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PRESENTATION

Operator

Good day, and welcome to the SoundHound Q4 2022 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker, Mr. Scott Smith, Head of Investor Relations. Please go ahead.

Scott Smith - *SoundHound AI, Inc. - Head of IR*

Great. Thank you, Sheri. Hi, everyone. Good afternoon, and thank you for joining our fourth quarter and full year 2022 conference call. With me today is our CEO, Keyvan Mohajer; and our CFO, Nitesh Sharan. We will begin with some short remarks before moving to Q&A.

We'd also like to remind everyone that we will be making forward-looking statements on this call. Actual results could differ materially from those suggested by our forward-looking statements. Please refer to our filings with the SEC for a detailed discussion of the risks and uncertainties that could affect our business, and those that qualify as forward-looking statements.

In addition, we may discuss certain non-GAAP measures. Please refer to today's press release for more detailed financial results and further details on the definitions, limitations and uses of those measures and reconciliations from GAAP to non-GAAP. Also note that the forward-looking statements on this call are based on information available to us as of today's date. We disclaim any obligation to update any forward-looking statements, except as required by law.

Finally, this call is being audio webcast in its entirety on our Investor Relations website. An audio replay will be available shortly following today's call.

With that, I'd like to turn the call over to our CEO, Keyvan Mohajer. Please go ahead, Keyvan.

Keyvan Mohajer - *SoundHound AI, Inc. - CEO, President & Director*

Thank you, Scott, and thank you to everyone for joining the call today. We are happy to share with you the results and highlights of our first fiscal year as a public company, which we closed out with a strong fourth quarter. Our cumulative bookings backlog increased to \$332 million at year-end, and our full year 2022 revenue was \$31.1 million. Both of these key values exceeded targets we set and communicated in 2021, before we went public and well before the challenging market conditions began.

SoundHound's user queries using cloud connectivity were also a highlight, growing over 85% in 2022 compared to '21, resulting in an annual run rate of approximately \$2.2 billion. In Q4, our bookings increased 10% quarter-over-quarter, and our revenue was \$9.5 million, up 84% year-over-year.

Before diving back in, I want to take a moment to reflect on how we got here and share our view of the latest trends and momentum in AI. We started SoundHound in the Stanford University dorm room, with the vision that conversational AI will be the next major disruption in computing. We knew our AI vision was long term and worked for over a decade to build and own the entire technology stack that is being transformative. We globalized our technology to over 25 languages and are starting the year with \$332 million in bookings from our customers. And now we power tens of millions of devices and services around the world, enabling people to more seamlessly interact and exchange in a more accessible interconnected world.

With the recent popularization of Generative AI and large language models, we view 2023 as an inflection point of conversational AI, with a clear intersection between technology readiness and subsequent demand and adoption. Such intersections are rare and SoundHound is in a unique position to create tremendous value. We believe the impact of Generative AI and large language model to the field of conversational AI is similar to the impact of each neural networks to machine learning. Better quality models can be created faster and with fewer tedious engineering requirements. And we view the market impact of this to be transformative, similar to the mobile ecosystem disruption of the last decade. Fast movers will create tremendous value.

Now moving fast does not mean just opening the text or voice interface to a large language model. First models possessed the danger of providing unpredictable, stale and incorrect responses, a phenomenon known as AR hallucinations. The underlying principles of SoundHound technology are addressing these shortcomings by combining software engineering and machine learnings. For the first time, we are unveiling our novel approach using our proprietary technologies called CAILAN and CAINET.

CAILAN, or Conversational AI Language uses software engineering to efficiently build knowledge domains, while CAINET or Conversational AI Networks, uses machine learning to augment and enhance the realm of possibilities. CAINET can connect to SoundHound's internal Generative AI models as well as external models, such as OpenAI, GPT and ChatGPT among others. Ultimately, CAILAN controls and arbitrates the results to provide the best response to the user.

Let me demonstrate.

(presentation)

Keyvan Mohajer - *SoundHound AI, Inc. - CEO, President & Director*

What you just heard was a sneak preview of a new product called SoundHound Chat AI. It ushers in a new phase of bot-enabled conversational AI that used to only exist in science fiction. By combining the power of software engineering and machine learning regenerative AI, we can finally deliver the visual assistant experience that users have been desiring for decades. Please stay tuned for our official launch announcement very soon.

Let's review our expected business impact of this change as it relates to our 3 pillar strategy. In our Pillar 1, where we power, devices and cars, more users will use their assistants more often. Users did no longer limit their interactions to simple control command, setting timers and playing music. They can have lengthy, useful conversations with their assistants. This increasing usage will translate to an increase in revenue and licensing fees for SoundHound. Combined with our breakthrough dynamic interaction, which I'll talk about shortly, this will further strengthen our position as a leader in voice interfaces by creating more interaction capabilities for users of our products. In addition, more product creators will demand this feature, and this increasing adoption will also increase the revenue for SoundHound.

In our Pillar 2, more tasks can be automated. And in general, customer service, an area of important focus for SoundHound will be transformed with AI being not just cheaper than humans, but also better than humans. By incorporating the possibilities that are already proven from Generative AI and large language models into customer service applications, we envision that end users will ultimately prefer to speak on AI agents, rather than a human representative when talking to a business.

We expect our expansion to new customer service verticals to accelerate and ultimately, AI-enabled customer service will be as necessary to every business as electricity. SoundHound is in a unique position to take advantage of this rare moment, due to our advanced and comprehensive technologies, mature products and existing customer base. In our view, this can be done as a side project. It can be achieved by simply interpreting

a few external APIs and creating the necessary technologies to win in conversational AI would be costly, inefficient and slow. By owning all the core pieces of the engines, we have a distinct competitive advantage.

Innovation has been a core part of our DNA. Last November, we unveiled a new technology called Dynamic Interaction. SoundHound dynamic interaction is a multimodal full duplex interface, with real-time continuous audiovisual feedback, in response to both audio and touch input, with no way for awkward pauses or turn taking. It ignores off-topic speech, makes for active suggestions to the users and intelligently decides when to use audio or visual output.

We believe dynamic interaction is a category-defining breakthrough that will raise the bar for human computer interaction, just like how Apple's multi-touch technology leapfrogged existing touch interfaces in 2007. By combining dynamic interaction with Generative AI, we expect to achieve our ultimate vision of making computers better than humans in language understanding and more human in the way they interact and respond.

Given our unique positioning and strength, the growing demand we are seeing for our independent AI powered products and services will only get stronger, as we execute on more opportunities and with more customers.

In 2022, we made great progress in forging and extending significant relationships and partnerships with a number of new brands with our vertical agnostic technology. In the past year, SoundHound has announced a number of key partnerships and integrations, including an agreement with Qualcomm to bring SoundHound's voice AI to its Snapdragon platforms, new deals and integrations with VIZIO, Square, Toast and Oracle, and an expanded partnership with Snap. SoundHound also signed a multiyear agreement with Hyundai, and announced an expansion of our Stellantis relationship in Europe, as well as a series of collaboration in automotive space, including with LG, HARMAN, DPCA and DMI.

In automotive, we now work with 20 key brands, an impressive number given we went from 0 to 20 brands in just a few years. While we continue to add new brands in our portfolio, we are also able to expand with our existing brands globally, by supporting new languages, new regions, adding edge and cloud and new services. We are also working with many world-class device manufacturers ranging from smart appliances to TVs and in multiple areas within the IoT space. Here, we continue to expand within our existing customers, and we are excited about the companies in our pipeline. With more than 75 billion connected devices expected globally by 2025, we see a tremendous opportunity here for our most AI powered products and solutions.

Last year, our voice AI technology was made generally available for customer service, starting with SoundHound for Restaurants, making our entry into this massive rapidly evolving service industry. Since launch, we have added restaurant customers across North America and continue to forge relationships with important partners, including companies like Oracle, Square and Toast, with more to come.

Our SoundHound for restaurant voice AI Assistant allows restaurants to automate their ordering process at drive-throughs, ordering kiosks, in-app and over the phone, enabling restaurants to create efficiencies in order taking, at a time when many are tackling rising food costs, staffing shortages, supply chain issues and other headwinds. Voice-enabled food order is particularly challenging, requiring specialized speech recognition and complex natural language understanding, which matches perfectly with our key differentiators.

We are excited as we move forward in 2023, because we expect to continue to add customers and partners and deliver voice AI technology to some of the most well-known brands in the world. We aim to power billions of devices and services, and with already voice-enabled millions of cars, TVs, mobile apps, IOT devices and restaurants on a global scale, thanks to our expansive set of languages.

And while we are excited about what we have built at SoundHound and the new opportunities we have realized, it is nice to see that this asset is also being recognized by the industry. Recently, we have been named as Speech Industry Award Winner, and we were also named as one of the world's top 10 disruptive AI companies by AI magazine. In addition, SoundHound for Restaurants has been named among the winners of the National Restaurant Association's Smartbrief Innovation Award for Foodservice, after only a short period since market launch.

There is undoubtedly momentum building behind AI, our company and our category. The convergence of heightened market demand for conversational AI and the technological readiness for our AI powered solutions has positioned us at a critical and a very exciting inflection point, one we are primed to take advantage of.

In closing, since launching SoundHound's initial voice AI platform in 2015, we have radically evolved it, globalized its reach to 25 languages, been selected by 20 car brands and created over 100 branded assistants across numerous brands and languages. We continue to scale into major enterprises, including Hyundai, Kia, Genesis, Mercedes-Benz, Stellantis, Dodge, Chrysler, HARMAN, Toast, Square, LG, VIZIO, Snap, Pandora and many others.

There is tremendous opportunity in itself to expand within these existing customers, but we are also making meaningful progress in expanding our addressable market, as demonstrated in SoundHound for Restaurants in customer service. And with recent product launches such as dynamic interaction for customer service and Generative AI, we are confident in our ability to both grow within our existing global addressable market and expand into new ones.

We are in a unique position to maintain our leadership in voice-enabled AI technology and solve extremely difficult problems with our breakthrough inventions for our customers and partners. We are pleased to have ended the year at the high end of our guidance, despite the macroeconomic conditions that worsened throughout the year. We remain agile and focused and are confident to grow the business at approximately 50% in 2023.

With that, I will now turn the call over to Nitesh, to talk about our financial performance for the quarter.

Nitesh Sharan - *SoundHound AI, Inc. - CFO*

Thank you, Keyvan, and good afternoon, everyone. 2022 was our first fiscal year in the public market, a year when the IPO markets stalled, higher interest rates steered investors towards value, and sentiment shifted away from disruptive, high-growth technology companies such as ourselves. Nevertheless, we adjusted, fought harder aggressively took actions and set ourselves up to serve the rapidly increasing demand for our products, and on much stronger financial footing.

Artificial intelligence is fundamentally about making technology more human-like. At SoundHound, we do that by making conversations with machines more natural and seamless, and the demand for that has never been stronger. Large language models, Generative AI and the pervasiveness of chatbot are unearthing entirely new used cases every day. The opportunity set and adoption curves will accelerate rapidly. As Keyvan indicated, our time is now.

I'll dive deeper into expectations for 2023 shortly, let me first review our 2022 results. We continue to expand our voice-enabled ecosystem, have strong growth and delivered full year revenue at the high end of our guidance range. Despite the volatile macro backdrop, we have now outperformed our publicly stated full year outlooks for the past 2 years. The foundation for this consistent overachievement versus our expectations is rooted in strong customer engagement and sound execution, that should only further improve from here.

Our cumulative bookings backlog establishes that foundation. We closed the year with \$332 million, representing a year-over-year growth of 59%. The contracts underlying our bookings backlog now range from 1 year to more than 9 years, with a roughly 6.5 year weighted average contract length. Through the year, we saw meaningful lengthening in customer contracts, which demonstrates the deepening strategic partnerships and validates the value we continue to create.

Our business model is grounded in the 3-pillar revenue framework; pillar 1 represents voice-enabled products, where we receive royalties. Pillar 2 represents voice-enabled services, generally under monthly subscription contracts. And then we bring Pillar 1 and 2 together into Pillar 3, monetization.

As we have discussed previously, the bulk of our current business and backlog is in pillar 1 and in 2022, we scaled into millions of new cars and devices. In this pillar, we are extending our offering across new units and adding more features to existing ones to expand revenue per unit. We can scale with existing customers, and we are constantly adding new ones.

In automotive, for example, we saw more than 3x growth in, in year new unit production in 2022 and unit price expansion of more than 20%. And in Q4, we added another 3 brands to our ever-growing list.

As we have discussed previously, growing our Pillar 2 voice-enabled services is a key focus area, starting with AI-enabled customer services for restaurant. There's massive demand and one advantage here, is the pace at which we can scale, because of the much shorter sales cycle and activation timeline. Just several months in and our qualified advanced pipeline of stores is now well into the thousands, and we are rapidly enhancing product features to extend our reach to even more brands and locations.

The recent advances with large language models only accelerates our excitement around the broader customer service opportunity in this pillar. Our packaged offerings and technologically advanced business inquiry voice AI solutions, are perfectly suited to extend our reach to a multitude of businesses and industries. There is tremendous value to unlock for customers.

Let me now get specific on our financial results for the fourth quarter and full year. In Q4, we generated \$9.5 million in revenue, up 84% year-over-year. For the full year, our revenue was \$31.1 million, and was predominantly driven by product royalties, with an increasing contribution from subscription services throughout the year. Our product royalty revenue increased primarily due to strong customer momentum and a number of large edge deals, where we received multiyear minimum guarantee commitments.

Our edge solutions operate without Internet connectivity or hosting requirements. So our performance obligations are fulfilled when we deliver the software. Our long-term commitments demonstrate the continued strong partnerships we've developed and the continued share gains we are experiencing. Foreign exchange also had an impact on our revenue. Our full year revenue growth rate would have been roughly 2 percentage points higher without this impact.

In Q4, our gross margin improved to 71%, up from 67% in the prior year quarter, which was largely driven by the expanding scale of our business. Cost of revenue for the quarter was \$2.8 million, up 61% from the prior year. The majority of our cost of revenue includes data center costs supporting our customer production environment.

We completed the migration of our cloud spend to Oracle in Q4 2022. As we look forward, there are some on-prem activities that we [related] to the cloud, helping us continue to drive gross margin expansion along with the anticipated benefits of further scale.

Moving on to operating expenses. R&D has been the key pillar of this company, as we built our voice AI platform and deep patent portfolio of over 260 filed and pending. In Q4, R&D was \$21.5 million, up 32% year-over-year. We continue to invest in R&D to ensure we remain at the forefront of innovation in AI and machine learning, while also helping to develop and scale our cloud offerings in other products and services.

In 2022, we ramped up our sales and marketing investments in both people and technology to accelerate growth, particularly in pillar 2. We have increased focus in digital marketing, lead generation and customer acquisitions, both direct and through channel partners. In Q4, sales and marketing expenses were \$6.7 million, up 587% year-over-year, off a small prior year base. With our organizational shifts in 2023, we expect this expense item to benefit from greater focus.

G&A expenses were \$7.2 million in Q4, up 41% year-over-year, which reflects investments across the global support functions of finance, legal, facilities and human resources. The increases were largely a result of ensuring our G&A functions delivered on the requirements of a newly public company.

Across all operating expenses, noncash employee stock compensation was \$9.3 million in Q4. We expect the ongoing quarterly stock comp expense to meaningfully reduce in 2023, post our recent restructuring. Our operating loss of \$28.8 million in Q4 and adjusted EBITDA, which excludes the noncash charges of stock compensation and depreciation and amortization and other nonoperating activities, was a loss of \$18.6 million.

Net loss per share in Q4 was \$0.15 compared to a net loss of \$0.32 in the prior year period. For the full year, net loss per share was \$0.83 compared to a net loss of \$1.18 in the prior year.

On to the capital structure; our cash position at year-end was \$9.2 million. In January, we successfully raised \$25 million in preferred equity. Our previously announced committed equity line of credit also became effective, giving us additional access to capital. In addition, as we announced

concurrently with our preferred rates, we are in process of refinancing our existing debt. All in, our balance sheet has strengthened meaningfully and we have a fully funded business plan through and beyond the point of our becoming profitable.

With that, I'll move on to guidance. Earlier this year, we announced restructuring actions that were necessary to right-size our cost structure, impacting both people and discretionary spend. Such decisions are never easy, but the actions have enabled us to accelerate our path to profitability without materially impacting our ability to execute our business plan effectively. We expect these cost reductions to result in operating cost savings of approximately \$60 million in 2023, as compared to 2022. We expect revenue to grow approximately 50% in 2023, and we now expect to be adjusted EBITDA positive in Q4 of this year, setting the stage for sustained long-term profitable growth, as we enter 2024.

Let me double-click a bit on these expectations. First, the \$332 million of cumulative bookings backlog that I noted earlier, gives us high confidence on revenue that will either automatically roll into the P&L in accordance with software revenue recognition guidance, or as a result of expected customer unit volumes, upon which we generate royalty revenue streams. In addition, we expect that SoundHound for Restaurants will provide a meaningful contribution to revenue and grow at an accelerated rate, as we move through the year. It is important to note that SoundHound for Restaurants has had only a minimal contribution to our revenue up to this point, but the underlying customer foundation pipeline and activation of stores is building rapidly. It's also important to note that this vertical has a very attractive financial profile, with more predictable revenue streams, better scalability, leading to more favorable operating margins and a fast conversion of initial customer contact to cash flow.

We are enthusiastic about the momentum we continue to see from customers and how our team is capitalizing on this tremendous opportunity. Therefore, overall in 2023, we expect that revenue will be in the range of 43 and \$50 million. We expect this revenue will build through the year, with each quarter larger than the last, due to seasonality of Pillar 1 businesses and the scaling of restaurants. Our Q1 results will also be impacted by the restructuring efforts that we continue to finalize. Last year, approximately 2/3 of our revenue was recognized in the second half of the year, and we expect to see a similar trend for this year.

To summarize, we have taken the important steps to set us up for long-term success. While our progress will not always be linear, we are building a strong and sustainable business model, and driving growth with a clear path to profitability. Market momentum is real, customer traction is strong, and we are extremely excited about our path forward.

Thank you. And we will now move to Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And today's first question will come from the line of Mike Latimore with Northland.

Michael James Latimore - Northland Capital Markets, Research Division - MD & Senior Research Analyst

Congrats on the excellent results this year. So a lot of interesting developments, obviously. I guess, first on the restaurant vertical, you seem fairly positive about that vertical. I guess, can you just give a little more color there? I mean, how many restaurants are you currently deployed at, and when you talk about pipeline, is that a business that's about to be deployed, or is that a business that you still need to win? And then I guess also, it just seems like this would be applicable to a very large chains, are there any large restaurant chains that are rolling this out?

Nitesh Sharan - SoundHound AI, Inc. - CFO

Sure, Mike. I could start. So a couple of points. Yes, when I alluded to the pipeline in my prepared remarks, I mean, generally, we -- obviously, we have a lot of conversations going on, and we sort of have an initial pipeline and then we kind of enter it into our CRS systems when it's in a more advanced stage. So qualified leads that we really characterize on what I was referencing, are ones where there are deep conversations going on

with decisionmakers at the restaurant, where there's clear line of sight to a significant opportunity, whether it's small and medium enterprises, it could be 1 to a single-digit level location. In the enterprise side, they could be tens, hundreds plus, and we definitely have a suite of both small, medium, mid-market and enterprise-level customers that have hundreds of stores.

We've previously mentioned White Castle as an example, a chain that has over 350 stores around the nation, and we're activating it live in several of those and scaling. I would say that in terms of the number, I have mentioned thousands of advanced stage pipeline. So those are ones that are not yet paying us monthly fee, those are pipeline. So that means they're not yet in, but those are late-stage conversations.

In many cases, what happens is, we kind of get a late-stage conversation with, I'd say, a pizza restaurant and there are certain features or facets that they need, maybe they need a customization of doing half this half that, and that's a feature that we developed. So in a lot of cases, there's really active engagement, we may just need to add some features and functionality.

We have hundreds of restaurants signed up already. So beyond the pipeline stage that are operating, and we're quickly scaling those. So as I mentioned in the prepared remarks, the time from sort of initial conversation to cash flow or monthly recurring revenue indicates for us, can be very rapid. And especially when you get into restaurants that have multiple stores, because once you ingest that menu upfront and you custom sort of develop the capability and the voice, moving to restaurant #2 or #3, is very, very fast. In some cases, if it's more on the drive-through feature, you might have some acoustic things that you have to figure out, but generally, especially for cornering, you don't have any of those complexities of traffic or outside noise, and so it could be much more rapid.

I rambled a little bit there, so maybe I'll pause and see if that kind of hits the question.

Michael James Latimore - Northland Capital Markets, Research Division - MD & Senior Research Analyst

Yes. That's good context. And then on the Chat AI service you mentioned, is that both a direct-to-consumer and business enabler type of service, or how are you thinking about kind of the go-to-market there?

Keyvan Mohajer - SoundHound AI, Inc. - CEO, President & Director

Yes. There will be both, to offer that to our existing customers like car makers and IT makers and so on. And SoundHound, historically, we've had direct-to-consumer applications and products, and our existing applications have received over 300 million downloads. So that's something that is part of our DNA, we're really good at it, and it's a good moment to take advantage of that experience.

Michael James Latimore - Northland Capital Markets, Research Division - MD & Senior Research Analyst

Great. And just last one, can you provide a little more color on your activities with Qualcomm, that seemed like an important partner that you announced last year, maybe just a little bit more feel for how that partnership is going?

Keyvan Mohajer - SoundHound AI, Inc. - CEO, President & Director

Yes, so we had a really good demonstration. We had a joint demo at their Snapdragon Summit a few months ago. So -- and they also showcased it at CES. So they are basically bundling our voice AI solution into their chipsets and they can basically be our channel partner and sell it to the customers on our behalf. So it's a combination of their chipsets and their voice technologies, voice [recognition] technologies and our voice AI solutions. So it's a very meaningful partnership.

Operator

(Operator Instructions) One moment for our next question, and that will come from the line of Brett Knoblauch with Cantor Fitzgerald.

Brett Anthony Knoblauch - *Cantor Fitzgerald & Co., Research Division - Research Analyst*

The first, I guess, is on the profitability guide. I know you guys are taking a lot of actions to kind of improve profitability over the last couple of months. What assumptions do you have to get to kind of positive adjusted EBITDA in the fourth quarter? I guess, what should we be expecting from a gross margin front, absolute OpEx basis, if we look at the run rate exiting the quarter, should we expect that to decline by, call it, \$10 million on a run rate basis, or what should we be thinking for that?

Nitesh Sharan - *SoundHound AI, Inc. - CFO*

Sure, Brett. So first, I'll start at the top. So we guided 50% growth and sort of highlighted that, that is going to be back-end loaded. So we are expecting to ramp through the year. Part of that is, just seasonality that comes with the Pillar 1 and predominantly auto business, but number 2 -- well, I should say, auto and devices. So there is seasonality associated with like TV sales and so forth as well. But then also with our Pillar 2 in restaurants as we continue to scale, gain traction, and that builds on a monthly subscription basis, that will compound in a positive way that should build through the year. So there's a bit of that seasonality.

And then with margins, we're not really guiding margins, but I'd say that just overall profile and long term, we definitely think the levels, the 70% plus level that we've been delivering this year is very achievable and very scalable. As you go into our diversification of products from cloud to edge that we've seen this year, that does have favorable elements to gross margin. I mentioned in my prepared remarks, through the year, we were migrating cloud, and we had that sort of impact, a little bit of a bit of a drag in 2022's margin, that is now kind of completed. And then also there's some other actions we're taking to drive efficiencies in margin and then also just with scale. But with respect to cloud versus Edge, some of the Edge solutions, they tend to have favorable gross margin profile. So as you put it all together, there's -- we expect gross margin to continue to be in the zone and positive to what it was in 2022.

And then on the OpEx line, I mentioned on a full year basis, \$60 million of savings. And the first quarter will be -- we'll have some of the restructuring costs impacting it. But on an ongoing -- and we're still -- for some of our international countries, it just takes time to kind of work through that. But certainly, by the end of the year, we'll have worked through entirely. In fact, in Q1 by the time we're done with Q1, we should be largely through all the restructuring activities. So we should start to realize those savings in OpEx.

And yes, I mean, as you get to the full year Q4 estimation, I think when you look at our OpEx items, R&D, sales and marketing, G&A, where we're taking and the actions we took were north of 40%-plus reductions on -- both head count and discretionary, you can kind of do the math. The other thing I'd say -- and I mentioned this in the prepared remarks impacting as well around the stock comp elements, although that doesn't affect adjusted EBITDA, but that also, we expect to come down.

So that is kind of the composition of what gives us confidence that we'll achieve adjusted EBITDA profitability in Q4.

Brett Anthony Knoblauch - *Cantor Fitzgerald & Co., Research Division - Research Analyst*

Got it. And then I guess on the cumulative kind of bookings backlog, I guess they grew 10% sequentially. Can you talk about what kind of specific relationships or customers really drove the kind of quarter-over-quarter growth there?

Keyvan Mohajer - *SoundHound AI, Inc. - CEO, President & Director*

Yes. So we have announced we have over [70,000] restaurants. And one thing that's very unique about our kind of a restaurant is that we could work with single-location restaurants. There are a few players that are in the space because of the huge amount of onboarding requirements. It could take kind of a month to train a model for a new menu. They can only go after brands that have like hundreds of locations, for example, but we could actually work with a restaurant that has a single location, because our onboarding is automated.

You can ingest the menu and even if they have custom vocabulary under menu or feature cognition, it automatically gets trained and enhance to recognize those and they have complex menu structure, all of that can be automated. So that's a very green area for us to go after the longtail. And the total partnership is very key because they have -- they opened the door to tens of thousands of restaurants for us, and we partnered with their sales team as well. So we have a large number of salespeople that can sell our solution on our behalf.

Brett Anthony Knoblauch - *Cantor Fitzgerald & Co., Research Division - Research Analyst*

Perfect. That makes sense. And I guess I could have one follow-up, the new kind of Generative AI chat product. Is this going to be more like a chat bot? Is it going to be more voice driven? And I guess how do you plan on, I guess, monetizing that solution, and maybe the timeline for when you expect monetization to occur? Is this something that we should expect to contribute to revenues this year?

Keyvan Mohajer - *SoundHound AI, Inc. - CEO, President & Director*

Yes. So the demo you heard was voice based, so the user will hop into a mobile app and hear the response. And we believe voice really unlocks the power of Generative AI. So tightening is not as accompanying that voice, because you can be faster and interact more freely. So it will be voice based. There will be a tech input as well. But of course, we think it will be the prominent way, and that's one of our differentiators, we bring our own ASR, and I really think this is the first time we can deliver a voice assistance to the end users that they have been wanting for more than a decade.

So if you remember when Apple launched Siri, more than 10 years ago, there were ads on TV that made a big promise that you can go and have an open ended conversation with an assistant. Users loved the idea, they rushed to it, and they quickly can disappointed, because it was able to only handle a few things, like ask a question about weather and maybe stock prices, and play music, and set timers.

So it was still better than not having it. So people used it and adopted it, but it wasn't what they had imagined. And now more than a decade later, you are finally able to deliver that experience that users have wanted. We know they want it, because we've been in this business for a long time, for many years, and we know that's what the users want. And very few companies can take advantage of this moment, because just having a voice interface with a large language model is not enough, because maybe you can ask them some questions to write you a poem or some long tailed questions, but if you ask them questions about real-time search queries like, how is the weather or sports scores or stock prices or setting a timer or calling contacts or sending messages or setting calendar, navigating to restaurants or addresses, they (inaudible).

So to really deliver this ultimate assistant experience, you need to have both, you need to have the Generative AI large language models, and you need to have the existing assistant domains that people demand, with a voice interface on top of it, and there's only a handful of companies that can take advantage of the situation and SoundHound is the most agile, because we are able to move pretty fast. So stay tuned for our announcement later this month. The question -- the rest of the questions you asked, we will answer those in our announcements.

Nitesh Sharan - *SoundHound AI, Inc. - CFO*

And Brett, the other thing just for us, the Generative AI is certainly like the demo we shared, but we also talked about dynamic interaction and we previously announced the dynamic interaction sort of next generation for auto. And there's a kind of interest there in the space, we think certainly voice is an important modality, but sort of the multimodal is just as exciting. Sometimes voice input, voice output makes a lot of sense. Sometimes it's voice and touch input and audio and visual output, and that's sort of what our dynamic interaction capability allows us to do real time. And then that's really where the future is going, it's just going very rapidly and so there's a ton of application use cases that we're very excited about. And the monetization will come with those near term.

Operator

Thank you all for participating in today's question-and-answer session. I would now like to turn the call back over to Mr. Keyvan Mohajer for any closing remarks.

Keyvan Mohajer - SoundHound AI, Inc. - CEO, President & Director

Thank you. When we founded SoundHound, we had a vision to see voice-enabled, voice AI in our lifetime, but we couldn't have fully imagine the vibrant environment of AI innovation we find ourselves in today. Our conversational AI comes to its prominence across industries. We are confident that as the only independent cross-industry voice AI platform, we are in a strong position to deliver SoundHound's best-in-class technology to even more global brands.

We continue to execute and 2022 was a pivotal year for introducing new products and building new partnerships and we are excited about where we are and where we are looking forward to a strong 2023.

With that, I thank you for joining us on the call today and look forward to speaking with you when we report our first quarter 2023 results. Thank you.

Operator

Thank you all for participating. This concludes today's program. You may now disconnect.

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