,224	\$ 77	\$ 53,301

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

During the year ended December 31, 2023, the Company continued finalizing its valuations of the assets acquired and liabilities assumed in the acquisition of Broadbean based on new information obtained about facts and circumstances that existed as of the acquisition date. During the year ended December 31, 2023, the Company recorded measurement period adjustments, reducing its acquisition date goodwill by approximately \$1.0 million primarily to decrease the fair value of property, equipment and improvements, net by \$4.0 million and other non-current liabilities by \$1.0 million and increase other assets by \$2.4 million based on a resolution of tax uncertainties related to qualifying net operating losses and recognition of an uncertain tax position, identification of capitalized software relating to intangible assets recognized, and balances from a formerly commingled foreign entity. In addition, the change to the preliminary amount of property, equipment and liabilities resulted in a decrease in depreciation expense and accumulated amortization of \$0.2 million, of which \$0.1 million relates to a previous period.

Identifiable Intangible Assets

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

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

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

Estimated	Estimated Useful
Fair Value	Lives (in years)

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Customer relationships	\$ 17,200	5
Developed technology	10,300	4
Total intangible assets	\$ 27,500	

Taxes

In connection with the acquisition of Broadbean, a net deferred tax liability of \$3,741 was established primarily relating to non-goodwill intangible assets and recorded within other non-current liabilities on the Company's consolidated balance sheets. The amount of tax-deductible goodwill as of the purchase date is \$3,728. The allocation of purchase consideration to deferred tax assets and liabilities and income taxes payable is preliminary as the Company continues to evaluate certain balances, estimates and assumptions during the measurement period (up to one year from the acquisition date).

Unaudited Pro Forma Results

The unaudited pro forma financial information in the table below summarizes the combined results of operations for the Company and Broadbean as if the companies were combined for the years ended December 31, 2023 and December 31, 2022, respectively. The unaudited pro forma financial information for all periods presented included the business combination accounting effects resulting from this acquisition, including adjustments to reflect recognition of intangible asset amortization. The unaudited pro forma financial information as presented below is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of January 1, 2022 or the results that may occur in the future.

The Company recognized \$19.1 million in revenue and \$1.9 million of net income related to Broadbean since the acquisition date of June 13, 2023 through December 31, 2023 in the consolidated statement of operations and comprehensive loss.

The unaudited pro forma financial information was as follows:

	Year Ended December 31, 2023
Net revenue	\$ 33,931
Loss before provision for income taxes	(381)
Net loss	(811)
	Year Ended December 31, 2022
Net revenue	\$ 29,046
Loss before provision for income taxes	(782)
Net income	105

VSL Acquisition

On August 11, 2022, the Company acquired certain assets of VSL, a U.K.-based company focused on AI-powered video analytics and surveillance software solutions, pursuant to an asset purchase agreement.

The total purchase consideration was \$1,952 (the “VSL Acquisition Consideration”), which consisted of cash payments of \$1,700 at closing and deferred cash payments to be made in 2023 during the three months ended March 31, 2024 totaling \$300, of which the deferred payments were estimated to have a fair value of \$252 as of the acquisition date. The Company incurred \$272 in acquisition-related expenses and has recorded them in general and administrative expenses in the consolidated statement of operations and comprehensive loss.

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The following table summarizes the fair value of the VSL Acquisition Consideration (in thousands):

VSL Acquisition Consideration	Amount
Cash consideration at closing	\$ 1,700
Deferred consideration	252
Total	\$ 1,952

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

Allocation of VSL Acquisition Consideration**	Amount
Accounts receivable, net	\$ 57
Property, equipment and improvements, net	13
Intangible assets	1,500
Total assets acquired	1,570
Accrued expenses and other current liabilities	32
Total liabilities assumed	32
Identifiable net assets acquired	1,538
Goodwill	414
Total purchase consideration	\$ 1,952

**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 the assembled workforce. All goodwill generated from the acquisition is tax deductible.

Identifiable Intangible Assets

The identifiable intangible assets acquired consisted of developed technology valued at \$1,500 with estimated useful lives of 3 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 cost approach. 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.

VocaliD Acquisition

On June 10, 2022, the Company acquired 100% of VocaliD, a U.S.-based company that specializes in the creation of personalized synthetic voices, pursuant to a stock purchase agreement dated as of June 10, 2022. agreement.

The total purchase consideration was \$3,384 (the "VocaliD Acquisition Consideration"), which consisted of cash payments of \$1,609 at closing and deferred cash payments to be made in 2023 totaling \$2,000, of which the deferred payments were estimated to have a fair value of \$1,785 as of the acquisition date, and a net working capital adjustment reducing the purchase price by \$10. The Company incurred \$200 in acquisition-related expenses and has recorded them in general and administrative expenses in the consolidated statement of operations and comprehensive loss.

The following table summarizes the fair value of the VocaliD Acquisition Consideration (in thousands):

VocaliD Acquisition Consideration	Amount
Cash consideration at closing	\$ 1,609
Deferred consideration	1,785
Net working capital adjustment	(10)

Total	\$	3,384
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The allocation of the VocaliD Acquisition Consideration to tangible and intangible assets acquired and liabilities assumed is based on estimated fair values and is as follows (in thousands):

Allocation of VocaliD Acquisition Consideration**	Amount
Cash	\$ 216
Intangible assets	2,700
Total assets acquired	2,916
Accounts payable	6
Accrued expenses and other current liabilities	33
Deferred tax liability	663
Total liabilities assumed	702
Identifiable net assets acquired	2,214
Goodwill	1,170
Total purchase consideration	\$ 3,384

**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 the assembled workforce. The transaction is treated as a non-taxable stock acquisition for income tax purposes and none of the goodwill generated from the acquisition was tax deductible.

Identifiable Intangible Assets

The identifiable intangible assets acquired consisted of developed technology valued at \$2,700 with estimated useful lives of 3 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 cost approach. 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.

March 2022 Acquisition

On March 1, 2022, the Company acquired 100% of an influencer-based management company, which is a California limited liability company, pursuant to a securities purchase agreement dated as of March 1, 2022. The entity is an influencer management company that works with a select group of social media influencers to create content and custom marketing campaigns for brand partners and agencies.

The total purchase consideration was \$5,881 (the "March Acquisition Consideration"), which consisted of a cash payment of \$1,500 at closing, \$1,929 for the fair value of the Company's 116,550 shares of common stock, and deferred cash payments to be made in 2023 and 2024 totaling \$3,000, of which the deferred payments were estimated to have a fair value of \$2,707 on the acquisition date. The total purchase price was decreased by \$976 for the settlement of a preexisting receivable and increased by \$684 to adjust for the cash on hand at the time of the transaction closing and a net working capital adjustment of \$37. In addition, the sellers seller may receive up to \$4,500 in contingent earnout consideration based on achieving certain milestones tied to the entity's financial performance in fiscal 2022 and 2023, which amount will be paid in cash (the "March Acquisition Earnout" Contingent Consideration"). The fair value of the March Acquisition Earnout Contingent Consideration was estimated to be \$3,015 as of March 1, 2022, all of which was deemed to be compensation to the seller which will be recognized as compensation expense over the earnout contingent consideration period in the general and administrative expenses on the consolidated statement of operations and comprehensive loss. The Company incurred \$270 in acquisition-related expenses and has recorded them in general and administrative expenses in the consolidated statement of operations and comprehensive loss.

72 In July 2023, the Company entered into an amendment to the March 2022 Acquisition securities purchase agreement (the "March 2022 Acquisition Amendment"). The March 2022 Acquisition Amendment provides that the March 2022 Acquisition Contingent Consideration amount was reduced to \$3,500 (the "March 2022 Acquisition Contingent Consideration Amount") and the payment is now tied to the employment status of the seller through December 31, 2025, irrespective of the actual financial performance of the acquired company. Expense associated with this expected payment will be accrued ratably over the service period. In exchange for the March 2022 Acquisition Contingent Consideration Amount,

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the March 2022 Acquisition Amendment further provides that certain restrictive operational covenants and obligations of the Company terminated immediately as of the date of the March 2022 Acquisition Amendment.

The Company incurred \$270 in acquisition-related expenses and has recorded them in general and administrative expenses in the consolidated statement of operations and comprehensive loss for the year ended December 31, 2022.

The Company paid the first of two deferred cash payments of \$1,500 during the year ended December 31, 2023.

The following table summarizes the fair value of the March Acquisition Consideration (in thousands):

March Acquisition Consideration	Amount
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March 2022 Acquisition Consideration		Amount	
Cash consideration at closing	\$ 1,500	\$ 1,500	1,500
Equity consideration at closing	1,929	1,929	1,929
Deferred consideration	2,707	2,707	2,707
Acquired cash	684	684	684
Settlement of pre-existing receivable	(976)	(976)	(976)
Net working capital adjustment	37	37	37
Total	\$ 5,881	\$ 5,881	5,881

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

Allocation of March Acquisition Consideration**		Amount	
Allocation of March 2022 Acquisition Consideration**		Amount	
Cash	\$ 715	\$ 715	715
Accounts receivable	1,088	1,088	1,088
Prepaid and other current assets	120	120	120
Property and equipment	53	53	53
Intangible assets	2,700	2,700	2,700
Other assets	247	247	247
Total assets acquired	4,923	4,923	4,923
Accounts payable	18	18	18
Accrued expenses and other current liabilities	1,788	1,788	1,788
Operating lease liabilities, non-current	140	140	140
Total liabilities assumed	1,946	1,946	1,946
Identifiable net assets acquired	2,977	2,977	2,977
Goodwill	2,904	2,904	2,904
Total purchase consideration	\$ 5,881	\$ 5,881	5,881

**The excess of the total consideration over the tangible assets, identifiable intangible assets, and assumed liabilities is recorded as goodwill. Goodwill is primarily attributable to opportunities to cross-sell into our Commercial Enterprise customer base. For income tax purposes, the Company elected to treat the transaction as an asset acquisition. Tax deductible goodwill generated from the acquisition is \$2,842 (including transaction costs of \$270).

Identifiable Intangible Assets

The identifiable intangible assets acquired consisted of the influencer network, trade name and brand relationships with estimated useful lives of 3-10 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 an income approach. 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.

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

	Estimated Fair Value	Estimated Useful Lives (in years)
Influencer network	\$ 1,200	5
Trade name	200	10
Brand relationships	1,300	3
Total intangible assets	<u>\$ 2,700</u>	

PandoLogic Acquisition Energy Group Divestiture

On September 14, 2021/June 30, 2023, the Company acquired 100% completed the sale of PandoLogic Ltd., a its energy group (the "Energy Divestiture") to GridBeyond Limited, an Ireland-based privately held company incorporated under the laws of the state of Israel, ("GridBeyond") that delivers AI-powered energy solutions, pursuant to an Agreement and Plan of Merger (the "Merger Agreement") dated as of asset purchase agreement. The Company received 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 \$135,563 (the "Merger Consideration"), which consisted of cash payments of \$58,733 at closing, \$31,500 for the fair value of the Company's 1,704,822 4,160,644 shares of common stock, and up to Series B Preference Shares in GridBeyond valued at approximately \$65,000 2,021 in contingent consideration based on achieving certain earnouts tied as well as \$549 to financial performance of PandoLogic in fiscal 2021 and 2022, which amount will be paid in cash of which \$504 was paid during the year ended December 31, 2023. The Energy Divestiture resulted in a combination of cash and common stock (the "PandoLogic Earnout") and a net working capital adjustment pre-tax gain of \$5,818 2,572 paid in cash. The Company utilized a Monte Carlo simulation model to estimate the fair value of the PandoLogic Earnout. The fair value of the PandoLogic Earnout was estimated to be \$44,900 as of September 14, 2021, \$39,512 of which was deemed to be purchase consideration and recorded within contingent consideration current and contingent consideration non-current on the consolidated balance sheet. The remaining \$5,388 will

be recognized as compensation expense over the earnout period in the general and administrative expenses on the consolidated statement of operations and comprehensive loss. Subsequent to the closing date, the Company is required to reassess its estimate of the fair value of the PandoLogic Earnout, including certain future PandoLogic Earnout obligations triggered on the 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 6). The Company incurred \$2,161 in acquisition-related expenses in 2021 and has recorded them in general and administrative expenses in the consolidated statement of operations and comprehensive loss.

The following table summarizes the fair value of the Merger Consideration (in thousands):

Merger Consideration	Amount
Cash consideration at closing	\$ 58,733
Equity consideration at closing	31,500
Contingent earnout	39,512
Net working capital adjustment	5,818
Total	\$ 135,563

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

Allocation of Merger Consideration**	Amount
Cash	\$ 11,581
Accounts receivable	21,344
Prepaid and other current assets	8,710
Property and equipment	618
Intangible assets	92,000
Other assets	1,653
Total assets acquired	135,906
Accounts payable	13,183
Accrued expenses and other current liabilities	9,443
Deferred tax liability	12,686
Total liabilities assumed	35,312
Identifiable net assets acquired	100,594
Goodwill	34,969
Total purchase consideration	\$ 135,563

**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 trademark with estimated useful lives of 4-7 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	\$ 70,000	5 - 7
Developed technology	20,000	4
Trade name	2,000	5
Total intangible assets	<u><u>\$ 92,000</u></u>	

Taxes

In connection with the acquisition, a net deferred tax liability of \$12,686 was established primarily for the differences between the fair value of the acquired non-goodwill intangible assets and PandoLogic's historical tax basis in these assets. No deferred tax asset or liability is recorded on PandoLogic goodwill, \$33,111 of which is not deductible for tax purposes. In August 2021, PandoLogic obtained the approval for Preferred Technology Enterprise status under which its Israeli tax rate is reduced from the 23% statutory rate to a 12% beneficial rate. This arrangement is scheduled to expire in December 2025. The acquired Israel deferred tax assets and liabilities are computed based on the tax rate in the year of their expected reversal. At the time of the acquisition, no valuation allowance was recorded on the acquired PandoLogic deferred tax assets as it was more likely than not they will be utilized to offset future taxable income.

Unaudited Pro Forma Results

The unaudited pro forma financial information in the table below summarizes the combined results of operations for the Company and PandoLogic as if the companies were combined for the year ended December 31, 2021 December 31, 2023. The unaudited pro forma Energy Divestiture does not meet the criteria of discontinued operations because the disposal does not have a major effect on the Company's operations and 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 acquisition had taken place at the beginning of January 1, 2021. results.

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

	Year Ended	
	December 31,	
	2021	
Net revenue	\$	148,129
Loss before provision for income taxes		(67,873)
Net loss		(71,003)

NOTE 4. DEBT

Senior Secured Term Loan

On December 13, 2023 (the "Closing Date"), the Company and certain of its subsidiaries, as guarantors, entered into a Credit and Guaranty Agreement (the "Credit Agreement") with certain funds managed by Highbridge Capital Management, LLC and with certain other lenders (collectively, the "Lenders") and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent. The Credit Agreement provides for a \$77.5 million senior secured term loan (the "Term Loan"), which was fully drawn by the Company on the Closing Date. On the Closing Date, the Company used \$37.5 million of the Term Loan proceeds to repurchase \$50.0 million of its 2026 Convertible Senior Notes. As a result of the collective transactions at the closing date, the Company recorded the Term Loan at fair value and recognized a one-time gain of \$30.0 million on the extinguishment of the convertible debt. The initial discount on the Term Loan was \$23.8 million as well as capitalized issuance costs of \$3.1 million, and each will be amortized to interest expense using the effective interest method over the term of the loan. During the year ended December 31, 2023, \$0.3 million was recognized as the amortization of the issuance discount.

The Company is the borrower under the Credit Agreement and all indebtedness outstanding under the Credit Agreement is guaranteed by each of the Company's direct and indirect material subsidiaries (the Company and the guarantors, collectively, the "Credit Parties"). Pursuant to a Pledge and Security Agreement, dated December 13, 2023 (the "Pledge and Security Agreement"), the Term Loan is secured by a first-priority security interest in and lien on substantially all tangible and intangible property of the Credit Parties and a pledge of equity interests held by the Credit Parties. The Credit Agreement has certain customary default provisions, representations and warranties and affirmative and negative covenants, including a covenant to maintain unrestricted cash and cash equivalents of at least \$15.0 million at all times. The Company is in compliance with the financial covenants at December 31, 2023.

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

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

The Credit Agreement requires mandatory prepayments from the net cash proceeds received by the Credit Parties for among other things (i) certain asset sales, but only to the extent net cash proceeds therefrom exceed \$10.0 million in the aggregate, and (ii) insurance recoveries on loss of property that are not otherwise reinvested in other assets of the Credit

Parties at a 10% prepayment premium. The Credit Agreement also requires prepayment of the Term Loan in full if \$30.0 million or more of aggregate principal amount of the 2026 Convertible Senior Notes are outstanding on August 14, 2026. The Company may elect to

prepay the Term Loan, in whole or in part, in cash, subject to a make-whole premium during the first year of the Term Loan, a 14.0% prepayment premium during the second year of the Term Loan, and a 7.0% premium during the third year of the Term Loan. The Term Loan is not repayable with the Company's common stock, \$0.001 per share (the "Common Stock") as was initially set forth in the Commitment Letter.

On the Closing Date, the Company issued warrants (the "Warrants") to the Lenders (in such capacity, the "Warrant Holders") to purchase up to 3,008,540 shares of the Company's common stock, par value \$0.001 per share (the "Common Stock") at an exercise price of \$2.576 per share with a termination date of December 12, 2028. Refer to Note 6 for further details about the Warrants.

For the year ended December 31, 2023, interest expense related to the Term Loan and amortization of the issuance costs was \$0.8 million. The effective annual interest rate was approximately 31.3%.

The scheduled principal payments on the Term Loan as of December 31, 2023 were as follows:

2024	\$ 5,813
2025	7,750
2026	7,750
2027	56,188
Total	<hr/> \$ 77,500

Convertible Senior Notes

In November 2021, the Company issued, at par value, \$201.3 million aggregate principal amount of 1.75% convertible senior notes due 2026 (the "Convertible Notes"). The issuance included the full exercise of an option granted by the Company to the initial purchasers of the Convertible Notes to purchase an additional \$26.25 million aggregate principal

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amount of Convertible Notes. The Convertible Notes were issued pursuant to and are subject to the terms and conditions of an indenture, which is referred to as the Indenture, between the Company and U.S. Bank National Association, as trustee. The Convertible Notes were offered and sold in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. In December 2022, the Company repurchased \$60.0 million aggregate principal amount of the Convertible Notes at approximately 65% of par. After par (the "2022 Repurchase Transaction"). In December 2023, the Company repurchased \$50,000 aggregate principal amount of the Convertible Notes at approximately 75% of par (the "2023 Repurchase Transaction, the Company recorded a \$19.1 million debt extinguishment gain within Other income, net, which includes the recognition of \$1.5 million in unamortized transaction costs on the repurchased debt and \$0.4 million in debt reacquisition costs. Transaction"). The Company has \$141.25 million in aggregate principal amount of the Convertible Notes remaining outstanding as of December 31, 2022 December 31, 2023.

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

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

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

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

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

The Convertible Notes are the Company's senior unsecured obligations and rank senior in right of payment to all of the Company's indebtedness that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment with all existing and future liabilities of the Company that are not so subordinated; effectively junior to any of secured indebtedness of the Company to the extent of the value of the assets securing such indebtedness; and structurally

junior to all indebtedness and other liabilities (including trade payables) and any preferred equity of the Company's current or future subsidiaries.

The net proceeds from the issuance of the Convertible Notes were approximately \$194.9 194,945 million, after deducting debt issuance costs. The total debt issuance costs incurred and recorded by the Company amounted to \$6.3 6,304 million, which were recorded as a reduction to the face amount of the Convertible Notes and are being amortized to interest expense using the effective interest method over the contractual term of the Convertible Notes. The Convertible Notes are recorded as a liability within convertible senior notes, non-current.

For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, interest expense related to the Convertible Notes and amortization of the issuance costs was \$4.7 3.2 million and \$0.5 4.7 million, respectively. The effective annual interest rate for the years ended December 31, 2022 December 31, 2023 and 2021 2022 was approximately 2.42%. As of December 31, 2022 December 31, 2023, the if-converted value of the Convertible Notes did not exceed the outstanding principal amount. As of December 31, 2022 December 31, 2023, the total estimated fair value of the Convertible Notes was \$85.8 29.4 million, which was determined based on a market approach using actual bids and offers of the Convertible Notes in an over-the-counter market during the period. The Company considers these assumptions to be Level 2 inputs in accordance with the fair value hierarchy described in Note 2.

Capped Calls

In connection with the 2022 pricing of the Convertible Notes, with the full exercise by the initial purchasers of their option to purchase additional Convertible Notes in November 2021, the Company used approximately \$18.6 18,616 million of the net proceeds from the issuance of the Convertible Notes to enter into privately negotiated capped call transactions, which are referred to as the capped calls, with various financial institutions.

The capped call transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the Convertible Notes, the number of shares of the Company's common stock underlying the Convertible Notes. The capped call transactions are expected generally to reduce the potential dilution to the Company's common stock upon conversion of the Convertible Notes and/or offset some or all of any cash payments the Company is required to make in excess of the principal amount of converted Convertible Notes, as the case may be, in the event that the market price per share of the Company's common stock, as measured under the terms of the capped call transactions, is greater than the strike price of the capped call transactions, which initially corresponds to the conversion price of the Convertible Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the Convertible Notes. If, however, the market price per share of the Company's common stock, as measured under the terms of the capped call transactions, exceeds the

cap price of the capped call transactions, there would nevertheless be dilution and/or there would not be an offset of such potential cash payments, in each case, to the extent that such market price exceeds the cap price of the capped call transactions. The initial cap price of the capped calls is \$48.55 per share of common stock, which represents a premium of 75% over the last reported sale price of the Company's common stock of \$27.74 per share on November 16, 2021, and is subject to certain customary adjustments under the terms of the capped calls; provided that the cap price will not be reduced to an amount less than the strike price of \$35.76 per share.

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

In connection with the 2022 Repurchase Transaction, the Company entered into transactions to unwind a portion of the capped calls. As a result, the Company received \$0.3276 million in net proceeds from the proceeds of the unwinding of the capped calls. In connection with the 2023 Repurchase Transaction, the Company entered into transactions to unwind a portion of the capped calls. The Company did not receive any proceeds from the unwinding of the capped calls in 2023.

Credit Facility

77 In August 2023, the Company entered into a

three year credit agreement with Alterna Capital Solutions, LLC ("ACS") pursuant to which the Company may borrow up to \$30,000 (the "ACS Credit Facility"). Loans under the Credit Facility are secured by certain domestic receivables and other assets as determined by ACS. The ACS Credit Facility bears interest at the greater of Prime rate plus 1% or 9.5%, and minimum annual interest of \$250 if no funds are drawn under the ACS Credit Facility in a given year. ACS will be a senior secured creditor.

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

NOTE 5. NET LOSS PER SHARE

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

	Year Ended December 31,		Year Ended December 31,	
	2022	2021	2023	2022
Numerator				
Net loss	\$ (25,557)	\$ (64,672)	\$ (58,625)	\$ (25,557)
Denominator				
Weighted-average common shares outstanding	36,034, 135	33,310, 794	36,909,919	36,034,135

Less: Weighted-average shares subject to repurchase	(575)	(12,412)	—	(575)
Denominator for basic and diluted net loss per share attributable to common stockholders	36,033,	33,298,		
	560	382	36,909,919	36,033,560

Basic and diluted net loss per share

\$ (0.71) \$ (1.94) \$ (1.59) \$ (0.71)

The Company reported net losses for both 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:

	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
Common stock options and restricted stock units	10,511,3	9,913,42		
	20	1		
Common stock options, restricted stock units and performance stock units			10,977,698	10,511,320
Warrants to purchase common stock	496,612	548,374	638,426	496,612
Common stock issuable in connection with convertible senior notes	5,406,87	5,475,36		
	4	9	2,482,621	5,406,874
	16,414,8	15,937,1		
	06	64	14,098,745	16,414,806

NOTE 6. FINANCIAL INSTRUMENTS

Cash, Cash Equivalents

The Company's money market funds are categorized as Level 1 within the fair value hierarchy. As of **December 31, 2022** **December 31, 2023**, the Company's cash and cash equivalents were as follows:

Unrealize d	Gross		Gross		Cash and	
	Cash and		Unrealized		Fair	
	Fair	Cash			Cash	

	Equivalent							
	Cost	Losses	Value	s	Cost	Losses	Value	Equivalents
Cash	183,38	—	183,38	183,38	\$ 79,439	—	\$ 79,439	\$ 79,439
	\$ 1	\$ —	\$ 1	\$ 1	\$ 79,439	—	\$ 79,439	\$ 79,439
Level 1:								
Money market funds	1,042	—	1,042	1,042				
Total	184,42	—	184,42	184,42	\$ 79,439	—	\$ 79,439	\$ 79,439
	\$ 3	\$ —	\$ 3	\$ 3	\$ 79,439	—	\$ 79,439	\$ 79,439

As of December 31, 2021 December 31, 2022, the Company's cash and cash equivalents balances were as follows:

	Gross				Cash and			
	Unrealize							
	d		Fair		Cash		Unrealized	
	Cost	Losses	Value	s	Cost	Losses	Value	Equivalents
Cash	253,69	—	253,69	253,69	\$ 183,381	—	\$ 183,381	\$ 183,381
	\$ 3	\$ —	\$ 3	\$ 3	\$ 79,439	—	\$ 79,439	\$ 79,439
Level 1:								
Money market funds	1,029	—	1,029	1,029	1,042	—	1,042	1,042
Total	254,72	—	254,72	254,72	\$ 184,423	—	\$ 184,423	\$ 184,423
	\$ 2	\$ —	\$ 2	\$ 2	\$ 79,439	—	\$ 79,439	\$ 79,439

Contingent Consideration

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

All of the Company's contingent consideration liabilities are categorized as Level 3 within the fair value hierarchy, except when the amount of the payout is determined to be fixed. Contingent consideration for the PandoLogic acquisition was valued at the time of acquisition using Monte Carlo simulation models. These models incorporate contractual terms and assumptions regarding financial forecasts for PandoLogic, discount rates, and volatility of forecasted revenue. The value of the Company's contingent consideration would increase if a lower

discount rate was used and would decrease if a higher discount rate was used. Similarly, a higher revenue volatility assumption would increase the value of the contingent consideration, and a lower revenue volatility assumption would decrease the value of the contingent consideration. Contingent consideration for the March 2022 acquisition was valued at the time of acquisition using a simple

probability of achievement model, with the probability of achievement based on management's forecasted outcomes for 2022 and 2023 fiscal year results for the acquired entity. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's management with the assistance of a third-party valuation specialist when deemed necessary.

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

On March 1, 2022, the Company completed the March 2022 Acquisition, in which it acquired 100% of an influencer-based management company. As part of the consideration, the seller may receive the March 2022 Acquisition Contingent Compensation of up to \$4,500 in cash. In July 2023, the Company entered into the March 2022 Acquisition Contingent Compensation Amendment. The ~~models were updated~~ March 2022 Acquisition Contingent Compensation Amendment provides that the March 2022 Acquisition Contingent Compensation was reduced to ~~capture~~ \$3,500 and payment of the ~~valuation impacts~~ March 2022 Acquisition Contingent Compensation Amount is now tied to employment status of the seller through December 31, 2025, irrespective of the actual financial performance of the acquired company. As the amount became fixed under the March 2022 Acquisition Contingent Compensation Amendment, the Company determined that the March 2022 Acquisition Contingent Compensation Amount should no longer be categorized as Level 3 within the fair value hierarchy at the time of the amendment.

As of December 31, 2023, the Company's contingent consideration liabilities current and non-current balances were as follows:

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

As of December 31, 2022, the Company's contingent consideration liabilities current and non-current balances were as follows:

	Changes in	Amount Paid	Reclass from Non-current	Fair to

	Cost	Fair Value	To Date	Current	Value
Level 3:					
Contingent consideration, current	\$ 18,128	\$ (10,629)	\$ (20,816)	\$ 21,384	\$ 8,067
Contingent consideration, non-current	21,384	—	—	(21,384)	—
Total	\$ 39,512	\$ (10,629)	\$ (20,816)	\$ —	\$ 8,067

As of December 31, 2021, the Company's contingent consideration liabilities current and non-current balances were as follows:

	Reclassification							
	Changes				Contingent			
	in		Fair	Contingent	Fair Value as		Changes	Amount
	Cost	Value	Value	tion	of	January 1,	in	Paid
	Cost	Value	Value	tion	2022	Fair Value	To Date	Non-current to December 31, 2022
Level 3:								
Contingent consideration, current	18,1		20,0					
	\$ 28	\$ 1,925	\$ 53	\$ 20,053	\$ 20,053	\$ (22,703)	\$ (20,816)	\$ 31,533
Contingent consideration, non-current	21,3	10,14	31,5					
	84	9	33	31,533	31,533	—	—	(31,533)
Total	39,5	12,07	51,5					
	\$ 12	\$ 4	\$ 86	\$ 51,586	\$ 51,586	\$ (22,703)	\$ (20,816)	\$ —
								\$ 8,067

Stock Warrants

On the Closing Date of the Term Loan, the Company issued warrants to the Lenders (in such capacity, the "Warrant Holders") to purchase up to 3,008,540 shares of the Company's common stock, par value \$0.001 per share (the "Common Stock").

All of the Company's outstanding stock warrants are categorized as Level 3 within the fair value hierarchy. Stock warrants are equity classified and have been recorded at their fair value 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.

In April 2020, in connection with a consulting agreement between the Company and a consulting firm, the Company issued to such firm a warrant to purchase up to 400,000 shares of the Company's common stock (the "Performance Warrant"). The Performance Warrant has an exercise price of \$3.01 per share, shall vest and become exercisable in three substantially equal installments of 133,333 shares upon the achievement of specified performance goals and/or a market condition, and expires on December 31, 2023. The market condition was achieved in 2020 and, accordingly, the first installment of 133,333 shares underlying the Performance Warrant has vested and is exercisable. The fair value of the installment of the Performance Warrant tied to the market condition is \$43, which was determined using a Monte Carlo simulation model and was recorded in general and administrative operating expenses for warrants issued during the year ended December 31, 2020. The Company has not recorded

any fair value with respect to the remaining installments linked to performance goals, because the achievement of such performance goals is not considered probable.

The following table summarizes quantitative information with respect to the significant unobservable inputs that were used to value the 2020 Performance Warrant:

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December 31, 2023:

	Performance Warrant Year Ended
Volatility	8 5%
Risk-free rate	0.3%
Term Expected term (in years)	45.0
Expected volatility	95%
Risk-free interest rate	5.5%
Expected dividend yield	—

In April 2018, in connection with the advisory agreement between the Company and a financial advisory firm, the Company issued such firm a five-year warrant to purchase up to 20,000 shares of the Company's common stock ("April 2018 Warrant"). The April 2018 Warrant was fully vested and exercisable upon issuance and has an exercise price of \$11.73 per share and expires on April 6, 2023. The Company recorded this stock warrant at its fair value of \$207 using the Black-Scholes option-pricing model. The holder may redeem the warrant for a number of shares having a value equal to the in-the-money value of the warrant. The April 2018 Warrant was outstanding at December 31, 2022.

Investments

During the year ended December 31, 2022, the Company invested \$2,750 in holds a strategic investment in a technology company that was determined to not have a readily determinable fair value. This investment is carried initially at a cost of \$2,750 on our the Company's consolidated balance sheet within other assets. The assets as of December 31, 2023 and December 31, 2022 and is categorized as Level 3 within the fair value hierarchy.

As part of the Energy Divestiture, the Company monitors acquired a strategic investment in GridBeyond that was determined not to have a readily determinable fair value. This investment is carried at a cost equal to its initial estimated fair value of \$2,021 on the Company's consolidated balance sheet within other assets as of December 31, 2023, with that initial estimated fair value based on third party valuation at the time of this transaction and is categorized as Level 3 within the fair value hierarchy.

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Because these investments do not have readily determinable fair values, the Company has elected to measure these investment to determine whether an other-than-temporary decline under ASC 321, Investments – Equity Securities, at cost minus impairments, if any, plus or minus changes resulting from observable price changes in value indicates that impairment charges may be required. orderly transactions for identical or similar investments. No impairment was recorded for the year ended December 31, 2022 December 31, 2023. The Company will re-measure its investment investments if there is an observable transaction in a similar class of security similar to our investment. the Company's investments and there were no such re-measurements for the year ended December 31, 2023.

NOTE 7. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The carrying amount of goodwill was \$80,247 as of December 31, 2023 and \$46,498 as of December 31, 2022 and \$42,028 as of December 31, 2021.

	Goodwill
Balance at December 31, 2021	\$ 42,028
March 2022 acquisition	2,904
VocaliD acquisition	1,170
VSL acquisition	414
Foreign currency translation/other	(18)
Balance at December 31, 2022	<u><u>\$ 46,498</u></u>

	Goodwill
Balance at December 31, 2022	\$ 46,498
Broadbean acquisition	32,923
Foreign currency translation/other	826
Balance at December 31, 2023	<u><u>\$ 80,247</u></u>

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:

	December 31, 2022	December 31, 2021

	Weight ed Averag e Remain ing Useful Life (in years)	Gross Carrying Amount	Accumulated Amortizati on	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortizati on	Net Carrying Amount
Software and technology	0.0	\$ 3,582	\$ (3,582)	\$ —	\$ 3,582	\$ (3,515)	\$ 67
Licensed technology	0.0	500	(500)	—	500	(500)	—
Developed technology	2.1	33,800	(15,512)	18,288	29,600	(7,647)	21,953
Customer and supplier relationships	4.8	81,800	(22,091)	59,709	79,300	(9,449)	69,851
Noncompete agreements	0.0	800	(800)	—	800	(683)	117
Trademarks and trade names	3.9	2,300	(633)	1,667	2,100	(216)	1,884
Total	3.8	\$ 122,782	\$ (43,118)	\$ 79,664	\$ 115,882	\$ (22,010)	\$ 93,872

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	Weighted Average Remaining Useful Life (in years)	December 31, 2023				December 31, 2022			
		Accumulat ed Carrying Amount		Accumulat ed Carrying Amount					
		Gross	Net	Gross	Net				
Software and technology	0.0	\$ 3,582	\$ (3,582)	\$ —	\$ 3,582	\$ (3,582)	\$ —		
Licensed technology	0.0	500	(500)	—	500	(500)	—		
Developed technology	1.7	44,100	(24,601)	19,499	33,800	(15,512)	18,288		
Customer and supplier relationships	4.0	99,000	(36,323)	62,677	81,800	(22,091)	59,709		
Noncompete agreements	0.0	800	(800)	—	800	(800)	—		
Trademarks and trade names	3.1	2,300	(1,053)	1,247	2,300	(633)	1,667		
Total					122,78				
		3.2	\$ 150,282	\$ (66,859)	\$ 83,423	\$ 2	\$ (43,118)	\$ 79,664	

The following table presents future amortization of the Company's finite-lived intangible assets as of **December 31, 2022**

December 31, 2023:

2023	\$	20,477
2024		17,957

2025	15,507	21,427
2026	10,574	16,569
2027	10,574	13,541
2028		7,870
Thereafter	4,575	63
Total	<u>\$ 79,664</u>	<u>\$ 83,423</u>

Impairment Assessment

During the year ended December 31, 2023, the Company experienced multiple adverse financial trends. As a result, the Company determined that an indicator of impairment was present and performed a quantitative goodwill impairment assessment as of September 30, 2023 using a market approach, which estimates fair value based on the Company's market capitalization and an estimate of a reasonable range of values of a control premium. The Company determined that goodwill was not impaired, as the estimated fair value of the Company's reporting units exceeded their carrying values. Additionally, as of September 30, 2023, the Company performed a quantitative analysis of the recoverability of each of the Company's asset groups. The result of the analyses was that the assets were not impaired, as the expected undiscounted cash flows exceeded the carrying value for each asset group.

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NOTE 8. CONSOLIDATED FINANCIAL STATEMENTS DETAILS

Consolidated Balance Sheets Details

Cash and cash equivalents

As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, the Company had cash and cash equivalents of \$184,423 79,439 and \$254,722 184,423, respectively, including \$93,118 21,179 and \$66,401 93,118, respectively, of cash received from advertising customers for future payments to vendors.

Accounts Receivable, Net and Allowance for Credit Losses

Accounts receivable consisted of the following:

	As of		As of	
	December 31, 2022	December 31, 2021	December 31,	December 31,
			2023	2022
Accounts receivable — Managed Services ⁽¹⁾	\$ 27,670	\$ 21,347	\$ 38,477	\$ 27,670
Accounts receivable — Software Products & Services ⁽²⁾	26,969	59,568	26,246	26,969
Accounts receivable — Other	2,181	4,926	5,723	2,181

	56,820	85,841	70,446	56,820
Less: allowance for doubtful accounts	(819)	(778)		
Less: allowance for expected credit losses			(1,180)	(819)
Accounts receivable, net	\$ 56,001	\$ 85,063	\$ 69,266	\$ 56,001

(1) Accounts receivable – Managed Services reflects the amounts due from the Company's advertising customers.

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

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	As of			
	2023	2022		
Prepaid assets	\$ 5,538	\$ 5,465		
Other receivables	1,805	1,631		
Other current assets	7,114	8,146		
Prepaid expenses and other current assets	\$ 14,457	\$ 15,242		

Property, Equipment and Improvements, Net

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

	As of		As of	
			December 31,	December 31,
	2022	2021	2023	2022
Property and equipment	\$ 8,532	\$ 4,262	\$ 6,796	\$ 5,375
Internal use software development costs placed in service			8,226	3,157
Leasehold improvements	250	167	1,639	250
	8,782	4,429	16,661	8,782
Less: accumulated depreciation	(3,491)	(2,873)	(8,005)	(3,491)
Property, equipment and improvements, net	\$ 5,291	\$ 1,556	\$ 8,656	\$ 5,291

Depreciation expense was \$1,312 \$2,387 and \$538 \$1,312 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Of the \$8,532 \$6,796 in property and equipment as of December 31, 2022 December 31, 2023, \$1,192 \$1,691 consisted of work in progress not yet placed in service for internal use software development costs. Depreciation of internal use software development costs was \$418 \$1,878 and \$65 \$418 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

During 2021, primarily in connection with the sublease of its former corporate office space located in Costa Mesa, California, the Company wrote-off approximately \$3,852 in The Company's property and equipment, net, are primarily located in the U.S. Property in

the UK makes up 17% of total property and leasehold improvements equipment, net as of December 31, 2023. No other country accounted for more than 10% of total property and recorded a equipment, net loss on disposal as of \$1,894. December 2022.

Accounts Payable

Accounts payable consisted of the following:

	As of		As of	
	December 31,		December 31,	
	2022	2021	2023	2022
Accounts payable — Managed Services ⁽¹⁾	\$ 17,972	\$ 23,613	\$ 11,797	\$ 17,972
Accounts payable — Other	18,766	23,098	20,959	18,766
Total	\$ 36,738	\$ 46,711		
Accounts payable			\$ 32,756	\$ 36,738

⁽¹⁾ Accounts payable – Managed Services reflects the amounts due to media vendors for advertisements placed on behalf of the Company's advertising clients.

Other Accrued Liabilities

Other accrued liabilities consisted of the following:

	As of			
	December 31,		December 31,	
	2023	2022	2023	2022
Accrued compensation	\$ 4,615	\$ 4,882		
Taxes payable	5,425	4,774		
Current portion of operating lease liabilities	2,348	2,112		
Accrued trade payables	13,749	14,724		
Other	958	920		
Other accrued liabilities	\$ 27,095	\$ 27,412		

Contract Liabilities

Our contract liabilities consist of deferred revenue. Deferred revenue represents billings under non-cancelable contracts before the related product or service is transferred to the customer. The portion of deferred revenue that is anticipated to be recognized as revenue

during the succeeding twelve-month period is recorded as deferred revenue within the Company's consolidated balance sheets.

Deferred revenue was comprised of the following:

	Year Ended December 31,
	2023
Deferred revenue additions from acquisition	\$ 10,002
Less: revenue recognized	8,166
Additions to deferred revenue	8,436
Ending balance of deferred revenue	<u><u>\$ 10,272</u></u>

Consolidated Statements of Operations and Comprehensive Loss Details

Revenue

Revenue for the periods presented were comprised of the following:

	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
Commercial Enterprise	\$ 145,899	\$ 111,274	\$ 121,569	\$ 145,899
Government & Regulated Entities	3,829	4,031		
Government & Regulated Industries			5,991	3,829
Total revenue	<u><u>\$ 149,728</u></u>	<u><u>\$ 115,305</u></u>	<u><u>\$ 127,560</u></u>	<u><u>\$ 149,728</u></u>

In the third quarter of fiscal year 2021, the Company realigned its organization to improve focus and growth into serves two customer groups: (1) Commercial Enterprise, which today consists of customers in the commercial sector, including media and entertainment customers, advertising customers, content licensing customers and PandoLogic customers; Veritone Hire solutions customers (inclusive of Broadbean customers); and (2) Government & Regulated Industries, which today consists of customers in the government and regulated industries sectors, including state, local and federal government, legal, compliance and energy compliance customers.

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Software Products & Services consists of revenue generated from the Company's aiWARE platform and PandoLogic's Veritone Hire solutions' talent acquisition solutions (inclusive of Broadbean), any related support and maintenance services, and any related professional services associated with the deployment and/or implementation of such solutions.

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

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

	Year Ended December 31, 2022			Year Ended December 31, 2023			Year Ended December 31, 2022		
	Government & Commercial Regulated Enterprise			Government & Commercial Regulated Enterprise			Government & Commercial Regulated Enterprise		
	Commerce	Regulated	Total	Commercial	Regulated	Total	Commercial	Regulated	Total
	Enterprise	Industries	Total	Enterprise	Industries	Total	Enterprise	Industries	Total
	Total Software Products & Services ⁽¹⁾	80,7	84,5						
	\$ 49	\$ 3,829	\$ 78						
Total Software Products & Services				\$ 62,410	\$ 5,991	\$ 68,401	\$ 80,749	\$ 3,829	\$ 84,578
Managed Services									
Advertising	44,6	44,6		38,821	—	38,821	44,665	—	44,665
Licensing	65	—	65						
	20,4	20,4							
	85	—	85	20,338	—	20,338	20,485	—	20,485
Total Managed Services	65,1	65,1		59,159	—	59,159	65,150	—	65,150
Total Revenue	145,	149,							
	\$ 899	\$ 3,829	\$ 728	\$ 121,569	\$ 5,991	\$ 127,560	\$ 145,899	\$ 3,829	\$ 149,728

In the year ended December 31, 2022, substantially all of our revenue was derived from customers located in the U.S. With the June 2023 acquisition of Broadbean, we expanded our customer base throughout Europe and Asia Pacific. In 2023,

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	Year Ended December 31, 2021				
	Government &				
	Commercial		Regulated		
	Enterprise	Industries	Enterprise	Industries	Total
	Total Software Products & Services ⁽¹⁾				
	\$ 55,484	\$ 4,031	\$ 55,484	\$ 4,031	\$ 59,515

Managed Services			
Advertising	40,800	—	40,800
Licensing	14,990	—	14,990
Total Managed Services	55,790	—	55,790
Total Revenue	\$ 111,274	\$ 4,031	\$ 115,305

% of our consolidated revenue was from customers outside of the U.S., as compared to less than 10% in 2022.

Other Income (Expense), Net

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

	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
Interest expense, net	\$ (4,862)	\$ (538)	\$ (2,447)	\$ (4,862)
Gain on debt extinguishment	\$ 19,097	—		
Gain on sale of energy group			2,572	—
Other	512	(62)	515	512
Other income (expense), net	\$ 14,747	\$ (600)	\$ 640	\$ (4,350)

NOTE 9. LEASES, COMMITMENTS AND CONTINGENCIES

Leases

Adoption of the New Lease Accounting Standard

On January 1, 2022, the Company adopted ASU No. 2016-02, Leases (Topic 842), using the modified retrospective transition method applied at the adoption date of the standard. Results for reporting periods beginning after January 1, 2022 are presented under the new leasing standard, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting. The Company has elected to utilize the package of practical expedients at the time of adoption, which allows the Company to (1) not reassess whether any expired or existing contracts are or

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contain leases, (2) not reassess the lease classification of any expired or existing leases, and (3) not reassess initial direct costs for any existing leases. The Company also has elected to utilize the short-term lease recognition exemption and, for those leases that qualified, the Company did not recognize right-of-use ("ROU") assets or lease liabilities.

As a result of adoption, the Company recorded ROU assets related to office facility leases which are recognized on the consolidated balance sheet within "other assets" and the associated lease liabilities are recognized on the consolidated balance sheet within "other accrued liabilities" and "other non-current liabilities." The present value of the Company's remaining lease payments, which comprise the lease liabilities, was estimated using the incremental borrowing rate as of the adoption date.

The cumulative effects of the changes made to the Company's January 1, 2022 consolidated balance sheet were as follows:

	December 31, 2021	Adjustments Due to Adoption of New Leasing Standard	January 1, 2022
Assets			
Prepaid expenses and other current assets	\$ 12,117	\$ 71	\$ 12,188
Other assets	954	1,983	2,937
Liabilities			
Other accrued liabilities	\$ 27,093	\$ 1,675	\$ 28,768
Other non-current liabilities	13,891	1,057	14,948
Stockholders' Equity			
Accumulated deficit	\$ (345,037)	\$ (677)	\$ (345,714)

New Lease Accounting Policies

The Company determines if an arrangement is a lease at inception and determine the classification of the lease, as either operating or finance, at commencement. The Company has various operating leases for its offices. These existing leases have remaining lease terms ranging from 1 to 5 years. Certain lease agreements contain options to renew, with renewal terms that generally extend the lease terms by 1 to 5 years for each option. The Company determined that none of its current leases are reasonably certain to renew. For short-term leases with expected terms of less than 1 year, the Company does not recognize ROU assets or lease liabilities. The Company does not have any finance leases.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the rate implicit in the Company's leases is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. The Company estimates the incremental borrowing rate to reflect the profile of secured borrowing over the expected term of the leases based on the information available at the later of the initial date of adoption or the lease commencement date.

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The operating lease ROU asset also includes any lease payments made and excludes lease incentives received at or before lease commencement. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Sublease rental income is recognized as a reduction to the related lease expense on a straight-line basis over the sublease term.

Lease Costs

As of December 31, 2022, December 31, 2023 and 2022, on its consolidated balance sheet, the Company has had right-of-use assets of \$1,669 and \$1,755 recorded within other assets, the current portion of operating lease liabilities of \$2,348 and \$2,112 recorded within other accrued liabilities, and the non-current portion of operating lease liabilities of \$308 and \$1,510 recorded within other non-current liabilities, respectively.

The Company made cash payments for its operating leases of \$2,694 and \$2,692 for the years ended December 31, 2022, December 31, 2023 and 2022, respectively, all of which were included in cash flows from operating activities within the consolidated statements of cash flows. The

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Company's operating leases have a weighted average remaining lease term of 1.91.2 years and weighted average discount rate of 7.86.8%.

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 year ended December 31, 2021, the Company recorded approximately \$3,367 in charges resulting from the Sublease, consisting of \$1,894 loss on disposal of property and equipment and leasehold improvements, \$1,211 loss on sublease, and \$262 in initial direct costs.

The total rent expense for all operating leases was \$2,277 and \$2,495 for the years ended December 31, 2022, December 31, 2023 and 2022, respectively, with short-term leases making up an immaterial portion of such expenses. For its sublease, the Company recorded sublease income of \$1,108 for each of the years ended December 31, 2022, December 31, 2023 and 2022, respectively.

Lease Commitments

Future undiscounted lease payments for the Company's operating lease liabilities, a reconciliation of these payments to its operating lease liabilities, and related sublease income at December 31, 2022 December 31, 2023 are as follows:

Years ended December 31,		
2023	\$	2,263
2024		1,814
2025		2
Total future minimum lease payments, including short-term leases		4,079
Less: future minimum lease payments for short-term leases		(158)
Less: imputed interest		(299)

Present value of future minimum lease payments, excluding short-term leases	\$	3,622
Less: current portion of operating lease liabilities		(2,112)
Non-current portion of operating lease liabilities		1,510
Years ended December 31,		
2023	\$	1,297
2024		1,034
Total sublease income	\$	2,331

As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 under the previous lease accounting standard, future minimum lease payments at December 31, 2021, on an undiscounted basis, were as follows:

2022	\$	2,532
2023		2,091
2024		1,730
Total minimum payments	\$	6,353

Years ended December 31,		
2024	\$	2,597
2025		328
Total future minimum lease payments, including short-term leases		2,925
Less: future minimum lease payments for short-term leases		(42)
Less: imputed interest		(227)
Present value of future minimum lease payments, excluding short-term leases	\$	2,656
Less: current portion of operating lease liabilities		(2,348)
Non-current portion of operating lease liabilities		308
Year ended December 31,		
2024	\$	1,241
Total sublease income	\$	1,241

As of December 31, 2021, minimum sublease rental income to be received in the future under noncancelable subleases was approximately \$3,402 and the total rent expense for all operating leases was \$4,668 for the year ended December 31, 2021.

Purchase Consideration

In connection with its the March 2022 acquisition, Acquisition, the Company committed to make purchase consideration payments of \$1,500 within ten days of the first anniversary of the closing date of the acquisition and an additional \$1,500 within ten days

of the second anniversary of the closing date of the acquisition. The first payment of \$1,500 was made during the year ended December 31, 2023. In connection with its the VocaliD acquisition, the Company committed to make purchase consideration payments of \$1,000 on

the first anniversary of the closing date of the acquisition and an additional \$1,000 on the 18-month anniversary of the closing date of the acquisition. The first payment of \$1,000 was made during the year ended December 31, 2023. In connection with its the VSL acquisition, the Company committed to make a purchase consideration payment of \$300 on the 18-month anniversary of the closing date of the acquisition. Refer to Note 3 for further details. Purchase consideration is included in contingent consideration current and contingent consideration non-current on the Company's consolidated balance sheets.

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

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management's opinion, individually or in the aggregate, would have a material adverse effect on the Company's results of operations, financial position or cash flows.

NOTE 10. STOCKHOLDERS' EQUITY

Common Stock Issuances

During the years ended December 31, 2022 December 31, 2023 and 2021, the Company issued an aggregate of 1,382,091 953,306 shares and 1,176,984 1,382,091 shares of its common stock, respectively, in connection with the exercise of stock options, issuance of stock awards and vesting of restricted stock units under its stock incentive plans and purchases under its Employee Stock Purchase Plan (the "ESPP").

During the year ended December 31, 2022, December 31, 2023 and 2022, the Company withheld issued a total of 502,005 135,800 and 352,330 shares of its common stock, for employees taxes, respectively, in connection with the contingent consideration arrangement related to the acquisition of PandoLogic.

During the year ended December 31, 2022, the Company issued a total of 116,550 shares of its common stock in connection with its March 2022 acquisition. During the year ended December 31, 2022, the Company issued a total of 352,330 shares of its common stock in connection with the contingent consideration arrangement related to the acquisition of PandoLogic.

During the year ended December 31, 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 23,050 shares of its common stock upon exercises of warrants to purchase an aggregate of 26,000 shares of its common stock, which were effected on a net exercise basis without cash payment of the exercise price.

During the year ended December 31, 2021, the Company issued an aggregate of 15,828 shares of its common stock for services provided to the Company. The Company valued these stock issuances based on the closing price of its common stock on the issuance

date and recorded the expense of \$369 in general and administrative expenses in the Company's consolidated statement of operations and comprehensive loss for the year ended December 31, 2021.

Common Stock Warrants

The table below summarizes the warrants outstanding at December 31, 2022:

Issuance Date	Life in Years	Exercise		Number of Shares of Common Stock
		Price		
Various dates in 2017	10	\$ 13.61		145,945
April 2018	5	\$ 11.73		20,000
April 2020 Performance Warrant	3.7	\$ 3.01		330,667
				<u>496,612</u>

The table below summarizes the warrants outstanding at December 31, 2021:

Issuance Date	Life in Years	Exercise		Number of Shares of Common Stock
		Price		
Various dates in 2017	10	\$ 13.61		145,945
April 2018	5	\$ 11.73		20,000
April 2020 Performance Warrant	3.7	\$ 3.01		330,667
				<u>496,612</u>

NOTE 11. STOCK PLANS

2014 Stock Incentive Plan

In 2014, the Company's Board of Directors and stockholders approved and adopted the 2014 Stock Option/Stock Issuance Plan (the "2014 Plan"), which was amended in March 2015, October 2016 and April 2017. Under the 2014 Plan, incentive stock options, nonstatutory stock options, restricted stock and restricted stock units may be granted to eligible employees, directors and consultants. The Company's Board of Directors resolved not to make any further awards under the 2014 Plan following the completion of the Company's IPO. The 2014 Plan will continue to govern all outstanding awards granted thereunder.

2017 Stock Incentive Plan

In April 2017, the Company's Board of Directors and stockholders approved and adopted the 2017 Stock Incentive Plan (the "2017 Plan"), which became effective on May 11, 2017. Under the 2017 Plan, incentive stock options, nonstatutory stock options, stock appreciation rights, stock awards and restricted stock units may be granted to employees, non-employee directors, consultants and advisors. Awards granted The Board resolved not to make any further awards under the 2017 Plan may be subject to time-based and/or performance-based vesting conditions. The Company had initially reserved 2,000,000 shares of its common stock for issuance under following the 2017 Plan. The share reserve increases automatically on the first trading day of January each calendar year by an amount equal to 3% adoption of the total number of shares of common stock Company's 2023 Plan (as defined below) by the Company's

stockholders in June 2023. The 2017 Plan will continue to govern all outstanding on the last trading day in December of the immediately preceding calendar year, up to an annual maximum of 750,000 shares. As of December 31, 2022, an aggregate of 334,259 shares of common stock were available for future grant under the 2017 Plan. awards granted thereunder.

2018 Performance-Based Stock Incentive Plan

In June 2018, the Company's stockholders approved the Company's 2018 Performance-Based Stock Incentive Plan (the "2018 Plan"), and approved grants under the 2018 Plan of nonstatutory stock options, having performance-based vesting conditions tied to the future achievement of stock price milestones by the Company (each, a "Performance Option"), to the Company's Chief Executive Officer for 1,809,900 shares (the "CEO Award") and to the Company's President for 1,357,425 shares (the "President Award"). In May 2018, the CEO Award and the President Award had been approved by a special committee of the Board of Directors of the Company (the "Special Committee"), and the 2018 Plan had been approved by the Company's Board of Directors, subject to stockholder approval.

The 2018 Plan allows the Company to grant Performance Options to its executive officers and other employees as an incentive for them to remain in service with the Company and to further align their interests with the interests of the Company's stockholders. A total of 4,200,000 shares of the Company's common stock have been authorized for issuance under the 2018 Plan.

As of December 31, 2022 December 31, 2023, 17,012 83,309 shares of common stock were available for future grant under the 2018 Plan.

Inducement Grant Plan

In October 2020, the Company's Board of Directors (the "Board") adopted the Company's Inducement Grant Plan (the "Inducement Grant Plan"). Under the Inducement Grant Plan, nonstatutory stock options, stock appreciation rights, stock awards, restricted stock units and dividend equivalent rights may be granted as an inducement material for eligible persons to enter into employment with the Company in accordance with NASDAQ Marketplace Rule 5635(c)(4) and the related guidance under NASDAQ IM 5635-1, and any amendments or supplements thereto. The Company has initially reserved

750,000 shares of common stock for issuance under the Inducement Grant Plan. As of December 31, 2022 December 31, 2023, an aggregate of 56,333 308,737 shares of common stock were available for future grant under the Inducement Grant Plan.

2023 Equity Incentive Plan

The Company's 2023 Equity Incentive Plan (the "2023 Plan") was approved by our Board in March 2023 and by our stockholders in June 2023 at our annual meeting. The 2023 Plan became effective immediately following the close of business on June 8, 2023 (the "2023 Plan Effective Time"). Under the 2023 Plan, the Compensation Committee or our Board has authority to grant incentive stock options to our employees and employees of certain subsidiaries, and to grant nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance stock awards, performance cash awards, and other forms of stock awards to our employees, directors and consultants and the employees and consultants of our affiliates.

Under the 2023 Plan, the Company may grant up to 2,500,000 shares of our common stock plus the aggregate of (A) the number of shares of our common stock which were available for the grant of new awards under the 2014 Plan and 2017 Plan as of the 2023 Plan Effective Time, and (B) all Returning Shares (as defined below), if any, as they become available from time to time. "Returning Shares" means shares of our common stock subject to an outstanding award granted under the 2014 Plan or 2017 Plan and that, following the 2023 Plan Effective Time: (1) are not issued because such stock award or any portion thereof expires or otherwise terminates without all of the shares covered by such stock award having been issued; (2) are not issued because such stock award or any portion thereof is settled in cash; (3) are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such shares; (4) are withheld or reacquired to satisfy the exercise, strike or purchase price; or (5) are withheld or reacquired to satisfy a tax withholding obligation. The Board may suspend or terminate the 2023 Plan at any time. The aggregate maximum number of shares of our common stock that may be issued pursuant to the exercise of incentive stock options granted under the 2023 Plan is 2,000,000 shares. The authority to grant new incentive stock options under the 2023 Plan will terminate on March 30, 2033.

As of December 31, 2023, an aggregate of 2,446,451 shares of our common stock were available for future grant under the 2023 Plan.

Terms of Awards Under Stock Plans

The 2014 Plan, 2017 Plan, 2018 Plan, and Inducement Grant Plan and 2023 Plan are collectively referred to herein as the "Stock Plans." The Stock Plans are administered by the Compensation Committee of the Board of Directors, which determines the recipients and the terms of the awards granted (with the exception of the CEO Award and President Award, which were approved by the Special Committee). All stock options granted under the Stock Plans have exercise prices equal to or greater than the fair market value of the Company's common stock on the grant date, and expire ten years after the grant date, subject to earlier expiration in the event of termination of the optionee's continuous service with the Company as further described in each Stock Plan. The vesting of all awards granted under the Stock Plans is generally subject to the awardee's continuous service with the Company, with certain exceptions, as further described in each Stock Plan.

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The Company has granted to employees, non-employee directors and consultants awards of stock options, restricted stock and restricted stock units that are subject to time-based vesting conditions. The time-based stock options that have been granted to employees and consultants generally vest over a period of four years (with the exception of certain stock options granted to the Company's Chief Executive Officer and President in 2017, which vested over a period of three years, and certain other limited exceptions). Restricted stock units that have been awarded to employees generally vest, in some cases, over periods of one to two four years. The restricted stock units awarded to members of the Company's Board of Directors under the automatic grant program provisions of the 2017 2023 Plan generally vest over a period of one year.

The Company has also granted Performance Options under the 2018 Plan, the 2017 Plan and the Inducement Grant Plan. All such Performance Options become exercisable in three equal tranches based on the achievement of specific stock price milestones for the Company's common stock. These stock price milestones were amended in August 2020 with respect to substantially all of the Performance Options outstanding at such time, as discussed below. For each tranche to become exercisable, the closing price per share of the Company's common stock must meet or exceed the applicable stock price target for a period of 30 consecutive trading days. In the first quarter of 2021, the Company achieved all of the stock price milestones and, accordingly, substantially all of the then-outstanding Performance Options have vested in full.

In addition, the Company has granted Performance Stock Units under the 2023 Plan to the Chief Executive Officer and the Chief Financial Officer. All such Performance Stock Units become eligible to vest upon the achievement of certain revenue and non-GAAP net income targets for 2023. The Company failed to achieve either of the financial targets for 2023 and, accordingly, all of the Performance Stock Units granted under the 2023 Plan in 2023 were forfeited.

Stock-based Compensation

The Company recognizes stock-based compensation expense for awards granted under the Stock Plans ratably over the requisite service period. For awards subject to time-based vesting conditions, the service period is generally the vesting period. For Performance Options, a derived service period is estimated for each tranche under the Monte Carlo simulation model. The Company also recognizes stock-based compensation expense related to the Company's ESPP ratably over each purchase interval.

The Company has also issued shares of common stock to consultants in exchange for services under separate agreements outside of the Stock Plans. These share-based payment transactions are measured based on the fair value of the common stock issued and are recognized in the period in which the services are rendered.

The fair values of time-based stock options granted under the Stock Plans and purchase rights under the ESPP are determined as of the grant date 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 years ended December 31, 2022 December 31, 2023 and 2021: 2022:

	Year ended		Year Ended
	December 31, 2022	December 31, 2021	
Expected term (in years)	5.5 - 6.8	5.5 - 6.1	
Expected volatility	82% - 92%	80% - 83%	
Risk-free interest rate	1.7% - 3.7%	0.6% - 1.4%	
Expected dividend yield	—	—	

	Year Ended	
	December 31,	
Expected term (in years)	2023	2022
Expected volatility	91% - 100%	82% - 92%
Risk-free interest rate	3.6% - 4.1%	1.7% - 3.5%
Expected dividend yield	—	—

The assumptions used in calculating the fair values of purchase rights granted under the ESPP during the years ended December 31, 2022 December 31, 2023 and 2021 2022 are set forth in the table below:

	Year ended	Year Ended
	December 31, 2022	December 31, 2021
Expected term (in years)	0.5 - 2.0	0.5 - 2.0
Expected volatility	67% - 119%	67% - 119%
Risk-free interest rate	0.1% - 3.0%	0.1%
Expected dividend yield	—	—
	Year Ended	
	December 31,	
	2023	2022
Expected term (in years)	0.5 - 2.0	0.5 - 2.0
Expected volatility	71% - 101%	67% - 119%
Risk-free interest rate	0.1% - 5.5%	0.1% - 3.0%
Expected dividend yield	—	—

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

	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
<i>Stock-based compensation expense by type of award:</i>				
Restricted stock units	\$ 13,044	\$ 19,088	\$ 5,653	\$ 13,044
Stock awards	—	19		
Performance-based stock options	—	16,315	667	—
Stock options	5,304	3,720	3,609	5,304
Employee stock purchase plan	728	423	897	728
Common stock issued for services	39	500	—	39
Total stock-based compensation expense	<u>\$ 19,115</u>	<u>\$ 40,065</u>	<u>\$ 10,826</u>	<u>\$ 19,115</u>
<i>Stock-based compensation expense by operating expense grouping:</i>				
Cost of revenue	\$ 116	\$ 116	\$ 52	\$ 116
Sales and marketing	2,263	1,716	1,301	2,263

Research and development	5,056	3,217	4,445	5,056
General and administrative	11,680	35,016	5,028	11,680
Total stock-based compensation expense	19,115	40,065	\$ 10,826	\$ 19,115

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Stock-based compensation capitalized for internal-use internal use software was \$258,413 and \$7,258 for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Equity Award Activity Under Stock Plan Activity Plans

Performance Stock Units

On January 4, 2023, the Company entered into a consulting agreement (the "Steel Holdings Consulting Agreement") with Steel Holdings, LLC, an affiliate of Chad Steelberg, our former Chief Executive Officer and former Chairman of the Board, as further described in Note 13. In connection with the Steel Holdings Consulting Agreement, on January 11, 2023, the Compensation Committee of the Board (the "Compensation Committee") approved a grant of 118,460 performance stock units (the "Steel Holdings Consulting PSUs") that vest upon the achievement of certain performance milestones. The Steel Holdings Consulting PSUs will expire 6 months after the Steel Holdings Consulting Agreement terminates.

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

The Company's performance stock unit activity for the year ended December 31, 2023 was as follows:

	Shares	Weighted Average Grant Date Fair Value	
Unvested at December 31, 2022	—		N/A
Granted	288,862	\$ 5.88	

Vested		(59,229)	\$ 5.94
Unvested at December 31, 2023		229,633	\$ 5.86

Restricted Stock Units

The Company's restricted stock unit activity for the year ended December 31, 2022 December 31, 2023 was as follows:

	Weighted Average Grant		Weighted Average Grant	
	Shares	Date Fair Value	Shares	Date Fair Value
Unvested at December 31, 2021	886,461	\$ 32.56		
Unvested at December 31, 2022			1,048,834	\$ 15.28
Granted	768,964	\$ 13.13	1,823,074	\$ 3.94
Forfeited	(67,444)	\$ 24.86	(199,715)	\$ 18.91
Vested	(539,147)	\$ 36.16	(722,679)	\$ 14.56
Unvested at December 31, 2022	1,048,834	\$ 15.28		
Unvested at December 31, 2023			1,949,514	\$ 5.40

As of December 31, 2022 December 31, 2023, total unrecognized compensation cost related to restricted stock units was \$8,820 7,869, which is expected to be recognized over a weighted average period of 1.88 2.3 years. The weighted average grant date fair values per share of restricted stock units granted in the years ended December 31, 2022 December 31, 2023 and 2021 2022 were \$13.13 3.94 and \$33.33 13.13, respectively. The fair values of restricted stock units vested during the years ended December 31, 2022 December 31, 2023 and 2021 2022 totaled \$7,151 10,593 and \$18,886 7,151, respectively.

Performance Options

Performance-Based Stock Options

The activity during the year ended December 31, 2022 December 31, 2023 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			Weighted-Average		
	Remaining		Aggregate	Remaining		Aggregate
	Exercis	Contractu		Exercise	Contractual	Intrinsic
	e	al	Intrinsic			

	Options	Price	Term	Value	Options	Price	Term	Value
Outstanding at December 31, 2021	3,834,441	\$ 11.05						
Outstanding at December 31, 2022					3,762,679	\$ 11.15		
Exercised	(46,291)	\$ 5.64			(7,000)	\$ 6.11		
Expired	(25,471)	\$ 5.46			(84,369)	\$ 5.75		
Outstanding at December 31, 2022	3,762,679	\$ 11.15	5.51 years					
Exercisable at December 31, 2022	3,762,679	\$ 11.15	5.51 years					
Outstanding at December 31, 2023					3,671,310	\$ 11.29	6.5 years	\$ 0
Exercisable at December 31, 2023					3,671,310	\$ 11.29	6.5 years	\$ 0

The aggregate intrinsic value of the options exercised during the years ended December 31, 2022 December 31, 2023 and 2021 2022 was \$281 5 and \$8,288 281, respectively. No performance-based stock options were granted during the years ended December 31, 2022 December 31, 2023 and 2021 2022 and no performance-based stock options vested during the year ended December 31, 2022 December 31, 2023. During the year ended December 31, 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.

Stock Options

The activity during the year ended December 31, 2022 December 31, 2023 related to all other stock options was as follows:

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	Weighted-Average				Weighted-Average			
	Remaining		Aggregate		Remaining		Aggregate	
	Options	Price	Term	Intrinsic Value	Options	Price	Term	Intrinsic Value
Outstanding at December 31, 2021	5,508,608	\$ 15.10						
Outstanding at December 31, 2022					5,867,785	\$ 14.53		
Granted	721,717	\$ 11.01			288,893	\$ 5.02		

Exercised	(68,761)	\$ 5.35		(19,312)	\$ 4.99
Forfeited	(228,06	19.5			
	5)	\$ 8		(333,794)	\$ 17.60
Expired		15.3			
	(65,714)	\$ 1		(297,198)	\$ 15.27
Outstanding at December 31, 2022	5,867,7	14.5	5.76 yea		
	85	\$ 3	rs \$ 1,270		
Exercisable at December 31, 2022	4,604,4	14.1	4.88 yea		
	06	\$ 8	rs \$ 977		
Outstanding at December 31, 2023				5,506,374	\$ 13.81
Exercisable at December 31, 2023				4,782,721	\$ 14.05
					4.6 years \$ 27
					4.0 years \$ 27

The weighted average grant date fair value of stock options granted during the years ended December 31, 2022 December 31, 2023 and 2021 2022 was \$8.28 3.99 and \$18.64 8.28 per share, respectively. The aggregate intrinsic value of the stock options exercised during the years ended December 31, 2022 December 31, 2023 and 2021 2022 was \$329 12 and \$10,145 329, respectively. The total grant date fair value of stock options vested during the years ended December 31, 2022 December 31, 2023 and 2021 2022 was \$5,830 and \$5,939 and \$2,665, respectively. At December 31, 2022 December 31, 2023, total unrecognized compensation expense related to stock options was \$12,975 5,937 and is expected to be recognized over a weighted average period of 2.7 2.4 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

In April 2017, the Company's Board of Directors and stockholders approved and adopted the ESPP, which became effective on May 11, 2017. The ESPP is administered by the Compensation Committee of the Board of Directors and is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code. Under the ESPP, each offering period is generally 24 months with four, six-month purchase intervals, and new offering periods generally commence every six months, as determined by the Compensation Committee of the Board of Directors.

The purchase price for shares of the Company's common stock under the ESPP will be established by the plan administrator prior to the start of the offering period but will not be less than 85% of the lower of the fair market value of the Company's common stock on (i) the first day of the offering period and (ii) the purchase date. Each purchase right granted to an employee will provide an employee with the right to purchase up to 1,000 shares of common stock on each purchase date within the offering period, subject to an aggregate limit of 200,000 shares purchased under the ESPP on each purchase date, and subject to the purchase limitations in each calendar year under Section 423 of the Internal Revenue Code.

The Company had initially reserved 1,000,000 shares of its common stock for issuance under the ESPP. The share reserve increases automatically on the first trading day of January each calendar year by an amount equal to 1% of the total number of shares of common stock outstanding on the last trading day in December of the immediately preceding calendar year, up to an annual maximum of 250,000 shares.

The ESPP contains a reset provision, which provides that, if the Company's stock price on any purchase date under an offering period is less than the stock price on the start date of that offering period, then all employees participating in that offering period will be automatically transferred to the new offering period starting on the next business day following such purchase date, so long as the stock price on that start date is lower than the stock price on the start date of the offering period in which they are enrolled.

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Employee payroll deductions accrued under the ESPP as of December 31, 2022 December 31, 2023 and 2021 2022 totaled \$595,357 and \$282,595, respectively. During the years ended December 31, 2022 December 31, 2023 and 2021, 2022, a total of 130,538 190,697 shares and 135,636 130,538 shares of common stock were purchased under the Company's ESPP at a weighted average purchase price of \$5.19 5.05 and \$6.77 5.19, respectively.

NOTE 12. PROVISION FOR INCOME TAXES

The components of the Company's loss before the provision for income taxes consisted of the following:

	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
United States of America	\$ (18,309)	\$ (81,841)	\$ (32,298)	\$ (18,309)
Foreign	(4,939)	19,868	(29,375)	(4,939)
Total	\$ (23,248)	\$ (61,973)	\$ (61,673)	\$ (23,248)

The provision for income taxes consisted of the following for the years ended December 31, 2022 December 31, 2023 and 2021:2022:

	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
Current				
Federal	\$ 1,001	\$ 249	\$ (113)	\$ 1,001
State	384	99	537	384
Foreign	2,486	2,988	1,512	2,486
Total current provision	3,871	3,336	1,936	3,871

Deferred				
Federal	723	(10,549)	(7,441)	723
State	779	(6,197)	(1,161)	779
Foreign	(2,331)	(565)	(3,757)	(2,331)
Change in valuation allowance	(733)	16,674	7,375	(733)
Total deferred benefit	(1,562)	(637)	(4,984)	(1,562)
Total provision for income taxes	\$ 2,309	\$ 2,699	\$ (3,048)	\$ 2,309

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A reconciliation of the statutory U.S. federal income tax rate to the Company's effective tax rate for the years ended December 31, 2022 December 31, 2023 and 2021 2022 is as follows:

	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
Tax, computed at the federal statutory rate	21.00 %	21.00 %	21.00 %	21.00 %
State taxes, net of federal tax benefit	0.75	9.59	0.32	0.75
Impact of foreign operations	(32.93)	(3.60)	(6.90)	(32.93)
Research and development credits	5.74	1.57	3.75	5.74
Stock-based compensation	(13.57)	7.08	(2.15)	(13.57)
Earn-out revaluation	22.86	(4.95)		
Meals, entertainment and other	(0.49)	(8.01)		
Contingent consideration revaluation			(0.22)	22.86
Other			(0.96)	(0.49)
Change in valuation allowance	(13.29)	(27.04)	(9.90)	(13.29)
(Provision for) benefit from income taxes	(9.93)%	(4.36)%	4.94%	(9.93)%

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The significant components of the Company's deferred income tax assets and liabilities as of December 31, 2022 December 31, 2023 and 2021 2022 were as follows:

	Year Ended
	December 31,

	2023	2022
Net operating loss carryforwards	\$ 49,757	\$ 44,512
Stock-based compensation	20,026	19,722
Accrued expenses	410	289
Capital loss Carryforward	5,341	-
Capitalized research and development	13,915	10,318
Lease liability	437	884
Research credits	8,791	6,617
Other	1,680	1,246
Total gross deferred tax assets	<u>100,357</u>	<u>83,588</u>
Valuation allowance	(93,768)	(81,051)
Total deferred tax assets ⁽¹⁾	<u>6,589</u>	<u>2,537</u>
Right of use assets	(179)	(408)
Unremitted foreign earnings	-	(1,012)
Other	(483)	(166)
fixed assets	(834)	(269)
Intangible assets and goodwill	<u>(14,597)</u>	<u>(11,331)</u>
Total deferred tax liabilities	<u>(16,093)</u>	<u>(13,186)</u>
Net deferred tax liabilities	<u>\$ (9,504)</u>	<u>\$ (10,649)</u>

(1) \$1,050 of deferred tax assets related to research costs at December 31, 2022 were reclassified to conform to the current year presentation.

	Year Ended	
	December 31,	
	2022	2021
Net operating loss carryforwards	\$ 44,512	\$ 55,385
Stock-based compensation	19,722	21,003
Accrued expenses	289	1,146
Capitalized research and development	9,268	—
Lease liability	884	—
Research credits	6,617	4,632
Other	1,246	669
Total gross deferred tax assets	<u>82,538</u>	<u>82,835</u>
Valuation allowance	(81,051)	(81,784)
Total deferred tax assets	<u>1,487</u>	<u>1,051</u>
Right of use assets	(408)	—
Unremitted foreign earnings	(1,012)	—
Other	(166)	—

Other - fixed assets and intangibles	(269)	(589)
Acquired intangibles	(10,281)	(12,180)
Total deferred tax liabilities	(12,136)	(12,769)
Net deferred tax liabilities	\$ (10,649)	\$ (11,718)

The Company has evaluated the available positive and negative evidence supporting the realization of its gross deferred tax assets, including its cumulative losses, and the amount and timing of future taxable income, and has determined it is more likely than not that **certain** historical U.S. federal and state deferred tax assets will not be realized. Accordingly, the Company recorded a valuation allowance as of **December 31, 2022** **December 31, 2023** and **2021** **2022** against these deferred tax assets.

The change in the valuation allowance for the years ended **December 31, 2022** **December 31, 2023** and **2021** **2022** is as follows:

	Year Ended	
	December 31,	
	2023	2022
Valuation allowance, at beginning of year	\$ 81,051	\$ 81,784
Increase in valuation allowance from Broadbean acquisition	5,204	-
Increase (decrease) recognized in other comprehensive income (loss)	138	-
Increase (decrease) recognized in tax provision	7,375	(733)
Valuation allowance, at end of year	\$ 93,768	\$ 81,051

	Year Ended	
	December 31,	
	2022	2021
Valuation allowance, at beginning of year	\$ 81,784	\$ 65,110
Increase in valuation allowance	(733)	16,674
Valuation allowance, at end of year	\$ 81,051	\$ 81,784

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As of December 31, 2023, the Company continues to provide a valuation allowance against federal and state deferred tax assets that are not expected to be realizable. The Company continues to evaluate the realizability of deferred tax assets and the related valuation allowance. If the Company's assessment of the deferred tax assets or the corresponding valuation allowance were to change, the Company would record the related adjustment to income during the period in which the determination is made. The tax benefit for the year ended December 31, 2023 includes a \$225 tax benefit relating to a change to beginning of the year valuation allowance. With the acquisition of Broadbean, the Company acquired deferred tax liabilities that provide a source of taxable income that allows for the release of valuation allowance related to the Company's deferred tax assets.

As a result of the Broadbean acquisition, the Company expects to be subject to taxation in France and Australia, in addition to already being subject to taxation in the United States, Israel, and the United Kingdom. The United States, Israel, and the United Kingdom comprise the majority of the Company's operations. In general, the U.S. federal statute of limitations is three years. However, the Internal Revenue Service may still adjust a tax loss or credit carryover in the year the tax loss or credit carryover is utilized. As such, the Company's U.S. federal tax returns and state tax returns are open for examination since inception. The Israeli statute of limitations period is generally four years commencing at the end of the year in which the return was filed. The UK statute of limitations period is typically twelve months following the date on which the return is filed. The Company is not currently under examination from income tax authorities in the jurisdictions in which the Company does business.

As of December 31, 2022 December 31, 2023, the Company has federal and state income tax net operating loss carryforwards of approximately \$172,866 181,155 and \$122,346 127,005, respectively. The U.S. federal and state net operating losses are projected to expire beginning in 2034 2036 and 2030 2028, respectively, unless previously utilized. Net federal operating loss carryforwards generated after January 1, 2018 may be carried forward indefinitely, subject to the 80% taxable income limitation on the utilization of the carryforwards. In addition, the Company had federal and state research and development credit carryforwards of approximately \$5,306 7,357 and \$3,573 4,415, respectively, as of December 31, 2022 December 31, 2023. The federal research and development credit will begin to expire in 2036 if unused and the state research and expenditure credit may be carried forward indefinitely. Utilization of the Company's U.S. net operating loss and tax credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations set forth in Internal Revenue Code Section 382 and similar state provisions. Such an annual limitation could result in the expiration of the net operating loss and tax credit carryforwards before utilization utilization. As of December 31, 2023, the Company has foreign net loss carryforwards of \$24,961 which can be carried forward indefinitely.

In connection with the Company's acquisition of PandoLogic in September 2021, the Company recorded a net deferred tax liability primarily related to acquired non-goodwill intangible fair value in excess of tax basis. No valuation allowance is recorded against acquired PandoLogic Israel's Israel's deferred tax assets as it is more likely than not they will be utilized to offset future taxable income.

In August 2021, PandoLogic obtained the approval for the Israeli Preferred Technology Enterprise ("PTE") status which provides beneficial tax treatment for Israeli companies engaged in R&D activities that own the intellectual property rights. Under PTE status, the Company's Israeli tax rate is reduced from the 23% statutory rate to a 12% beneficial rate. This arrangement is scheduled to expire in December 2025 and is subject to certain conditions which we have complied with

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during 2022, 2023. The effect of this tax incentive arrangement increased our income tax provision, as compared to the statutory rate, by \$177 3,159 in 2022, 2023.

Prior to the September 2021 PandoLogic acquisition, PandoLogic received certain favorable tax treatment from the Israeli tax authorities predicated on PandoLogic's continued reinvestment of its earnings and profits back into Israel ("Pre-acquisition E&P"). Beyond fiscal year 2022 and in the event the Company declares a dividend and takes distributions on any of PandoLogic's Pre-acquisition E&P, a portion of those distributions would be subject to a 20% local tax on distribution and become payable in the period in which the distribution is made. The amount During the fourth quarter of E&P subject to 2023, the Company believes the facts and circumstances exist that the Israeli tax authorities could assert that the Company has triggered a deemed dividend. As such, the Company has accrued taxes of \$6,763. If the \$6,763 1,268 were fully distributed, as part of the total tax due on Pre-acquisition E&P would be \$1,353 and this amount will be recognized as an income tax expense provision in the financial statements in the period in which the company declares the dividends quarter ended December 31, 2023.

In accordance with the U.S. global intangible low-taxed income ("GILTI") provisions, we include in our U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. We account for the GILTI tax in the period in which it is incurred, and therefore have not provided any deferred tax impacts of GILTI in our consolidated financial statements.

As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had approximately \$1,650 6,873 and \$1,111 1,650, respectively, of unrecognized tax benefits netted against its deferred tax assets within other assets, none of which \$3.839 would impact the Company's effective tax rate if recognized due to the valuation allowance. If recognized, \$1,511 3,890 would result in a deferred tax asset for tax attribute carryforwards, out of which \$2,021 is expected to require a full valuation allowance based on present circumstances. The Company estimates that none of its unrecognized tax benefits will materially change

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within the next twelve months. Amounts accrued for interest and penalties related to uncertain tax positions were not material for any period presented.

A reconciliation of the unrecognized tax benefits from January 1, 2021 January 1, 2022 to December 31, 2022 December 31, 2023 is as follows:

	Year Ended		Year Ended	
	December 31,		December 31,	
	2022	2021	2023	2022
Unrecognized tax benefits as of January 1	\$ 1,111	\$ 720	\$ 1,650	\$ 1,111
Gross increase for tax positions of prior years	(2)	—		
Gross increase related to the acquisition of Broadbean			3,326	—
Gross increase for tax positions for prior year			125	—
Gross decrease for tax positions for prior year			—	(2)
Gross increase for tax positions of current year	541	391	1,772	541
Unrecognized tax benefits balance at December 31	<u>\$ 1,650</u>	<u>\$ 1,111</u>	<u>\$ 6,873</u>	<u>\$ 1,650</u>

The Company is subject to taxation in the United States, Israel, the United Kingdom, and various U.S. states. In general, the U.S. federal statute of limitations is three years. However, the Internal Revenue Service may still adjust a tax loss or credit carryover in the year the tax loss or credit carryover is utilized. As such, our U.S. federal tax returns and state tax returns are open for examination since inception. The Israeli statute of limitations period is generally three years commencing at the end of the year in which the return was filed. The Company is not currently under examination from income tax authorities in the jurisdictions in which the Company does business.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act ("IRA"), which, among others, implements a 15% corporate alternative minimum tax based on the adjusted financial statement income for certain large corporations and a 1% excise tax on net share repurchases. The minimum tax and excise tax, if applicable, are effective for fiscal years beginning after December 31, 2022. We do not expect the IRA to have a material impact on our financial position, results of operations or cash flows. We will continue

The main corporation tax rate for UK corporations increased from 19% to 25% for the financial year beginning April 1, 2023. The tax provision for the year ended December 31, 2023 is reflective of the change in tax rate.

NOTE 13. RELATED PARTY TRANSACTIONS

There were no related party transactions as of or during the years ended December 31, 2022 and 2021.

NOTE 14. SUBSEQUENT EVENTS

Effective December 31, 2022, Chad Steelberg resigned as Chief Executive Officer of the Company, and on January 1, 2023, the Board of Directors appointed Ryan Steelberg as President and Chief Executive Officer. Chad Steelberg will continue to provide services to the Company in his role as Chairman of the Board of Directors. In connection with these management transitions, the Company entered into new employment agreements with Ryan Steelberg and Michael L. Zemetra, the Company's Chief Financial Officer.

On January 4, 2023, the Company entered into a consulting agreement (the "Consulting Agreement") with Steel Holdings, LLC, effective as of January 1, 2023 (the "Steel Holdings Consulting Agreement"). Steel Holdings, LLC is an entity affiliated with Chad Steelberg. Pursuant to Steelberg, currently a director serving on the Company's Board of Directors, and formerly its Chairman of the Board and Chief Executive Officer. Under the Steel Holdings Consulting Agreement, the Company retained Chad Mr. Steelberg as a consultant to provide ongoing Chief Executive Officer transition services related to Ryan Steelberg's appointment as CEO and to manage and oversee the further development of our Company's aiWARE platform. During the year ended December 31, 2023, the Company recorded research and development expenses of \$662 for consulting fees and reimbursements for reasonable and documented expenses; \$951 for variable consultant performance bonus expense; and \$667 in stock-based compensation expense for the Steel Holdings Consulting PSUs.

94 There were no other material related party transactions during the year ended December 31, 2023.

On March 10, 2023 NOTE 14. SUBSEQUENT EVENTS

In January 2024, the Company entered into an amended and restated independent contractor services agreement with Steel Holdings, LLC (the "Amended Consulting Agreement"), Silicon Valley Bank ("SVB") was closed which supersedes and replaces the Steel Holdings Consulting Agreement. Pursuant to the Amended Consulting Agreement, Mr. Steelberg will provide technical advisory services related to the Company's software, software architecture and technology strategy as requested by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. The FDIC thereafter transferred all deposits and assets of SVB to Silicon Valley Bank, N.A. ("SVBNA"), a successor bank created by the FDIC in order to protect all depositors. On March 13, 2023 Company's Chief Executive Officer until December 31, 2025, the Company's termination date of the Amended Consulting Agreement. In consideration for such services, the Company will pay to Steel Holdings, LLC (i) \$1.0 million in cash deposits at SVBNA became available on July 1, 2024 and (ii) \$50,000 per month in cash for the period from January 2024 through December 2025. The Company immediately transferred will reimburse Steel Holdings, LLC for reasonable and documented

expenses incurred in connection with providing the majority services in accordance with the Company's standard travel and expense policies.

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

Ryan Steelberg, our Chief Executive Officer, was appointed Chairman of the Board, effective January 22, 2024, replacing Chad Steelberg who resigned as Chairman of the Board effective the same date. Chad Steelberg continues to other financial institutions and began the process serve as a member of fully liquidating and transferring its remaining deposits to other financial institutions. our Board.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Annual Report on Form 10-K. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives of ensuring that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to enable timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the rules and forms promulgated by the SEC. Our management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and there is no assurance that our disclosure controls and procedures will operate effectively under all circumstances. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2022 December 31, 2023, our disclosure controls and procedures were not effective at the reasonable assurance level due to the following material weaknesses in internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Management's Assessment of the Effectiveness of our Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system is designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based upon its assessment, our management believes that, as of December 31, 2022 December 31, 2023, our internal control over financial reporting was not effective due to the following material weakness weaknesses in internal control over financial reporting.

As discussed in Note 3 to our consolidated financial statements, we acquired Broadbean on June 13, 2023. As permitted by guidelines established by the SEC for newly acquired business, we excluded this acquisition from the scope of our annual report on internal controls over financial reporting for the fiscal year ended December 31, 2023. This acquisition contributed approximately \$85.0 million to our consolidated total assets as of December 31, 2023, and \$19.1 million to our consolidated revenues for the fiscal year ended December 31, 2023. We are in the process of integrating this business into our overall internal controls over financial reporting process and plan to include it in our scope for the fiscal year ended December 31, 2024.

Material Weaknesses in Internal Control over Financial Reporting

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

During Management has determined that the preparation of Company had the our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2022, management following material weaknesses in its internal control over financial reporting at December 31, 2023:

- Management identified a material weakness in internal control over financial reporting relating to the appropriate oversight consolidation process and sufficient review of financial statements specifically pertaining to the work performed by third-party specialists on our behalf Company's design of controls to determine proper accounting for certain foreign exchange transactions and the coordination of work being performed by more than one specialist. Such third-party specialists were used in the preparation of (i) our valuation of Contingent Consideration, (ii) our valuation of translation between Veritone, Inc. and certain identified intangible assets and (iii) our purchase price allocation pursuant to ASC 805, Business Combinations, in connection with the acquisition of PandoLogic Ltd. The foreign subsidiaries. This material weakness did not result in the restatement of unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2022 and immaterial identified material misstatements to the consolidated financial statements as of and for the year ended December 31, 2022. Additionally, statements. However, this material weakness could have resulted in a misstatement of certain accounting estimates or disclosures that would have resulted in a material misstatement of our to the Company's annual or interim condensed consolidated financial statements that would not have been prevented or detected and corrected on a timely basis.
- During the Management identified a material weakness in internal control over financial reporting relating to information technology controls ("ITGCs") in the areas of user access and change-management over certain of our Annual Report on Form 10-K for the fiscal year ended

information technology ("IT") systems that support the Company's our financial reporting processes. In addition, the Company's business process automated and manual controls that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted. These control deficiencies were a result of user access and change management processes over certain IT systems. Although this material weakness did not result in any identified misstatement in the financial statements and there were no changes to previously released financial results, this material weakness could have resulted in a material

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misstatement to the Company's our annual or interim consolidated financial statements that would not be prevented or detected and corrected on a timely basis.

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

Grant Thornton LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, which is included herein.

Remediation of Material Weaknesses in Internal Control Over Financial Reporting

In order to remediate the material weakness relating to appropriate oversight and sufficient review of the work performed by third-party specialists on our behalf and the coordination of work being performed by more than one specialist, management implemented financial reporting control changes to address the material weakness relating to the process for evaluating the qualifications of third-party specialists, defining the scope of work to be performed by such specialists and reviewing all estimates and other work product prepared by specialists in September 2022. Management has taken steps to enhance its evaluation of the qualifications of third-party specialists, more accurately define the scope of work to be performed by such specialists and improve the review process for all estimates and other work product prepared by such specialists, including a detailed review of all such specialists' work by our employees with the appropriate level of experience and knowledge to review the specialists' work for compliance with accounting standards. During the third and fourth quarters of 2022, we completed our testing of the operating effectiveness of the implemented controls and found them to be effective. As a result we have and in addition to these findings, management concluded that during the year ended December 31, 2023, the

Company did not maintain appropriately designed entity-level controls impacting the control environment and effective monitoring controls to prevent or detect material weakness has been remediated misstatements to the consolidated financial statements. Specifically, these deficiencies were attributed to (i) a lack of a sufficient number of qualified resources and oversight over the performance of control activities and (ii) insufficient risk assessment and monitoring activities as a result of December 31, 2022 untimely identification of internal control risks to properly design, test and assess the effectiveness of information technology general controls ("ITGCs").

In order to remediate the these material weakness relating to ITGCs, weaknesses, management is taking remediation actions including: (i) developing

- i. Developing and enhancing IT compliance oversight capabilities with specific focus over identification and execution of appropriate ITGCs; (ii) developing
- ii. Developing a training program addressing ITGCs and policies, including educating control owners concerning the principles requirements of each control, with a focus on those related to user access and change management over IT systems impacting financial reporting; (iii) developing
- iii. Developing and maintaining documentation of underlying ITGCs to promote knowledge transfer upon personnel and functional changes; and (iv) implementing
- iv. Implementing an IT management review and testing plan to monitor ITGCs with a specific focus on systems supporting financial reporting processes. processes;
- v. Implementing financial reporting control changes to address foreign currency and consolidation matters, evaluating the adequacy of resources surrounding its consolidation process and training individuals in the proper accounting treatment for foreign currency transactions and consolidation under US GAAP. This training was completed in the fourth quarter of 2023; and
- vi. Hiring additional staff to oversee the implementation and testing of these remediation actions.

To further remediate the existing material weaknesses identified herein, the management team, including the Chief Executive Officer and Chief Financial Officer, have reaffirmed and re-emphasized the importance of internal controls, control consciousness and a strong control environment. We are committed to maintaining a strong control environment and believe that these remediation efforts represent continued improvement in our control environment. We also expect to continue to review, optimize and enhance our financial reporting controls and procedures. A material weakness will not be considered remediated until the applicable remediated control operates for a sufficient period of time and management has concluded, through testing, that this enhanced control is operating effectively.

We are also evaluating remediation activities and plan to enhance the design and operating effectiveness of the controls around our internal control over financial reporting ("ICFR"). We have engaged an outside firm and hired additional resources to assist management with (i) reviewing our current processes, procedures, and systems to assess our ICFR to identify opportunities to enhance the design of controls to address relevant risks identified by management, and (ii) enhancing and implementing policies to retain sufficient documentary evidence of operating effectiveness of such controls.

While these actions taken and planned actions are subject to ongoing management evaluation and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles, we are committed to the continuous improvement of our internal control over financial reporting and will continue to review our internal control over financial reporting.

While we believe that these efforts will improve our internal control over financial reporting, the implementation of these procedures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. We cannot be certain that these measures will successfully remediate the material weaknesses or that other material weaknesses and control deficiencies will not be discovered in the future.

Changes in Internal Control over Financial Reporting

We During the quarter ended June 30, 2023, we completed the implementation acquisition of Broadbean. Prior to the acquisition, Broadbean was a privately-held company and was not subject to the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC, or other corporate governance requirements applicable to public reporting companies. As part of our new Enterprise Resource Planning ("ERP") system during 2022. Accordingly, ongoing integration activities, we have modified certain existing internal control processes relating are continuing to incorporate our controls and procedures into Broadbean and to augment our company-wide controls to reflect the implementation risks that may be inherent in acquisitions of the new ERP system. privately-held companies.

Other than our integration of Broadbean and the remediation efforts described discussed above, and the implementation of the new ERP system, there have been were no changes in our internal control over financial reporting as (as such term is defined in Rules 13a-15(f) and 15d-15(f) under of the Exchange Act Act) during the three months quarter ended December 31, 2022 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

Item 9B. Other Information.

None . None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

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PART III**Item 10. Directors, Executive Officers and Corporate Governance.**

We have adopted a written Code of Business Conduct and Ethics (the "Code of Conduct") which is applicable to our directors, officers and employees, including our principal executive officer, principal financial and accounting officer, or persons performing similar functions. A copy of the Code of Conduct is available on our website at investors.veritone.com. To the extent required by rules adopted by the SEC and Nasdaq, we intend to promptly disclose on our website or in a Current Report on Form 8-K future amendments to certain provisions of the Code of Conduct, or waivers to such provisions granted to [any](#) [our principal](#) executive officer, [principal financial](#) and [accounting officer](#), or [director](#), [persons performing similar functions](#).

The remaining information required by this item is incorporated herein by reference to our definitive proxy statement to be filed within 120 days of [December 31, 2022](#) [December 31, 2023](#) and delivered to stockholders in connection with our [2023](#) [2024](#) annual meeting of stockholders.

Item 11. Executive Compensation.

The information required by this item is incorporated herein by reference to our definitive proxy statement to be filed within 120 days of [December 31, 2022](#) [December 31, 2023](#) and delivered to stockholders in connection with our [2023](#) [2024](#) annual meeting of stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated herein by reference to our definitive proxy statement to be filed within 120 days of [December 31, 2022](#) [December 31, 2023](#) and delivered to stockholders in connection with our [2023](#) [2024](#) annual meeting of stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated herein by reference to our definitive proxy statement to be filed within 120 days of December 31, 2022 December 31, 2023 and delivered to stockholders in connection with our 2023 2024 annual meeting of stockholders.

Item 14. Principal Accountant Fees and Services.

The information required by this item is incorporated herein by reference to our definitive proxy statement to be filed within 120 days of December 31, 2022 December 31, 2023 and delivered to stockholders in connection with our 2023 2024 annual meeting of stockholders.

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements.

See the index of the consolidated financial statements that are filed as part of this Annual Report on Form 10-K included in Part II, Item 8 (Financial Statements and Supplementary Data).

(2) Financial Statement Schedules.

All financial statement schedules have been omitted because they are not applicable, not material, or the required information is included in the consolidated financial statements or the notes thereto.

(3) Exhibits.

The following exhibits are filed as part of this Annual Report on Form 10-K (or are incorporated by reference herein):

Exhibit	No.	Description of Exhibit
2.1		Agreement and Plan of Merger, dated as of July 21, 2021, by and among Veritone, Inc., Melisandra Ltd., PandoLogic Ltd. and Shareholder Representative Services, LLC, as the Securityholder Representative (incorporated by reference to Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed on August 5, 2021).
2.2		Amendment No. 1 to Agreement and Plan of Merger, dated as of September 6, 2022, by and between Veritone, Inc. and Shareholder Representative Services, LLC (incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed on September 12, 2022).

2.3^ [Securities and Asset Purchase Agreement, dated as of May 27, 2023, by and among Veritone, Inc., Veritone UK Ltd., CareerBuilder, LLC, CareerBuilder International Holding B.V. and CareerBuilder France Holding, LLC \(incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed May 31, 2023\).](#)

3.1 [Third Amended and Restated Certificate of Incorporation of the Registrant \(incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on May 23, 2017\).](#)

3.2 [Amended and Restated Bylaws of the Registrant \(incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on May 23, 2017\).](#)

4.1 [Specimen Stock Certificate evidencing the shares of the Registrant's common stock \(incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1/A \(No. 333-216726\) filed on April 28, 2017\).](#)

4.2 [Form of Indenture \(incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-3 \(File No. 333-225394\), filed on June 1, 2018\).](#)

4.3 [Description of Registrant's securities registered under Section 12 of the Exchange Act. \(incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K filed on March 16, 2023\).](#)

4.4 [Indenture, dated as of November 19, 2021, by and among Veritone, Inc. and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on November 22, 2021\).](#)

4.5 [Form of Warrant \(incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed December 14, 2023\).](#)

4.6 [Registration Rights Agreement, dated December 13, 2023, by and among Veritone, Inc. and the investors identified therein \(incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed December 14, 2023\).](#)

10.1* [Veritone, Inc. 2014 Stock Option/Stock Issuance Plan \(2014 Plan\) \(incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 \(No. 333-216726\) filed on March 15, 2017\).](#)

10.2* [Amendment to 2014 Plan dated April 27, 2017 \(incorporated by reference to Exhibit 10.33 to the Registrant's Registration Statement on Form S-1/A \(No. 333-216726\) filed on April 28, 2017\).](#)

No.	
10.3*	Form of Notice of Grant of Stock Option, together with Forms of Stock Option Agreement and Stock Purchase Agreement (for use with the 2014 Plan) (incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-1 (No. 333-216726) filed on March 15, 2017).
10.4*	Form of Stock Issuance Agreement (for use with the 2014 Plan with 83(b) election) (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-1 (No. 333-216726) filed on March 15, 2017).
10.5*	Form of Stock Issuance Agreement (annual vesting for use with 2014 Plan without 83(b) election) (incorporated by reference to Exhibit 10.15 to the Registrant's Registration Statement on Form S-1/A (No. 333-216726) filed on April 28, 2017).
10.6*	Form of Notice of Grant of Stock Option, together with Forms of Stock Option Agreement and Stock Purchase Agreement, relating to Time-Based Option granted to each of Chad Steelberg and Ryan Steelberg on May 11.

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Exhibit	No.	Description of Exhibit
		2017 May 11, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed on June 26, 2017).
10.7*		Form of Notice of Grant of Stock Option, together with Forms of Stock Option Agreement and Stock Purchase Agreement, relating to Performance-Based Option granted to each of Chad Steelberg and Ryan Steelberg on May 11, 2017 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed on June 26, 2017).
10.8*		Form of Change in Control (CIC) Addendum to Stock Option Agreement for use in connection with the grant of stock options to certain executive officers under the 2014 Plan (incorporated by reference to Exhibit 10.38 to the Registrant's Registration Statement on Form S-1 (No. 333-221570) filed on November 15, 2017).
10.9*		2017 Stock Incentive Plan (2017 Plan) (incorporated by reference to Exhibit 10.14 to the Registrant's Registration Statement on Form S-1/A (No. 333-216726) filed on April 28, 2017).
10.10*		Form of Notice of Grant of Stock Option, together with Forms of Stock Option Agreement and Stock Purchase Agreement, for use with the 2017 Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed on June 26, 2017).
10.11*		Forms of Notice of Grant of Stock Option and Stock Option Agreement for use in connection with grants of stock options to Chad Steelberg and Ryan Steelberg under 2017 Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed on May 8, 2018).

10.12* [Form of Change in Control \(CIC\) Addendum to Stock Option Agreement for use in connection with grants of stock options to certain executive officers under 2017 Plan \(incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed on May 8, 2018\).](#)

10.13* [Form of Restricted Stock Unit Agreement for use under the 2017 Plan \(incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed on May 8, 2018\).](#)

10.14* [Form of Restricted Stock Unit Agreement for use in connection with the award of restricted stock units to directors pursuant to the automatic grant program under the 2017 Plan \(incorporated by reference to Exhibit 99.5 to the Registrant's Registration Statement on Form S-8 \(No. 333-217990\) filed on May 12, 2017\).](#)

10.15* [Form of Restricted Stock Unit Agreement for use in connection with the award of restricted stock units to executive officers under the 2017 Plan \(incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 18, 2019\).](#)

10.16* [Form of Notice of Grant of Stock Option and Stock Option Agreement for use in connection with the grant of stock options with performance-based vesting conditions under the 2017 Plan \(incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 18, 2019\).](#)

10.17* [Veritone, Inc. 2018 Performance-Based Stock Incentive Plan \(2018 Plan\) \(incorporated by reference to Appendix A Exhibit 99.2 to the Registrant's Definitive Proxy Post-Effective Amendment to Registration Statement on Form S-8 \(No. 333-227477\) filed on June 1, 2018 June 21, 2023\).](#)

10.18* [Amendment No. 1 to Veritone, Inc. 2018 Performance-Based Stock Incentive Plan \(incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 1, 2020\).](#)

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Exhibit	No.	Description of Exhibit
10.19*		Amended and Restated CEO Award Agreement between the Registrant and Chad Steelberg dated effective as of August 27, 2020 (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 1, 2020).

10.20* [Amended and Restated President Award Agreement between the Registrant and Ryan Steelberg dated effective as of August 27, 2020 \(incorporated by reference to Exhibit 10.3 of to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 1, 2020\).](#)

10.21* [Form of Award Agreement to be used under the 2018 Plan \(incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on July 5, 2018\).](#)

10.22* [Veritone, Inc. Amended and Restated Inducement Grant Plan \(the Inducement Plan\) \(incorporated by reference to Exhibit 99.1 to 10.1 of the Registrant's Registration Statement Current Report on Form S-88-K filed with the Securities and Exchange Commission on October 7, 2020 March 30, 2023\).](#)

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Exhibit	No.	Description of Exhibit
10.23*		Form of Notice of Grant of Stock Option under the Inducement Plan (incorporated by reference to Exhibit 99.2 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on October 7, 2020).
10.24*		Form of Stock Option Agreement under the Inducement Plan (incorporated by reference to Exhibit 99.3 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on October 7, 2020).
10.25*		Form of Notice of Grant of Performance-Based Stock Option under the Inducement Plan (incorporated by reference to Exhibit 99.4 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on October 7, 2020).
10.26*		Form of Performance-Based Stock Option Agreement under the Inducement Plan (incorporated by reference to Exhibit 99.5 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on October 7, 2020).
10.27*		Form of Restricted Stock Unit Agreement under the Inducement Plan (incorporated by reference to Exhibit 99.6 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on October 7, 2020).
10.28*		Veritone, Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.32 to the Registrant's Registration Statement on Form S-1/A (No. 333-216726) filed on April 28, 2017).
10.29*		Form of Indemnification Agreement for directors and officers (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1/A (No. 333-216726) filed on April 28, 2017).
10.30		Form of Common Stock Purchase Warrant issued to Acacia and Veritone LOC, LLC (incorporated by reference to Exhibit 10.22 to the Registrant's Registration Statement on Form S-1/A (No. 333-216726) filed on April 21, 2017).

10.31 [Lease Agreement dated for reference purposes as of July 14, 2017, between the Registrant and PRII/MCC South Coast Property Owner, LLC, for premises located at 575 Anton Boulevard, Costa Mesa, California \(incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 filed on August 8, 2017\).](#)

10.32 [Office Sublease dated effective as of February 23, 2021, between the Registrant and California Pizza Kitchen, Inc. \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2021\).](#)

10.33 [Form of Capped Call Transactions Confirmation \(Incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K, filed November 22, 2021\).](#)

10.34 [Form of Voting and Support Agreement \(Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed on August 5, 2021\).](#)

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Exhibit No.	Description of Exhibit
10.35	Registration Rights Agreement, made and entered into as of September 14, 2021, by and between the Registrant and the shareholders named therein (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 filed on November 15, 2021).
10.36 †	Consulting Amended and Restated Independent Contractor Services Agreement, dated January 3, 2023 January 23, 2024, between Veritone, Inc. and Steel Holdings, LLC (incorporated by reference to Exhibit 10.1 10.2 of the Current Report on Form 8-K, filed January 6, 2023 January 23, 2024).
10.37 *	Employment Agreement, dated January 19, 2023, between Veritone, Inc. and Ryan Steelberg (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K, filed January 20, 2023).
10.38 *	Employment Agreement, dated January 19, 2023, between Veritone, Inc. and Michael L. Zemetra (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K, filed January 20, 2023).
10.39*	Veritone, Inc. 2023 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K, filed June 14, 2023).

10.40 [Ledgered ABL Agreement, dated August 8, 2023, between and among Veritone, Inc., Veritone One, Inc., Table Rock Management, LLC, Pandologic, Inc., Veritone Enterprises, LLC, Veritone Digital, Inc. d/b/a T3 Media and Alterna Capital Solutions, LLC \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed August 14, 2023\).](#)

10.41 [Commercial Guarantee, dated August 8, 2023, by Veritone Alpha, Inc., Performance Bridge Media, Inc., Machine Box, Inc., Veritone Politics, LLC, VocaliD, Inc. and Broadbean, Inc. \(incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed August 14, 2023\).](#)

10.42[^] [Credit and Guaranty Agreement, dated December 13, 2023, by and among Veritone, Inc., certain of its direct and indirect subsidiaries and the other parties thereto \(incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed December 14, 2023\).](#)

10.43[^] [Pledge and Security Agreement, dated December 13, 2023, by and among Veritone, Inc., certain of its direct and indirect subsidiaries and Wilmington Savings Fund Society, FSB as Collateral Agent \(incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed December 14, 2023\).](#)

21.1 [List of Subsidiaries.](#)

23.1 [Consent of Grant Thornton LLP.](#)

24.1 [Power of Attorney \(included on signature page\).](#)

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.](#)

97 [Incentive Compensation Recoupment Policy.](#)

101.INS [Inline XBRL Instance Document](#)

101.SCH [Inline XBRL Taxonomy Extension Schema Document](#)

101.CAL [Inline XBRL Taxonomy Extension Calculation With Embedded 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 Annual Report on Form 10-K for the year ended [December 31, 2021](#) [December 31, 2023](#), has been formatted in Inline XBRL.

- * Indicates a management contract or compensatory plan or arrangement.
- † The Company has omitted portions of the referenced exhibit pursuant to Item 601(b) of Regulation S-K because it (a) is not material and (b) is the type of information that the Company both customarily and actually treats as private and confidential.
- ^ The exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K under the Securities Act of 1933, as amended. The Company agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon request.

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Exhibit	No.	Description of Exhibit
+ The certifications furnished as Exhibit 32.1 accompany this Annual Report on Form 10-K pursuant to 18 U.S.C. Subsection 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed "filed" by the Registrant for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any of the Registrant's filings under the Securities Act, irrespective of any general incorporation language contained in any such filing..		

Item 16. Form 10-K Summary.

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Veritone, Inc.

Date: **March 16, 2023** **March 29, 2024** By:

/s/ Ryan Steelberg

Ryan Steelberg
President, **and** Chief Executive Officer **and** Chairman
of the Board
(*Principal Executive Officer*)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ryan Steelberg and Michael L. Zemetra, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Ryan Steelberg Ryan Steelberg	President, and Chief Executive Officer and Chairman of the Board (<i>Principal Executive Officer</i>)	March 16, 2023 29, 2024
	Executive Vice President, Chief Financial Officer and Treasurer	March 16, 2023 29, 2024
/s/ Michael L. Zemetra Michael L. Zemetra	(<i>Principal Financial and Accounting Officer</i>)	
/s/ Chad Steelberg Chad Steelberg	Chairman of the Board and Director	March 16, 2023 29, 2024
/s/ Jeff P. Gehl Jeff P. Gehl	Director	March 16, 2023 29, 2024
/s/ Knute P. Kurtz Knute P. Kurtz	Director	March 16, 2023 29, 2024
/s/ Richard H. Taketa Richard H. Taketa	Director	March 16, 2023 29, 2024
/s/ Michael Zilis Michael Zilis	Director	March 29, 2024

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED UNDER
SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

Veritone, Inc. ("Veritone," "Company," "we," "our," and "us") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, which is our common stock, par value \$0.001 per share. Our common stock is traded on the NASDAQ Global Market under the symbol "VERI." The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Our amended and restated certificate of incorporation authorizes us to issue 75,000,000 shares of common stock, par value \$0.001 per share, and 1,000,000 shares of undesignated preferred stock, par value \$0.001 per share.

The following descriptions of our common stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries only and are qualified by reference to our amended and restated certificate of incorporation and amended and restated bylaws, each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit.

Common Stock

The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of stockholders. We have not provided for cumulative voting for the election of directors in our amended and restated certificate of incorporation. Our amended and restated certificate of incorporation and amended and restated bylaws provide for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine. We have not paid any cash dividends on our common stock, and it is unlikely that any cash dividends will be declared or paid on any common stock in the foreseeable future. Instead, we plan to retain our cash for use in the operation of our business. Our common stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions. If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Our amended and restated certificate of incorporation and our amended and restated bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our company, as well as changes in our board of directors or management team, including the following:

Board of Directors Vacancies. Our amended and restated certificate of incorporation and amended and restated bylaws authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors

constituting our board of directors is only permitted to be set by a resolution adopted by a majority vote of our entire board of directors. These provisions prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors and will promote continuity of management.

Classified Board. Our amended and restated certificate of incorporation and amended and restated bylaws provide that our board of directors shall be classified into three classes of directors of approximately equal size, each of which hold office for a three-year term. In addition, directors may only be removed from our board of directors for cause. The existence of a classified board could delay a potential acquirer from obtaining majority control of our board of directors, and the prospect of that delay might deter a potential acquirer.

Stockholder Action; Special Meeting of Stockholders. Our amended and restated certificate of incorporation provides that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our amended and restated bylaws further provide that special meetings of our stockholders may be called only by a majority of our board of directors, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our amended and restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

No Cumulative Voting. The Delaware General Corporation Law ("DGCL"), provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

Directors Removed Only for Cause. Our amended and restated certificate of incorporation provides that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two-thirds of the total voting power of all of our outstanding voting stock then entitled to vote in the election of directors.

Exclusive Venue. Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or agents to us or our stockholders; (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws; or (iv) any action asserting a claim against us governed by the internal affairs doctrine. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any action, a

court could find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in such action.

Each of the foregoing provisions will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of our company by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change the control of our company.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of our company. These provisions are also designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage certain tactics that may be used in proxy rights. However, these provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of deterring hostile takeovers or delaying changes in control of our company or our management. As a consequence, these provisions also may inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts.

Section 203 of the Delaware General Corporation Law

We are subject to Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- o before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- o upon closing of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (1) persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- o on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.
- o any merger or consolidation involving the corporation and the interested stockholder;
- o any sale, lease, exchange, mortgage, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- o subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- o any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- o the receipt by the interested stockholder of the benefit of any loss, advances, guarantees, pledges or other financial benefits I or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Limitation of Liability and Indemnification

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we will indemnify our directors and officers to the fullest extent permitted under Delaware law, which prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- o any breach of the director’s duty of loyalty to us or our stockholders;
- o acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- o unlawful payment of dividends or unlawful stock repurchases or redemptions; or
- o any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation also provides that if Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. This limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation and our amended and restated bylaws also provide that we shall indemnify our employees and agents to the fullest extent permitted by law. Our amended and restated bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in this capacity, regardless of whether we would have the power to indemnify such person against such expense, liability or loss under the DGCL. We have obtained directors’ and officers’ liability insurance.

We have entered into separate indemnification agreements with our directors and executive officers, in addition to indemnification provided for in our amended and restated certificate of incorporation and amended and restated bylaws. These agreements, among other things, provide for indemnification of our directors and executive officers for expenses, judgments, fines and settlement amounts incurred by this person in any action or proceeding arising out of this person’s services as a director or executive officer or at our request. We believe that these provisions in our amended and restated certificate of incorporation and amended and restated bylaws and indemnification agreements are necessary to attract and retain qualified persons as directors and executive officers.

The above description of the indemnification provisions of our amended and restated certificate of incorporation and our amended and restated bylaws is not complete and is qualified in its entirety by reference to these documents, each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Exhibit 21.1

LIST OF SUBSIDIARIES

Company Name	Jurisdiction
Machine Box, Inc.	Delaware
Performance Bridge Media, Inc. (indirect)	New York
PandoLogic, Inc.	Delaware
PandoLogic Ltd.	Israel
Veritone Alpha, Inc.	Delaware
Veritone Digital, Inc.	Delaware
Veritone Enterprise, LLC	Delaware
Veritone One, Inc.	Delaware
Veritone Politics, LLC	Delaware
Veritone UK Ltd.	United Kingdom
VocaliD, Inc.	Delaware
Table Rock Management, LLC	California
Broadbean, Inc.	Delaware
Broadbean Technology Limited	United Kingdom
Broadbean Technology Pty LTD	Australia
CareerBuilder France, S.A.R.L.	France
Veritone AI India Private Limited	India

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated **March 16, 2023** **March 29, 2024**, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Veritone, Inc. on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. We consent to the incorporation by reference of said reports in the Registration Statements of Veritone, Inc. on **Forms** **Form** S-3 (File No. 333-225394, File No. 333-227613, File No. 333-231345, File No. 333-257179, File No. 333-262429, and File No. 333-262429) **333-276363**) and on **Forms** **Form** S-8 (File No. 333-217990, File No. 333-227477, File No. 333-237114, File No. 333-249371, File No. 333-253961, File No. 333-262499, File No. 333-271032, and File No. 333-262499) **333-272791**).

/s/ GRANT THORNTON LLP

Newport Beach, California **Phoenix, Arizona**

March **16, 2023** **29, 2024**

Exhibit 31.1

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

I, Ryan Steelberg, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 Rule 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 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 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 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: **March 16, 2023** **March 29, 2024**

/s/ Ryan Steelberg

Ryan Steelberg

President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

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

I, Michael L. Zemetra, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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 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: **March 16, 2023** **March 29, 2024**

/s/ Michael L. Zemetra

Michael L. Zemetra

Executive Vice President, Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)

Exhibit 32.1

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

Each of the undersigned hereby certifies, pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and 18 U.S.C. Section 1350, in his capacity as an officer of Veritone, Inc., that, to his knowledge, the Annual Report of Veritone, Inc. (the "Company") on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023** fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **March 16, 2023** **March 29, 2024**

By:

/s/ Ryan Steelberg

Ryan Steelberg

President and Chief Executive Officer

(Principal Executive Officer)

Date: **March 16, 2023** **March 29, 2024**

By:

/s/ Michael L. Zemetra

Michael L. Zemetra

Executive Vice President, Chief Financial Officer and
Treasurer

(Principal Financial and Accounting Officer)

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

Adopted as of November 6, 2023

VERITONE, INC.

INCENTIVE COMPENSATION RECOUPMENT POLICY

1. INTRODUCTION

The Compensation Committee (the “**Compensation Committee**”) of the Board of Directors (the “**Board**”) of **Veritone, Inc.**, a Delaware corporation (the “**Company**”), has determined that it is in the best interests of the Company and its stockholders to adopt this Incentive Compensation Recoupment Policy (this “**Policy**”) providing for the Company’s recoupment of Recoverable Incentive Compensation that is received by Covered Officers of the Company under certain circumstances. Certain capitalized terms used in this Policy have the meanings given to such terms in Section 3 below.

This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder (“**Rule 10D-1**”) and Nasdaq Listing Rule 5608 (the “**Listing Standards**”).

2. EFFECTIVE DATE

This Policy shall apply to all Incentive Compensation that is received by a Covered Officer on or after October 2, 2023 (the “**Effective Date**”). Incentive Compensation is deemed “**received**” in the Company’s fiscal period in which the

Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of that period.

3. DEFINITIONS

"Accounting Restatement" means an accounting restatement that the Company is required to prepare due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"Accounting Restatement Date" means the earlier to occur of (a) the date that the Board, a committee of the Board authorized to take such action, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date that a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

"Administrator" means the Compensation Committee or, in the absence of such committee, the Board.

"Code" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Compensation Committee" means the Compensation Committee of the Board.

"Covered Officer" means each current and former Executive Officer.

"Exchange" means the Nasdaq Stock Market.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Executive Officer" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified pursuant to Item 401(b) of Regulation S-K promulgated under the Exchange Act.

"Financial Reporting Measures" means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including Company stock price and total stockholder return ("TSR"). A measure need not be presented in the Company's financial statements or included in a filing with the SEC to be a Financial Reporting Measure.

"Incentive Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

"Lookback Period" means the three completed fiscal years immediately preceding the Accounting Restatement Date, as well as any transition period (resulting from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period of at least nine months shall count as a completed fiscal year). Notwithstanding the foregoing, the Lookback Period shall not include fiscal years completed prior to the Effective Date.

"Recoverable Incentive Compensation" means Incentive Compensation received by a Covered Officer during the Lookback Period that exceeds the amount of Incentive Compensation that would have been received had such amount been determined based on the Accounting Restatement, computed without regard to any taxes paid (i.e., on a gross basis without regard to tax withholdings and other deductions). For any compensation plans or programs that take into account Incentive Compensation, the amount of Recoverable Incentive Compensation for purposes of this Policy shall include, without limitation, the amount contributed to any notional account based on Recoverable Incentive Compensation and any earnings to date on that notional amount. For any Incentive Compensation that is based on stock price or TSR, where the Recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the Administrator will determine the amount of Recoverable Incentive Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive Compensation was received. The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange in accordance with the Listing Standards.

"SEC" means the U.S. Securities and Exchange Commission.

4. RECOUPMENT

(a) Applicability of Policy. This Policy applies to Incentive Compensation received by a Covered Officer (i) after beginning services as an Executive Officer, (ii) who served as an Executive Officer at any time during the performance period for such Incentive Compensation, (iii) while the Company had a class of securities listed on a national securities exchange or a national securities association, and (iv) during the Lookback Period.

(b) Recoupment Generally. Pursuant to the provisions of this Policy, if there is an Accounting Restatement, the Company must reasonably promptly recoup the full amount of the Recoverable Incentive Compensation, unless the conditions of one or more subsections of Section 4(c) of this Policy are met and the Compensation Committee, or, if such committee does not consist solely of independent directors, a majority of the independent directors serving on the Board, has made a determination that recoupment would be impracticable. Recoupment is required regardless of whether the Covered Officer engaged in any misconduct and regardless of fault, and the Company's obligation to recoup Recoverable Incentive Compensation is not dependent on whether or when any restated financial statements are filed.

(c) Impracticability of Recovery. Recoupment may be determined to be impracticable if, and only if:

- (i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of the applicable Recoverable Incentive Compensation; provided that, before concluding that it would be impracticable to recover any amount of Recoverable Incentive Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Recoverable Incentive Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange in accordance with the Listing Standards; or
- (ii) recoupment of the applicable Recoverable Incentive Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Code Section 401(a)(13) or Code Section 411(a) and regulations thereunder.

(d) Sources of Recoupment. To the extent permitted by applicable law, the Administrator shall, in its sole discretion, determine the timing and method for recouping Recoverable Incentive Compensation hereunder, provided that such recoupment is undertaken reasonably promptly. The Administrator may, in its discretion, seek recoupment from a Covered Officer from any of the following sources or a combination thereof, whether the applicable compensation was approved, awarded, granted, payable or paid to the Covered Officer prior to, on or after the Effective Date: (i) direct repayment of Recoverable Incentive Compensation previously paid to the Covered Officer; (ii) cancelling prior cash or equity-based awards (whether vested or unvested and whether paid or unpaid); (iii) cancelling or offsetting against any planned future cash or equity-based awards; (iv) forfeiture of deferred compensation, subject to compliance with Code Section 409A; and (v) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may effectuate recoupment under this Policy from any amount otherwise payable to the Covered Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, e.g., base salary, bonuses or commissions and compensation previously deferred by the Covered Officer. The Administrator need not utilize the same method of recovery for all Covered Officers or with respect to all types of Recoverable Incentive Compensation.

(e) No Indemnification of Covered Officers. Notwithstanding any indemnification agreement, applicable insurance policy or any other agreement or provision of the Company's certificate of incorporation or bylaws to the contrary, no Covered Officer shall be entitled to indemnification or advancement of expenses in connection with any enforcement of this Policy by the Company, including paying or reimbursing such Covered Officer for insurance premiums to cover potential obligations to the Company under this Policy.

(f) Indemnification of Administrator. Any members of the Administrator, and any other

members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

(g) No “Good Reason” for Covered Officers. Any action by the Company to recoup or any recoupment of Recoverable Incentive Compensation under this Policy from a Covered Officer shall not be deemed (i) “good reason” for resignation or to serve as a basis for a claim of constructive termination under any benefits or compensation arrangement applicable to such Covered Officer, or (ii) to constitute a breach of a contract or other arrangement to which such Covered Officer is party.

5. ADMINISTRATION

Except as specifically set forth herein, this Policy shall be administered by the Administrator. The Administrator shall have full and final authority to make any and all determinations required under this Policy. Any determination by the Administrator with respect to this Policy shall be final, conclusive and binding on all interested parties and need not be uniform with respect to each individual covered by this Policy. In carrying out the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee's responsibility and authority. Subject to applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions that the Administrator, in its sole discretion, deems necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

6. SEVERABILITY

If any provision of this Policy or the application of any such provision to a Covered Officer shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

7. NO IMPAIRMENT OF OTHER REMEDIES

Nothing contained in this Policy, and no recoupment or recovery as contemplated herein, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Officer arising out of or resulting from any actions or omissions by the Covered Officer. This Policy does not preclude the Company from taking any other action to enforce a Covered Officer's obligations to the Company, including, without limitation, termination of employment and/or institution of civil proceedings. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 (“SOX 304”) that are applicable to the Company's Chief Executive Officer and Chief Financial Officer and to any other compensation recoupment policy and/or similar provisions in any employment, equity plan, equity award, or other individual agreement, to which the Company is a party or which the Company has adopted or may adopt and maintain from time to time; provided, however, that compensation recouped pursuant to this Policy shall not be

duplicative of compensation recouped pursuant to SOX 304 or any such compensation recoupment policy and/or similar provisions in any such employment, equity plan, equity award, or other individual agreement except as may be required by law.

8. AMENDMENT; TERMINATION

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The Administrator may amend, terminate or replace this Policy or any portion of this Policy at any time and from time to time in its sole discretion. The Administrator shall amend this Policy as it deems necessary to comply with applicable law or any Listing Standard.

9. SUCCESSORS

This Policy shall be binding and enforceable against all Covered Officers and, to the extent required by Rule 10D-1 and/or the applicable Listing Standards, their beneficiaries, heirs, executors, administrators or other legal representatives.

10. REQUIRED FILINGS

The Company shall make any disclosures and filings with respect to this Policy that are required by law, including as required by the SEC.

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VERITONE, INC.

INCENTIVE COMPENSATION RECOUPMENT POLICY

FORM OF EXECUTIVE ACKNOWLEDGMENT

I, the undersigned, agree and acknowledge that I am bound by, and subject to, the Veritone, Inc. Incentive Compensation Recoupment Policy, as may be amended, restated, supplemented or otherwise modified from time to time (the "**Policy**"). In the event of any inconsistency between the Policy and the terms of any employment agreement, offer letter or other individual agreement with Veritone, Inc. (the "**Company**") to which I am a party, or the terms of any compensation plan, program or agreement, whether or not written, under which any compensation has been granted, awarded, earned or paid to me, the terms of the Policy shall govern.

In the event that the Administrator (as defined in the Policy) determines that any compensation granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company pursuant to the Policy, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. I further agree and acknowledge that I am not entitled to indemnification, and hereby waive any right to advancement of expenses, in connection with any enforcement of the Policy by the Company.

Agreed and Acknowledged:

Name:

Title:

Date:

DISCLAIMER

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