# SoundHound AI projects profitability within 2023 based on strong expected revenue growth and targeted cost reductions

*The company is increasing emphasis on its high-velocity SaaS product, SoundHound for Restaurants, while leveraging its growing bookings backlog of more than $300M*

SANTA CLARA, Calif.--(BUSINESS WIRE)--Jan. 5, 2023-- SoundHound AI, Inc. (Nasdaq: SOUN), a global leader in voice artificial intelligence, today announced measures to accelerate its path to profitability. As part of a targeted restructuring, the company will increase its focus on SoundHound for Restaurants while reducing investment in new verticals and already completed language development projects. It will maintain its growing licensing business in smart devices, TV, and automotive verticals.

These measures are expected to reduce costs by approximately 40% while still enabling the company to deliver revenue growth of over 50% in 2023. As a result of this restructuring, cost reductions, and revenue growth, SoundHound expects to have much lighter capital needs going forward and become operating cash flow positive by Q4 of this year.

*"We are announcing these actions today to align with the demands of a changing market by targeting profitability within 2023,"* said Keyvan Mohajer, CEO and Co-founder of SoundHound. *"We are reducing costs while prioritizing our highest sources of revenue growth. With over $300M in cumulative bookings backlog, SoundHound is entering the year on a positive revenue trajectory, with a strong base of global customers shipping products using our industry-leading voice AI technology."*

The company anticipates significant growth from its subscription business, SoundHound for Restaurants – a SaaS offering with very strong customer demand that directly offsets labor shortages and increased costs in the food and beverage industry. This product is poised to be the foundation for accelerated growth in 2024 due to its cumulative recurring revenues.

Having successfully completed voice AI solutions in 25 languages across multiple domains, SoundHound is now able to reduce the high cost of this effort and shift resources to optimize revenue growth with increased cost efficiency. Furthermore, the company's global footprint will move towards strategic regions that are both high-value and low-cost. Through continued support of its current customers, with millions of products in-market, SoundHound has built a stable foundation for sustainable, long-term growth.

Throughout this journey, innovation remains at the heart of SoundHound's DNA. On November 17, 2022, the company unveiled a breakthrough technology called Dynamic Interaction, revolutionizing the user experience in the new generation of SoundHound-powered products and services, and a significant milestone toward the company's vision of making conversational AI more human.

About SoundHound

SoundHound (Nasdaq: SOUN), 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 naturallySoundHound is trusted by companies around the globe, including Hyundai, Mercedes-Benz, Pandora, Qualcomm, Netflix, Snap, Square, LG, VIZIO, KIA, and Stellantis. 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, including, but not limited to, statements regarding our ability to maintain our current licensing business and increase our focus on SoundHound for Restaurants giving effect to our restructuring and our reduced workforce, our ability to reduce operating costs and increase revenue to become cash flow positive and achieve profitability, our ability to convert our bookings backlog into revenue, and our ability to achieve growth and performance objectives for 2023 and 2024, 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, but not limited to, continued adoption of our current and future products, our ability to shift emphasis from our current licensing business and increase our focus on SoundHound for Restaurants, our inability to predict or measure supply chain disruptions at our customers 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 those other factors described in our risk factors set forth in our filings with the Securities and Exchange Commission from time to time, including our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We do not intend to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

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