

**SOUNDHOUND, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE LOSS**  
*(In thousands, except for per share amounts)*  
*(Unaudited)*

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
Revenues	\$ 4,290	\$ 3,739
Operating expenses:		
Cost of revenues	1,773	1,593
Sales and marketing	2,581	1,076
Research and development	16,650	14,443
General and administrative	4,003	3,246
Total operating expenses	<u>25,007</u>	<u>20,358</u>
Loss from operations	<u>(20,717)</u>	<u>(16,619)</u>
Other expense, net:		
Interest expense	(2,977)	(748)
Other expense, net	(1,057)	(1,726)
Total other expense, net	<u>(4,034)</u>	<u>(2,474)</u>
Loss before provision for income taxes	(24,751)	(19,093)
Provision for income taxes	352	167
Net loss	<u>(25,103)</u>	<u>(19,260)</u>
Other comprehensive gain:		
Unrealized holding gain on available-for-sale securities, net of tax	—	—
Comprehensive loss	<u>\$ (25,103)</u>	<u>\$ (19,260)</u>
Net loss per share:		
Basic and diluted	<u>\$ (2.00)</u>	<u>\$ (1.62)</u>
Weighted-average common shares outstanding:		
Basic and diluted	<u>12,527,229</u>	<u>11,872,698</u>

**SOUNDHOUND, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

*(In thousands, except share and par value data)*

	<b>March 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,211	\$ 21,626
Restricted cash equivalents	230	460
Accounts receivable, net of allowances of \$109 as of March 31, 2022 and December 31, 2021, respectively	1,332	2,060
Prepaid expenses and other current assets	2,676	2,193
Debt issuance cost	566	1,132
Total current assets	<u>13,015</u>	<u>27,471</u>
Restricted cash equivalents, non-current	736	736

Right-of-use assets	10,225	10,291
Property and equipment, net	5,474	6,155
Deferred tax asset	2,169	2,169
Deferred offering costs	3,318	1,264
Other assets	1,005	1,117
Total assets	<u>\$ 35,942</u>	<u>\$ 49,203</u>

**LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK,  
AND STOCKHOLDERS' DEFICIT**

Current liabilities:

Accounts payable	\$ 6,938	\$ 3,760
Accrued liabilities	11,703	7,298
Operating lease liabilities, current portion	3,519	3,281
Financing lease liabilities, current portion	822	1,301
Income tax liability	2,730	2,737
Deferred revenue, current portion	6,006	6,042
Convertible notes, current portion	30,198	29,868
Derivative liability	4,080	3,488
Note payable, current portion	30,810	29,964
Total current liabilities	<u>96,806</u>	<u>87,739</u>

Operating lease liabilities, net of current portion	8,073	8,611
Financing lease liabilities, net of current portion	252	292
Deferred revenue, net of current portion	13,372	14,959
Other liabilities	1,338	1,336
Total liabilities	<u>119,841</u>	<u>112,937</u>

Commitments and contingencies (Note 6)

Redeemable convertible preferred stock; \$0.0001 par value; 26,316,129 shares authorized; 19,248,537 shares issued and outstanding, liquidation preference of \$284,826 as of March 31, 2022 and December 31, 2021, respectively	279,503	279,503
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Stockholders' deficit:

Common stock, \$0.0001 par value; 45,000,000 shares authorized; 12,718,968 and 12,280,051 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	1	1
Additional paid-in capital	48,429	43,491
Accumulated deficit	(411,832)	(386,729)
Total stockholders' deficit	<u>(363,402)</u>	<u>(343,237)</u>
Total liabilities, redeemable convertible preferred stock, and stockholders' deficit	<u>\$ 35,942</u>	<u>\$ 49,203</u>

**SOUNDHOUND, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Net loss	\$ (25,103)	\$ (19,260)
Adjustments to reconcile net loss to net cash used in operating activities:		

Depreciation and amortization	1,292	1,451
Stock-based compensation	2,464	1,388
Change in fair value of derivative and warrant liability	592	1,403
Amortization of debt issuance cost	1,742	301
Non-cash lease amortization	846	812
Changes in operating assets and liabilities:		
Accounts receivable	728	1,705
Prepaid expenses and other current assets	(483)	(52)
Operating lease liabilities	(1,080)	(1,154)
Deferred offering costs	(2,054)	—
Other assets	112	(16)
Accounts payable	3,178	(391)
Accrued liabilities	4,398	657
Deferred revenue	(1,623)	(1,378)
Other liabilities	2	(170)
Net cash (used in) operating activities	<u>(14,989)</u>	<u>(14,704)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(611)	(63)
Net cash (used in) investing activities	<u>(611)</u>	<u>(63)</u>
Cash flows from financing activities:		
Proceeds from the exercise of common stock options	2,474	1,199
Payment of finance and capital lease obligations	(519)	(594)
Net cash provided by financing activities	<u>1,955</u>	<u>605</u>
Net (decrease) in cash, cash equivalents, and restricted cash equivalents	(13,645)	(14,162)
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>\$ 9,177</u>	<u>\$ 30,820</u>
Reconciliation to amounts on the condensed consolidated balance sheets:		
Cash and cash equivalents	\$ 8,211	\$ 29,530
Current portion of restricted cash equivalents	230	230
Non-current portion of restricted cash equivalents	<u>736</u>	<u>1,060</u>
Total cash, cash equivalents, and restricted cash equivalents shown in the condensed consolidated statements of cash flows	<u>\$ 9,177</u>	<u>\$ 30,820</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 1,013</u>	<u>\$ 78</u>
Income taxes	<u>\$ 32</u>	<u>\$ —</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>
Operating lease liabilities arising from obtaining right-of-use assets	<u>\$ 650</u>	<u>\$ —</u>
Property and equipment acquired under capital leases or debt	<u>\$ —</u>	<u>\$ 265</u>