

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	\$ 6,152	\$ 8,279	\$ 10,442	\$ 12,018
Operating expenses:				
Cost of revenues	2,488	1,628	4,261	3,221
Sales and marketing	4,370	1,008	6,951	2,084
Research and development	18,862	14,023	35,512	28,466
General and administrative	9,362	4,119	13,365	7,365
Total operating expenses	<u>35,082</u>	<u>20,778</u>	<u>60,089</u>	<u>41,136</u>
Loss from operations	<u>(28,930)</u>	<u>(12,499)</u>	<u>(49,647)</u>	<u>(29,118)</u>
Other expense, net:				
Interest expense	(1,572)	(2,294)	(4,549)	(3,042)
Other income (expense), net	223	184	(834)	(1,542)
Total other expense, net	<u>(1,349)</u>	<u>(2,110)</u>	<u>(5,383)</u>	<u>(4,584)</u>
Loss before provision for income taxes	(30,279)	(14,609)	(55,030)	(33,702)
Provision for income taxes	<u>389</u>	<u>43</u>	<u>741</u>	<u>210</u>
Net loss	(30,668)	(14,652)	(55,771)	(33,912)
Other comprehensive gain:				
Unrealized holding gain on available-for-sale securities, net of tax	<u>—</u>	<u>1</u>	<u>—</u>	<u>1</u>
Comprehensive loss	<u>\$ (30,668)</u>	<u>\$ (14,651)</u>	<u>\$ (55,771)</u>	<u>\$ (33,911)</u>
Net loss per share:				
Basic and diluted	<u>\$ (0.19)</u>	<u>\$ (0.22)</u>	<u>\$ (0.48)</u>	<u>\$ (0.51)</u>
Weighted-average common shares outstanding:				
Basic and diluted	<u>161,976,429</u>	<u>67,357,878</u>	<u>116,031,777</u>	<u>66,666,508</u>

SOUNDHOUND AI, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 65,010	\$ 21,626
Restricted cash equivalents	—	460
Accounts receivable, net of allowances of \$109 as of June 30, 2022 and December 31, 2021	1,015	2,060
Prepaid expenses	4,685	1,276
Debt issuance cost	122	1,132
Other current assets	927	917
Total current assets	<u>71,759</u>	<u>27,471</u>
Restricted cash equivalents, non-current	230	736
Right-of-use assets	9,535	10,291
Property and equipment, net	4,868	6,155
Deferred tax asset	2,169	2,169
Debt issuance cost	235	—
Deferred offering costs	—	1,264
Other assets	1,007	1,117
Total assets	<u>\$ 89,803</u>	<u>\$ 49,203</u>
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 5,348	\$ 3,760
Accrued liabilities	5,939	7,298
Operating lease liabilities	3,299	3,281
Financing lease liabilities	361	1,301
Income tax liability	2,829	2,737
Deferred revenue	6,174	6,042
Convertible note	—	29,868
Derivative liability	—	3,488
Notes payable	16,930	29,964
Total current liabilities	<u>40,880</u>	<u>87,739</u>
Operating lease liabilities, net of current portion	7,124	8,611
Financing lease liabilities, net of current portion	214	292
Deferred revenue, net of current portion	9,465	14,959
Notes payable, net of current portion	26,126	—
Other liabilities	1,338	1,336
Total liabilities	<u>85,147</u>	<u>112,937</u>
Commitments and contingencies (Note 7)		
Legacy SoundHound redeemable convertible preferred stock; \$0.0001 par value; 0 and 146,218,514 shares authorized; 0 and 106,949,326 shares issued and outstanding, liquidation preference of \$0 and \$284,826 as of June 30, 2022 and December 31, 2021, respectively		
	—	279,503

Stockholders' equity (deficit):

Legacy SoundHound common stock, \$0.0001 par value; 250,030,433 shares authorized; 0 and 68,230,806 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	—	1
Class A Common Stock, \$0.0001 par value; 455,000,000 shares authorized; 156,121,466 and 0 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	16	—
Class B Common Stock, \$0.0001 par value; 44,000,000 shares authorized; 40,396,600 and 0 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	4	—
Additional paid-in capital	447,136	43,491
Accumulated deficit	(442,500)	(386,729)
Total stockholders' equity (deficit)	<u>4,656</u>	<u>(343,237)</u>
Total liabilities, redeemable convertible preferred stock, and stockholders' equity (deficit)	<u>\$ 89,803</u>	<u>\$ 49,203</u>

SOUNDHOUND AI, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended	
	June 30	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (55,771)	\$ (33,912)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,269	2,836
Stock-based compensation	10,327	2,734
Change in fair value of derivative and warrant liability	606	1,314
Amortization of debt issuance cost	2,185	1,399
Non-cash lease amortization	1,545	1,790
Changes in operating assets and liabilities:		
Accounts receivable	1,045	(2,323)
Prepaid expenses	(3,409)	266
Other current assets	(10)	(373)
Operating lease liabilities	(2,258)	(2,096)
Other assets	110	(26)
Accounts payable	1,846	(107)
Accrued liabilities	108	1,468
Deferred revenue	(5,362)	(4,845)
Other liabilities	2	(750)
Net cash used in operating activities	<u>(46,767)</u>	<u>(32,625)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(982)	(111)
Net cash used in investing activities	<u>(982)</u>	<u>(111)</u>

Cash flows from financing activities:

Proceeds from issuance of convertible notes, net of issuance cost	—	5,044
Proceeds from note payable, net of issuance cost	—	29,833
Proceeds from the issuance of common stock upon exercise of options	2,904	1,672
Proceeds from Business Combination, net of transaction costs paid	91,695	—
Payments on notes payable	(3,416)	—
Payments on finance leases	(1,016)	(1,295)
Net cash provided by financing activities	<u>90,167</u>	<u>35,254</u>
Net increase in cash, cash equivalents, and restricted cash equivalents	42,418	2,518
Cash, cash equivalents, and restricted cash equivalents, beginning of period	<u>22,822</u>	<u>44,982</u>
Cash, cash equivalents, and restricted cash equivalents, end of period	<u>\$ 65,240</u>	<u>\$ 47,500</u>

Reconciliation to amounts on the condensed consolidated balance sheets:

Cash and cash equivalents	\$ 65,010	\$ 46,210
Current portion of restricted cash equivalents	—	230
Non-current portion of restricted cash equivalents	<u>230</u>	<u>1,060</u>
Total cash, cash equivalents, and restricted cash equivalents shown in the condensed consolidated statements of cash flows	<u>\$ 65,240</u>	<u>\$ 47,500</u>

Supplemental disclosures of cash flow information:

Cash paid for:		
Interest	<u>\$ 1,140</u>	<u>\$ 149</u>
Income taxes	<u>\$ 33</u>	<u>\$ 18</u>

Noncash investing and financing activities		
Operating lease liabilities and right-of-use assets through adoption of ASC 842	<u>\$ —</u>	<u>\$ 11,428</u>
Conversion of convertible note into common stock pursuant to Business Combination	<u>\$ 20,239</u>	<u>\$ —</u>
Unpaid deferred offering costs associated with the Business Combination	<u>\$ 1,006</u>	<u>\$ —</u>
Conversion of redeemable convertible preferred stock to common stock pursuant to Business Combination	<u>\$ 279,503</u>	<u>\$ —</u>
Debt discount through issuance of common stock warrants	<u>\$ —</u>	<u>\$ 3,842</u>
Operating lease liabilities arising from obtaining right-of-use assets	<u>\$ 650</u>	<u>\$ —</u>
Property and equipment acquired under finance leases or debt	<u>\$ —</u>	<u>\$ 650</u>