

## SoundHound AI, Inc. Announces Second Quarter Financial Results With \$283 Million In Cumulative Bookings Backlog, Up More Than 3x Year-Over-Year

SANTA CLARA, Calif.--(BUSINESS WIRE)--Aug. 11, 2022-- SoundHound AI, Inc. (Nasdaq: SOUN), a global leader in voice artificial intelligence, today reported its financial results for the three months ended June 30, 2022.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20220811005284/en/>



SoundHound AI Inc. Announces Second Quarter Financial Results 2022 (Graphic: Business Wire)

"We are delighted to have kicked off our first quarter as a publicly listed company with strong business momentum. We have seen significant growth in bookings, user queries, customers, and new product

launches," said Keyvan Mohajer, Co-Founder and CEO of SoundHound. "We believe conversational voice AI is the next major disruption in computing. Our technological breakthroughs put us right at the forefront of this massive opportunity to voice enable billions of devices and services, and create a new monetization ecosystem."

### Second Quarter Business Highlights

- Cumulative bookings backlog increased 207% year-over-year, marking the third straight quarter of triple-digit growth
- Monthly queries increased 3x since the start of 2021 and more than doubled year over year
- Reported revenues were \$6.2 million, up 43% quarter-over-quarter, down year-over-year, although up 56% when excluding prior year one-time revenue impact derived from a customer upon the conclusion of a professional services contract
- Announced several new and expanded relationships including Square, Hyundai, Stellantis and LG
- Launched first-of-its-kind voice ordering solution SoundHound for Restaurants with strong initial demand
- Commenced trading on NASDAQ on April 28<sup>th</sup>

"Despite broader macroeconomic volatility, our Q2 results demonstrate our accelerating growth," said Nitesh Sharan, CFO of SoundHound. "We are driving targeted investments in sales, marketing and technology, disrupting legacy providers while concurrently scaling new opportunities. The combination of our unique ecosystem strategy and superior technology is category defining."

### Second Quarter 2022 Financial Highlights

(thousands)	Three Months Ended		
	June 30, 2022	March 31 2022	June 30, 2021
<b>Cumulative bookings backlog<sup>1</sup></b>	<b>\$ 283,431</b>	<b>\$ 229,827</b>	<b>\$ 92,305</b>
<b>Revenues</b>	<b>\$ 6,152</b>	<b>\$ 4,290</b>	<b>\$ 8,279<sup>2</sup></b>
Operating expenses:			
Cost of revenues	\$ 2,488	\$ 1,773	\$ 1,628
Sales and marketing	4,370	2,581	1,008
Research and development	18,862	16,650	14,023
General and administrative	9,362	4,003	4,119
<b>Total operating expenses</b>	<b>\$ 35,082</b>	<b>\$ 25,007</b>	<b>\$ 20,778</b>
<b>Operating profit (loss)</b>	<b>\$ (28,930)</b>	<b>\$ (20,717)</b>	<b>\$ (12,499)</b>
<b>Net profit (loss)</b>	<b>\$ (30,668)</b>	<b>\$ (25,103)</b>	<b>\$ (14,651)</b>
<b>Net earnings (loss) per share</b>	<b>(0.19)</b>	<b>(0.29)</b>	<b>(0.22)</b>
<b>Adjusted EBITDA<sup>3</sup></b>	<b>\$ (20,015)</b>	<b>\$ (17,037)</b>	<b>\$ (9,770)</b>

1) Cumulative bookings backlog is cumulative new bookings minus revenue associated with the booking in the current period.

2) Reported revenues in the second quarter 2021 were impacted by a one-time recognition of \$4.3 million in revenue as a result of the conclusion of a professional services contract during the three months ended June 30, 2021.

3) Please see table below for a reconciliation from GAAP to non-GAAP.

### Second Quarter 2022 Summary Cash Flows

(thousands)	Six Months Ended	
	June 30, 2022	June 30, 2021
Cash flows:		
Net cash used in operating activities	\$ (46,767)	\$ (32,625)
Net cash used in investing activities	(982)	(111)

Net cash provided by financing activities	90,167	35,254
<b>Net change in cash and cash equivalents</b>	<b>\$ 42,418</b>	<b>\$ 2,518</b>

The Company's cash and cash equivalents was \$65 million at June 30, 2022 quarter-end.

## Business Outlook

SoundHound reaffirms its full year 2022 revenue guidance of between \$27 million to \$33 million, with revenue momentum accelerating through the second half of the year principally due to seasonality and the expected benefits from sales and marketing investments.

## Additional Information

On April 26, SoundHound Inc. successfully completed its previously announced business combination with Archimedes Tech SPAC Partners Co. The resulting company, SoundHound AI, Inc., began trading on Nasdaq Global Market under the ticker symbol "SOUN" on April 28, 2022.

SoundHound expects to file its Form 10-Q for the quarterly period ended June 30, 2022, by August 15, 2022. For more information please see the company's SEC filings which can be obtained on our website at [investors.soundhound.com](http://investors.soundhound.com) or [sec.gov](http://sec.gov).

## Conference Call and Webcast

Keyvan Mohajer, Co-Founder and CEO and Nitesh Sharan, CFO will host a live audio conference call and webcast today at 2:30 p.m. Pacific Time/5:30 p.m. Eastern Time. To register, please visit SoundHound's Investor Relations website at [investors.soundhound.com](http://investors.soundhound.com). Following the call, a replay will be available on the same website.

## About SoundHound

SoundHound, a leading innovator of conversational intelligence, offers an independent voice AI platform that enables businesses across industries to deliver best-in-class conversational experiences to their customers. Built on proprietary Speech-to-Meaning® and Deep Meaning Understanding® technologies, SoundHound's advanced voice AI platform provides exceptional speed and accuracy and enables humans to interact with products and services like they interact with each other—by speaking naturally. SoundHound is trusted by companies around the globe, including Hyundai, Mercedes-Benz, Pandora, Deutsche Telekom, Snap, VIZIO, KIA, and Stellantis. [www.soundhound.com](http://www.soundhound.com)

## Forward Looking Statements

This press release contains forward-looking statements, which are not historical facts, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Our actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," "likely," "will," "would" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. As a result, readers are cautioned not to place undue reliance on these forward-looking statements. Actual results may differ materially from those indicated by these forward-looking statements as a result of risks and uncertainties impacting SoundHound's business including, current uncertainties associated with the COVID-19 pandemic, our inability to predict or measure supply chain disruptions resulting from the COVID-19 pandemic and other causes, the potential future revenue associated with our AI platform products and services; our rate of growth; our ability to predict direct and indirect customer demand for our existing and future products and to secure adequate manufacturing capacity; our ability to hire, retain and motivate employees; the effects of competition, including price competition within our industry segment; technological, regulatory and legal developments that uniquely or disproportionately impact our industry segment; developments in the economy and financial markets and other risks described in the Prospectus filed April 8, 2022 and detailed from time to time in SoundHound's filings with the Securities and Exchange Commission.

## Non-GAAP Measures of Financial Performance

To supplement our financial statements, which are presented on the basis of U.S. generally accepted accounting principles (GAAP), the following non-GAAP measure of financial performance is included in this release: adjusted EBITDA. A reconciliation of GAAP to this adjusted non-GAAP financial measure is included below. When analyzing the Company's operating results, investors should not consider non-GAAP measures as substitutes for the comparable financial measures prepared in accordance with GAAP.

## Reconciliation of GAAP Net Profit (Loss) to Non-GAAP Adjusted EBITDA

(thousands)	Three Months Ended		
	June 30, 2022	March 31 2022	June 30, 2021
<b>GAAP net profit (loss)</b>	<b>\$ (30,668)</b>	<b>\$ (25,103)</b>	<b>\$ (14,651)</b>
Adjustments:			
Interest and other expense <sup>1</sup>	\$ (1,349)	\$ (4,034)	\$ (2,110)
Income taxes	(389)	(352)	(43)
Depreciation and Amortization	(1,052)	(1,216)	(1,382)
Stock-based compensation	\$ 7,863	\$ 2,464	\$ 1,346
<b>Adjusted EBITDA</b>	<b>\$ (20,015)</b>	<b>\$ (17,037)</b>	<b>\$ (9,770)</b>

1) Includes other income/(expense) of \$0.2, \$(1.1) and \$0.2 million, respectively

## Contacts

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**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>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
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>

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

**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	<u>(30,279)</u>	<u>(14,609)</u>	<u>(55,030)</u>	<u>(33,702)</u>
Provision for income taxes	389	43	741	210
Net loss	<u>(30,668)</u>	<u>(14,652)</u>	<u>(55,771)</u>	<u>(33,912)</u>
Other comprehensive gain:				
Unrealized holding gain on available-for-sale securities, net of tax	—	1	—	1
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>

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

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

	Six Months Ended June 30	
	2022	2021
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	<u>(982)</u>	<u>(111)</u>
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	22,822	44,982
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	230	1,060
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>

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

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