

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

	March 31, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 46,331	\$ 9,245
Accounts receivable, net	2,660	3,414
Prepaid expenses	1,651	2,514
Contract assets	1,546	1,671
Other current assets	1,069	859
Total current assets	53,257	17,703
Restricted cash equivalents, non-current	230	230
Right-of-use assets	7,393	8,119
Property and equipment, net	2,754	3,447
Deferred tax asset	55	55
Contract assets, non-current	7,040	7,041
Other non-current assets	2,074	1,656
Total assets	\$ 72,803	\$ 38,251
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 2,542	\$ 2,798
Accrued liabilities	12,306	7,462
Operating lease liabilities	3,157	3,282
Finance lease liabilities	147	160
Income tax liability	1,213	1,314
Deferred revenue	5,319	5,812
Notes payable	16,828	16,668
Total current liabilities	41,512	37,496
Operating lease liabilities, net of current portion	5,045	5,715
Finance lease liabilities, net of current portion	102	128
Deferred revenue, net of current portion	5,433	7,543
Notes payable, net of current portion	14,035	18,299
Other non-current liabilities	4,294	4,295
Total liabilities	70,421	73,476
Commitments and contingencies (Note 6)		
Stockholders' equity (deficit):		
Series A Preferred Stock, \$0.0001 par value; 1,000,000 shares authorized; 835,011 and 0 shares issued and outstanding, aggregate liquidation preference of \$25,050 and \$0 as of March 31, 2023 and December 31, 2022, respectively	24,942	—
Class A Common Stock, \$0.0001 par value; 455,000,000 shares authorized; 174,714,741 and 160,297,664 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	18	16
Class B Common Stock, \$0.0001 par value; 44,000,000 shares authorized; 39,735,408 shares issued and outstanding as of March 31, 2023 and December 31, 2022	4	4
Additional paid-in capital	505,889	466,857
Accumulated deficit	(528,471)	(502,102)
Total stockholders' equity (deficit)	2,382	(35,225)
Total liabilities and stockholders' equity (deficit)	\$ 72,803	\$ 38,251

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

	Three Months Ended March 31,	
	2023	2022
Revenues	\$ 6,707	\$ 4,290
Operating expenses:		
Cost of revenues	1,976	1,773
Sales and marketing	4,875	2,581
Research and development	14,184	16,650
General and administrative	7,125	4,003
Restructuring	3,585	—
Total operating expenses	31,745	25,007
Loss from operations	(25,038)	(20,717)
Other expense, net:		
Interest expense	(1,096)	(2,977)
Other income (expense), net	94	(1,057)
Total other expense, net	(1,002)	(4,034)
Loss before provision for income taxes	(26,040)	(24,751)
Provision for income taxes	329	352
Net loss	(26,369)	(25,103)
Net loss per share:		
Basic and diluted	\$ (0.13)	\$ (0.36)
Weighted-average common shares outstanding:		
Basic and diluted	205,082,328	69,604,188

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

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (26,369)	\$ (25,103)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	708	1,292
Stock-based compensation	8,249	2,464
Change in fair value of derivative and warrant liability	—	592
Amortization of debt issuance cost	16	1,742
Non-cash lease amortization	894	846
Changes in operating assets and liabilities:		
Accounts receivable, net	754	728
Prepaid expenses	863	(543)
Other current assets	(210)	60
Contract assets	126	—
Other non-current assets	19	(1,942)
Accounts payable	(256)	3,178
Accrued liabilities	4,306	4,398
Operating lease liabilities	(963)	(1,080)
Deferred revenue	(2,603)	(1,623)
Other non-current liabilities	(1)	2
Net cash used in operating activities	<u>(14,467)</u>	<u>(14,989)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(15)	(611)
Net cash used in investing activities	<u>(15)</u>	<u>(611)</u>
Cash flows from financing activities:		
Proceeds from the issuance of Series A Preferred Stock, net of issuance costs	24,942	—
Proceeds from sales of common stock under the ELOC program, net of issuance costs	28,360	—
Proceeds from the issuance of common stock upon exercise of options	2,425	2,474
Payments on notes payable	(4,120)	—
Payments on finance leases	(39)	(519)
Net cash provided by financing activities	<u>51,568</u>	<u>1,955</u>
Net change in cash, cash equivalents, and restricted cash equivalents	37,086	(13,645)
Cash, cash equivalents, and restricted cash equivalents, beginning of period	9,475	22,822
Cash, cash equivalents, and restricted cash equivalents, end of period	<u>\$ 46,561</u>	<u>\$ 9,177</u>
Reconciliation to amounts on the condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 46,331	\$ 8,211
Current portion of restricted cash equivalents	—	230
Non-current portion of restricted cash equivalents	230	736
Total cash, cash equivalents, and restricted cash equivalents shown in the condensed consolidated statements of cash flows	<u>\$ 46,561</u>	<u>\$ 9,177</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 1,074	\$ 1,013
Cash paid for income taxes	<u>\$ 550</u>	<u>\$ 32</u>
Noncash investing and financing activities:		
Unpaid issuance costs in connection with the ELOC program	\$ 437	\$ —
Deferred offering costs reclassified to additional paid-in capital	\$ 323	\$ —
Operating lease liabilities arising from obtaining right-of-use assets	<u>\$ —</u>	<u>\$ 650</u>