

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2025
- OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission file number: 001-40193

SOUNDHOUND AI, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	86-1286799 (I.R.S. Employer Identification No.)
5400 Betsy Ross Drive Santa Clara, CA (Address of Principal Executive Offices)	95054 (Zip Code)

(408) 441-3200
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	SOUN	The Nasdaq Stock Market LLC
Redeemable Warrants	SOUNW	The Nasdaq Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of voting stock held by non-affiliates of the Registrant on June 30, 2025, based on the closing price of \$10.73 for shares of the Registrant's Class A common stock, was approximately \$3,580.2 million.

As of February 26, 2026, there were 390,278,787 shares of the Company's Class A common stock, \$0.0001 par value per share, issued and outstanding, and 32,535,408 shares of the Company's Class B common stock, \$0.0001 par value per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

SOUNDHOUND AI, INC.
FORM 10-K

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K of SoundHound AI, Inc. (“we,” “us,” “our,” “SoundHound,” or the “Company”) contains “forward-looking statements” (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the section of this report entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. These forward-looking statements include, but are not limited to, statements concerning our expected financial performance, our ability to implement our business strategy and anticipated business and operations, including our ability to integrate the business and operations of our recent acquisitions and improve our Generative AI Foundation Model, expand our customer partnerships and roll out our AI drive thru service, roll out our Dynamic Interaction, Chat AI for Automotive, and expand the number of platforms on which our voice AI technology will be available, the potential utility of and market for our products and services, including our newly acquired products and services, and our ability to achieve revenue from our bookings backlog. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results of operations or the results of other matters that we anticipate herein could be materially different from our expectations. Accordingly, readers are cautioned that significant known and unknown risks, uncertainties and other important factors may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Some factors that could cause actual results to differ include:

- our ability to execute our business strategy, including launching new product offerings and expanding information and technology capabilities;
- our market opportunity and our ability to acquire new customers and retain existing customers;
- the timing and impact of our growth initiatives on our future financial performance;
- our ability to integrate the businesses and operations from our recent acquisitions with our current operations to realize the expected benefits of those acquisitions;
- our ability to protect intellectual property and trade secrets;
- our ability to obtain additional capital, as necessary, including equity or debt financing, on terms that are acceptable to us, if at all;
- changes in applicable laws or regulations and extensive and evolving government regulations that impact our operations and business;
- our ability to attract or maintain a qualified workforce;
- level of product service failures that could lead our customers to use competitors’ services;
- investigations, claims, disputes, enforcement actions, litigation and/or other regulatory or legal proceedings, including with respect to our AI technology;
- risks relating to uncertainty of our estimates of market opportunity and forecasts of market growth;
- the possibility that we may be adversely affected by other economic, business, and/or competitive factors; and
- other risks and uncertainties described under the section titled “Risk Factors” in this Annual Report.

You should thoroughly read this Annual Report and the documents that we refer to with the understanding that our actual future results may be materially different from, and worse than, what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The forward-looking statements made in this Annual Report relate only to events or information as of the date of this Annual Report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this Annual Report completely and with the understanding that our actual future results may be materially different from what we expect.

Part I

Item 1. Business

Our Mission

SoundHound's mission is to voice-enable the world with conversational intelligence through an independent AI platform enabling humans to interact with products and services like they interact with each other — by speaking naturally.

Company Overview

We are a global leader in conversational intelligence, offering independent Voice AI solutions that enable businesses to deliver high-quality conversational experiences to their customers. Built on proprietary technology, SoundHound's voice AI delivers best-in-class speed and accuracy in numerous languages to product creators across automotive, TV, and IoT, and to customer service industries via groundbreaking AI-driven products like Smart Answering, Smart Ordering, and Dynamic Interaction™, and Employee Assist. Along with SoundHound Chat AI, a powerful voice assistant with integrated Generative AI, SoundHound powers millions of products and services, and processes billions of interactions each year for world class businesses.

We believe voice-enabled conversational user interface is a more natural interface for nearly all use cases, and product creators should have the ability to design, customize, differentiate, innovate and monetize the interface to their own product, as opposed to outsourcing it to a third-party assistant. For example, using SoundHound, businesses can voice-enable their products so consumers can say things like, "Turn off the air conditioning and lower the windows," while in their cars, "Find romantic comedies released in the last year," while streaming on their TV and even place food orders before arriving at a restaurant by talking to their cars, TVs or other IoT devices. Additionally, SoundHound's technology can address complex user queries such as, "Show me all restaurants within half a mile of the Space Needle that are open past 9pm on Wednesdays and have outdoor seating," and follow-on qualifications such as "Okay, don't show me anything with less than 3 stars or fast food."

The SoundHound developer platform, Houndify, is an open-access platform that allows developers to leverage SoundHound's Voice AI technology and a library of over 100 content domains, including commonly used domains for points of interest, weather, flight status, sports and more. SoundHound's Collective AI is an architecture for connecting domain knowledge that encourages collaboration and contribution among developers. The architecture is based on proprietary software engineering technology, CaiLAN (Conversational AI Language), and machine learning technology, CaiNET (Conversational AI Network) to ensure fast, accurate and appropriate responses.

Our market position is strengthened by the technical barriers to entry in the Voice AI space, which tend to discourage new market participants. Furthermore, our technology is backed by significant investments in intellectual property, with over 359 patents granted and over 102 patents pending, spanning multiple fields including speech recognition, natural language understanding, machine learning, monetization and more. We have achieved this critical momentum in part thanks to a long-tenured leadership team with deep expertise and proven ability to attract and retain talent.

Market Opportunity

A significant addressable market

To take advantage of opportunities created by the expansion of Voice AI, companies across industries are turning to independent providers with disruptive technology offerings to help them design and build custom voice assistants. The demand for Voice AI technology is growing exponentially as companies compete to lead the market with the best technology, excellent customer relationships, and greatest innovations. Custom, branded voice assistants are allowing companies to improve their customer interactions at every touchpoint.

Strategy

We believe that Voice AI will be the next major technology disruption in computing.

Human-computer interfaces became popularized through computers offering a keyboard and mouse. After that came mobile devices with touch screens. We now have IoT devices with Voice AI. After the internet became mainstream, every company needed to have a website. After the mobile ecosystem became mature, every company needed to have a mobile strategy. We note that some very successful companies were created purely on the mobile ecosystem.

We believe the same concept will apply to the world of Voice AI where every company will need to have a strategy and there will exist success stories built on top of platforms like ours. These interfaces will co-exist: for example, mobile and touch screens did not completely replace computers with a keyboard and mouse, therefore Voice AI will also co-exist with computers and mobile. However, with billions of IoT devices that don't have a keyboard or a mouse or a touch screen, we believe that voice will be the preferred or the only way to interact with these devices.

Technical Development

In 2005, as recent graduates from Stanford, our founders began envisioning a future where we would be talking to products just as we do other people. Inspired to make their vision a reality, the Company was founded with a simple and powerful mission: Add Voice AI to everything. To this day, the Company is still run by its original founding team.

SoundHound's technology represents the evolution of several disruptive breakthroughs in voice-AI and sound recognition developed over almost two decades. Using innovative audio and music identification technology, in 2009, our founders launched the SoundHound music identification app. Since its inception, the app has received over 300 million downloads.

In parallel, the founding team worked in stealth on a fundamentally new technology — one that had the potential to revolutionize human-to-computer voice interaction. Up until then, all voice interactions relied on speech-to-text and then text-to-meaning. Our engineers knew that for a true voice engine to flourish, it needed to understand speech directly, just like humans do.

In 2015, SoundHound introduced the Houndify Voice AI platform incorporating breakthrough Speech-to-Meaning and Deep Meaning Understanding technologies, which, to SoundHound's knowledge represented voice interaction technologies not yet broadly available at the time as its foundation.

After we went public in 2022, SoundHound rapidly introduced innovation to the market with Smart Ordering, Dynamic Interaction™, SoundHound Chat AI, and Smart Answering, among other products (see “Products and Technology” hereafter).

Following the integration of the Amelia platform into SoundHound's ecosystem in 2025, we enhanced our AI agent platform by enabling full-stack agentic AI for enterprises, moving beyond simple voice response to systems that can reason through IT support or customer service requests and execute backend actions autonomously. With the launch of the Amelia 7 platform in 2025, SoundHound's AI agent orchestration platform brings new capabilities into the vehicle, enabling multiple agents to carry out tasks and transactions on behalf of the driver — from the company's own voice commerce agents that allow food ordering and reservations with top restaurant brands, to external agents that will allow users to check email or adjust their schedules.

SoundHound's Vision

A typical reaction to SoundHound's technology is “Wow! Even humans cannot do this.” This is the crux of our vision: *Create a Voice AI platform that exceeds human capabilities and brings value and delight via an ecosystem of billions of products enhanced by innovation and monetization opportunities.*

Computers are better than humans at computing, but they're not always better than humans at performing certain tasks. For example, we used to easily beat computers in the game of chess, but now computers can even top grandmasters. When it comes to language understanding, the general perception is computers are not yet as good as humans. People talk using complex conversations with each other, but when they talk to voice assistants, they lower their expectations and use short, simple, keyword-based queries. We aim to change that by making computers better than humans in language understanding. As a result, SoundHound can make humans more productive and help make the world a better place.

To provide another example, if a user is looking for a restaurant, but anything other than Chinese (because they had Chinese food yesterday) they can ask the concierge of a hotel: “Show me restaurants, excluding Chinese,” and the concierge can point the customer in the right direction. But when talking to a typical voice assistant, users often don’t ask the question: “show me restaurants, excluding Chinese,” because they don’t expect that it will work. And in fact, most other voice assistants will offer Chinese restaurants when asked to show restaurants excluding Chinese. With SoundHound’s technology, users can ask even more complicated questions, such as: “show me Asian restaurants in San Francisco, excluding Chinese and Japanese, and only show the ones that have more than three stars and are open after 9:00 PM on Wednesdays.” In addition, users can follow up and ask it to refine the criteria such as “remove Korean and Vietnamese, sort by rating then by price, and only show the ones that are good for kids and have a patio.”

Additionally, through SoundHound’s AI-driven restaurant voice ordering solution, Smart Ordering, automated voice technology can be deployed by any restaurant to take food and drink orders over the phone, via menu kiosks or at the drive-thru. Its sophisticated technology learns the menu of each business and can answer questions, accept modifications and even upsell, helping the restaurant process more orders quickly and efficiently.

Our vision further includes empowering billions of devices around the world using our technology, with innovation and monetization opportunities for the product creators that integrate to our platform. It means product creators can not only use Voice AI to make their product better; they can also generate incremental recurring revenues from customer interactions.

Our vision also places a high emphasis on user experience. Before monetization growth can occur, delivering value and delight to end users is paramount. As a result, the most effective monetizable interactions will be those that flow naturally based on context, create value for the end-user, and would not be perceived by users as intrusive advertisements.

Products and Technology

SoundHound’s momentum in the Voice AI market can, in large part, be attributed to our large number of technology breakthroughs.

Houndify Platform

SoundHound’s Voice AI platform combines advanced AI with engineering expertise to help brands build conversational voice assistants. From proprietary components to customizable and scalable solutions, we offer tools to build a highly accurate and responsive voice user interface.

The suite of Houndify tools includes Application Programming Interfaces (“API”) for text and voice queries, support for custom commands, extensive library of content domains, inclusive Software Development Kit platforms, collaboration capabilities, diagnostic tools, and built-in analytics.

Houndify provides a web API that takes in text queries or audio and returns actionable JavaScript Object Notation to anyone with an internet connection wanting to add Voice AI to any product or application.

CaiNET and CaiLAN Expert Domain Selections

SoundHound’s CaiNET software uses machine learning to enhance how domains work together to better handle complex queries including natural language processing, predictive analytics, and building language models, or translation of speech.

SoundHound’s proprietary CaiLAN software expertly arbitrates responses so users get better answers from the right domain such as for use with natural language processing, predictive analytics, and building language models, or translation of speech.

Automatic Speech Recognition (“ASR”)

Our highly optimized, tunable, and scalable ASR engine supports vocabulary sizes containing millions of words. Houndify’s machine learning infrastructure allows us to tune the engine to achieve optimal Computer Processing Unit (“CPU”) performance while delivering high accuracy rates.

Houndify's language and acoustic modelling architecture also uses machine learning to increase word recognition accuracy. Rapid iteration is possible due to our accelerated training pipeline and architecture that improves as data is collected. Highly accurate transcriptions result from advanced acoustic models trained to perform in a variety of scenarios — including in severely noisy environments and when accented language is spoken.

Natural Language Understanding (“NLU”)

Our proprietary Speech-to-Meaning technology tracks speech in real-time and understands the context, even before the user has finished speaking. Instead of the typical two-step process of transcribing speech into text and then passing the text into an NLU model, Houndify can accomplish both of these tasks in one step, delivering faster and more accurate results.

Houndify's ability to process and understand speech the instant a user stops speaking gives voice assistants the ability to respond faster. Understanding speech in real-time without requiring additional processing or waiting for the user to finish speaking creates responsive and natural conversations between people and products.

By understanding context, Houndify responds accurately to users by distinguishing between similar words and names. Our NLU can discern the difference between words that sound the same, but have different spellings and meanings. For example, if users want to navigate to 272 Hoch Street in Dayton, Ohio, it won't look for Hawk Street.

Using our proprietary Deep Meaning Understanding technology, a custom voice assistant can handle complex queries with compound criteria including conversational follow up, address multiple questions and filter results simultaneously — accurately and quickly answering users' most complex questions.

These technologies are anchored by three important innovations: Speech-to-Meaning, Deep Meaning Understanding and Collective AI.

Speech-to-Meaning refers to SoundHound's ability to convert speech to meaning simultaneously and in real time. Most traditional approaches first convert speech to text, and then convert text to meaning. This approach can be both slower and less accurate. It's slower because the two steps are done in sequence, and the additional processing time of the second step can be noticeable by the end user. It can also be less accurate because if the first step of speech to text makes a mistake, the resulting incorrect text is then sent to the second step, and the error further propagates.

Our development of Speech to Meaning technology was inspired by the human brain. As we listen to someone speaking, our brain does not convert speech to text, and then text to meaning. Instead, our brain converts speech to meaning simultaneously and in real time. With Speech-to-Meaning, as you speak to SoundHound's technology, it performs both speech recognition and language understanding simultaneously, which results in faster response time and higher accuracy, because real-time language understanding can feed into the real-time speech recognizer as additional information to reduce errors.

Deep Meaning Understanding is our innovative approach to language understanding that allows our Voice AI platform to understand highly complex conversation.

For example it can understand: “Show me hotels in San Francisco that are less than \$600, but not less than \$300, are pet friendly, have a gym and a pool with at least three stars staying for two nights, and don't include anything that doesn't have Wi-Fi.”

A complex search like this will take many minutes to perform on a website with complex forms, but it can be done within a few seconds using SoundHound technology, which we believe to be unique in its ability to handle complex queries of this nature at scale.

Collective AI is an architecture that gives potential to SoundHound to improve the understanding capability of its platform exponentially based on linear contributions.

Most other platforms add skills or domains that are separate and don't interact with each other. For them, linear contribution results in linear growth in understanding, which is less scalable. With the Collective AI architecture, SoundHound domains can be interconnected and learn from each other. As developers contribute to the platform, the platform's understanding capability can grow exponentially.

Smart Ordering

SoundHound Smart Ordering offers an easy-to-understand voice assistant for restaurants that takes phone orders and automatically processes them by seamlessly integrating with multiple POS systems. For enterprises, we also offer a flexible Gateway to integrate with custom POSs.

Dynamic Interaction

Dynamic Interaction is a category-level breakthrough in conversational AI that we believe raises the bar for human-computer interaction by not only recognizing and understanding speech, but also responding and acting in real-time. Where existing voice technology requires wake words and relies on turn-taking with awkward pauses to process requests, Dynamic Interaction uses the twin technologies of fragment parsing — which breaks speech down to partial-utterances and processes them in real-time — and full-duplex audio-visual integration to create an instantaneous, next-generation experience in human-computer interaction.

SoundHound Chat AI

We launched SoundHound Chat AI, which we believe will usher in a new phase of voice-enabled, conversational AI by combining the power of software engineering and machine learning generative AI.

SoundHound Chat AI integrates with dozens of knowledge domains, pulling real-time data like weather, sports, stocks, flight status, restaurants, and many more. We combine this with the most cutting-edge large language models like OpenAI's ChatGPT to deliver the most accurate, timely, and comprehensive responses. There is no need for awkward search queries since you can speak to SoundHound Chat AI naturally, like another person. You can also follow-up questions and commands without awkward pauses to filter, sort, or add more information to the original request.

Smart Answering

SoundHound Smart Answering is built to offer all customer establishments, including restaurants, the option to build an easy to use, custom AI-powered voice assistant that can handle 100% of phone calls including greetings, hours, menu, location, delivery, wait time, policies, promotions, including SMS functionality for reservations and appointments, and many more standard and custom options.

Wake Words

Wake words are the entry point into branded voice experiences, allowing users to invoke the assistant by literally speaking the company's name. Examples range from “Hey Pandora” in a mobile app to “Hey Peugeot” within a vehicle.

Rigorous development and testing enable our wake words to perform in noisy environments and minimize false-positives or false-negatives. We use advanced machine learning algorithms and Deep Neural Networks to provide broad robustness to our high-volume training data, resulting in high accuracy.

Custom Domains

Our library of over 100 public domains is available to give developers instant access to a broad range of content to fit their unique use cases. This includes multi-category content intended to appeal to broad range of audiences, including, for instance, sports scores, weather, podcasts, travel information, recipes, stock prices, among many others.

Companies can enhance product functionality or proprietary operations with Houndify Private Domains, allowing customization and development of more specific content. Customers who subscribe for this service have full access to their private domains securely on our platform while retaining the ability to iterate and update content.

For example, an automotive manufacturer can make helpful updates about the car's user manual over time. In this way, SoundHound becomes a long-term “partner” to its customers, helping companies create the domains that they need in order to improve brand value for their own customers or end users.

Text-to-speech (“TTS”)

A high quality TTS helps companies create a unique voice that differentiates them from the competition. Brands can fully express their personality by choosing the gender, tone, and personality that will become their vocal identity.

Our machine learning algorithms transform recorded voices into large databases of spoken sounds to form entire vocabularies of natural language — adapted to the user’s environment. We can transform any voice to generate a high-quality TTS with a small CPU footprint.

Edge and Cloud Connectivity

With edge (embedded) we offer a fully-embedded voice solution for brands seeking the convenience of a voice user interface without the privacy or connectivity concerns of the internet. Includes full access to custom commands and the ability to instantly update commands during development.

With Cloud we equip your voice assistant with real-time data from the cloud, deliver the most relevant responses with no CPU or memory restrictions, and retain ownership of customer relationships with access to data and analytics.

To harness the capabilities of full cloud connectivity with the reliability of embedded edge voice technology. Houndify Edge Hybrid solutions are designed to ensure that devices are always-on and responsive to commands. Allows for over-the-air product updates and a broader voice experience with the level of cloud-connectivity that best matches the product and its users.

Competitive Strengths and Differentiators

The majority of participants in the Voice AI industry can be characterized as either “big tech” companies (meaning large corporations offering Voice AI as an extension of other services) and “legacy vendors” (meaning long-time Voice-AI industry participants with older technologies).

Voice AI offerings from big tech companies are primarily an extension of their services. In many cases, rather than strengthening or interacting with the host product, big tech offerings tend to take over the entire product experience, thus “hijacking” the company’s brand, users, and data. As a result, brands relying on big tech Voice AI frequently experience decreased ability to innovate, differentiate, and customize the way that their products interact with Voice AI platforms and/or end users. In some cases, these big tech Voice AI providers even compete with the customers whose products their technologies support, making them increasingly less attractive as a choice for a voice interface.

The Voice AI market currently also includes “legacy vendors,” a number of whom we believe offer dated technologies. Furthermore, in many cases, legacy vendor technologies still require significant effort by product creators to turn legacy AI product offerings into solutions that can compete with the quality of Voice AI products currently offered by big tech companies, which is oftentimes neither economical nor practical.

Due to the high barrier to entry in Voice AI, the number of full solution platform providers is very limited. In our view, it takes many years and significant investment to build all the components of Voice AI. It then takes further time and resources to make the solutions competitive, mature, and viable for adoption. Finally, it requires significant investment to globalize the solution in multiple languages and regions. Although the number of platforms is limited, we note that the big tech players have significant resources. Against this landscape, SoundHound has achieved its successes to date through technology innovation, business model innovation, and global alliances that we believe make us well-positioned to continue to grow and execute our business plan.

With the popularization of Generative AI and Large Language Models in early 2023, we view this as an inflection point for 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.

With the launch of Amelia 7 platform in 2025, our AI agent orchestration platform brings new capabilities into the vehicle, enabling multiple agents to carry out tasks and transactions on behalf of the driver — from the company’s own voice commerce agents that allow food ordering and reservations with top restaurant brands, to external agents that will allow users to check email or adjust their schedules.

We believe the impact of Generative AI and Large Language Models to the field of Conversational AI is similar to the impact of Deep 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 like us will create tremendous value.

We view the current environment as an opportunity to provide disruptive technologies with capabilities we believe are superior to existing alternatives, allowing customers to maintain their brand, control the user experience, get access to the data, and define their own privacy policies, while being able to customize, differentiate, innovate, and monetize.

Revenue Model

Market Momentum

Our entry into the Voice AI space began with 10 years of constant innovation in “stealth” building disruptive technologies in Voice AI using innovative approaches. Our goal was to build a differentiated Voice AI technology that we fully own and which is significantly better than other solutions in the market. We achieved that goal and unveiled the result in 2015, launching it as the Houndify platform in 2016.

Building a Diverse, Global Customer Base

SoundHound continues to expand the capabilities that make us well-positioned to serve the needs of customers globally. We have grown our solution from a single language capability to 25 languages.

Our customers include a range of product and service providers of all sizes, spanning a range of industries, including automotive, IoT, apps, restaurants, and more. Many of our global customers have end users in multiple regions and industries and we have seen our products successfully used by them across multiple contexts and purposes.

Three pillars for growth

We have identified three pillars for revenue growth: Royalties, Subscription, and Monetization, and all three pillars contribute to our current revenues today. While the majority of current revenues come from royalties and subscriptions, over time we expect our revenues from monetization pillars to increase meaningfully in the future.

- (1) **Royalties:** This involves voice-enabling a product. The product creator pays us a royalty based on volume, usage, or duration. SoundHound collects royalties when our platform is integrated into a product such as a car, smart TV, or IoT.
- (2) **Subscription:** This involves voice-enabling a service that doesn't rely on a physical product. Examples include when SoundHound enables customer service or food ordering for restaurants or content management, appointments, or voice commerce, we generate subscription revenue from the service providers.
- (3) **Monetization:** This pillar creates an ecosystem that enables monetization services in products and services from both pillar one and pillar two. When users of a voice-enabled product access the voice-enabled monetization, this creates new leads and transactions. SoundHound generates monetization revenue for generating these leads and transactions, and will share revenue with the product creators.

We expect the disruptive three-pillar business model will create a monetization flywheel. As more products integrate into our platform, more users will use it, and more services will choose to integrate as well. This creates even more usage, and results in a flow of revenue share to product creators, which further encourages even greater adoption and integration with our platform, and we expect the cycle will perpetually continue to expand and create an ecosystem with a compound impact on our business.

SoundHound's criteria for adoption

When it comes to criteria for adoption, our goal is to win on every dimension. We believe our product will be adopted because customers typically choose the best technology and want to own their brand and control their data. We strive to provide our customers with the best technology, and we can provide a white label solution giving our customers control of their brands. In some industries you may have to choose between technology and brand control. In our case, we aim to offer our customers the best of both, enabling them to offer disruptive technologies to their users while maintaining control of their brand and user experience.

With our disruptive monetization strategy, we also provide a path to monetization. By choosing our platform, product creators can generate additional revenue while making their product better using Voice AI, providing further incentive to choose our platform.

We offer an ecosystem with our expert domain selections that seamlessly arbitrates between LLMs and real time domains and limits “AI hallucinations,” along with definable privacy controls, which are becoming increasingly important in the industry of Voice AI. We also offer edge, cloud and hybrid solutions, which means our technology can optionally run without a cloud connection for increased flexibility and privacy. Our focus is on delivering the most advanced Voice AI in the world and thus allowing our partners to differentiate and innovate their overall experiences for their brands. Additionally, there is no conflict of interest between us and our partners and customers as we do not compete with them (as some other Voice AI vendors do).

We believe that product creators know their product and users best. The idea of a single third-party assistant taking over their product is not reflective of our anticipated future. We envision that every product will have its own identity, and they will have Voice AI customized in different ways. They can each tap into a single platform to access the ever-growing set of domains, but the product creators can innovate on top of platform and create value for the end users in their own way.

Research and Development

Research and development have been the foundation of our company since its origin. We have invested significantly over the years in making conversational Voice AI technology by leveraging advanced technologies across signal processing, speech recognition, machine learning and more. The complexities of our design and the associated technological breakthroughs have required more than ten years of research and development activities to fine tune our technology for commercial use. We continue to explore different innovation strategies to strengthen our capabilities.

In particular, we are continually working to improve the speed and accuracy of our Voice AI solutions and make customer adoption easier and faster. We have protected our innovations throughout with patents and trade secrets, and we have continued to strengthen our competitive positioning by staying on top of the latest advancements in the Voice AI industry. We expect to continue to keep research and development and, more broadly, innovation and product quality at the forefront of our strategy and core focus.

Sales and Marketing

We take an insight-driven, account-based marketing approach to build and expand our relationships with customers and partners. We collect feedback directly from them to garner insights that help drive the business and product. We also work with analysts and higher education institutions to conduct studies, test and validate technology performance, providing key proof points for those considering our products. In parallel, marketing and communications drive our brand equity and narrative through ongoing announcements, campaigns, events, speaking opportunities, and public relations efforts.

Our demand generation efforts span the full customer funnel to target prospects across a variety of channels including: advertising, email, social media, search engines and many other digital channels.

Sales and marketing will play a critical role in the next phase of our evolution as a company, with key ongoing investments in our team and leadership. While our products are already scaling with existing customers, markets and verticals, we see significant opportunities to grow into new ones. Increased sales and marketing efforts will enable us to capitalize on the tremendous momentum we are building and we expect to continue expanding resources to grow our personnel and leadership team focused on sales and marketing.

Intellectual Property

SoundHound's intellectual property portfolio includes over 359 patents granted and over 102 patents pending worldwide. These patents cover areas such as speech recognition, natural language understanding, machine learning, human interfaces, and others, including monetization and advertising.

Out of our 461 patents granted and pending, more than 40 of these patents are in conversational monetization. Because we predict that search traffic will change from keyword-based queries to conversational interactions, we have a large number of patents in the area of conversational advertising.

Human Capital

At SoundHound, our success is driven by the quality of our people, who we believe are among the best and brightest in the industry. We strive to create an environment that supports employee success and a culture where everyone has a voice in driving innovation.

Employees

As of December 31, 2025, we had approximately 954 full-time employees, of which approximately 56% were in the United States and 44% were in our international locations. We have not experienced work stoppages and believe our employee relations are good.

Employee Experience

We focus on delivering a great employee experience, anchored by meaningful work, career opportunities and well-being, to continue to attract and retain high quality talent. We support employee well-being from multiple dimensions, including economic, health, development, and lifestyle with a comprehensive suite of compensation, benefits and flexible work options.

For the vast majority of SoundHound's employees, productivity is not tied to being in an office and collaboration can happen between people anywhere. SoundHound's modern approach to work gives our employees more flexibility to choose where and how to work. Depending on their role, many of our employees can choose their office location, as well as work from home some or all of the time. We believe this allows us to engage with a wider pool of talent and retain employees who want or need more flexibility.

Government Regulations

We are subject to various laws, regulations, and permitting requirements of federal, state, and local authorities, related to health and safety, consumer privacy, anti-corruption, export controls and AI-related regulations. The foregoing may include the U.S. Foreign Corrupt Practices Act of 1977, the U.S. Export Administration Regulations, Money Laundering Control Act of 1986 and any other equivalent or comparable laws of other countries. We believe that we are in material compliance with all such laws, regulations, and permitting requirements.

Legal Proceedings

From time to time, we may become involved in actions, claims, suits and other legal proceedings arising in the ordinary course of our business, including assertions by third parties relating to personal injuries sustained using our products and services, intellectual property infringement, breaches of contract or warranties or employment-related matters. As of the date hereof, we are party to certain material legal proceedings as described in Note 8 to our consolidated financial statements.

Available Information

Our website is located at www.soundhound.com, and our investor relations website is located at investors.soundhound.com. Access to copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and our Proxy Statements, and any amendments to these reports, is available via a link through our investor relations website, free of charge, after we file or furnish them with the Securities and Exchange Commission ("SEC") and they are available on the SEC's website. We also utilize our investor relations website to webcast our earnings calls and provide notifications of news or announcements regarding our business

updates, financial performance and other items that may be material or of interest to our investors, including SEC filings, investor events, press releases and earnings releases. Further, corporate governance information, including our certificate of incorporation, bylaws, governance guidelines, board committee charters, and code of ethics, is also available on our investor relations website. The contents of our websites are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors

Investing in our securities involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information appearing elsewhere in this Annual Report, including our financial statements, the notes thereto and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The occurrence of any of the following risks could have a material adverse effect on our business, reputation, financial condition, results of operations and future growth prospects, as well as our ability to accomplish our strategic objectives. As a result, the trading price of our securities could decline and you could lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and the market price of our securities.

Summary

The risk factors described below are a summary of the principal risk factors associated with an investment in us. These are not the only risks we face. You should carefully consider these risk factors and the other reports and documents filed by us with the SEC.

Risks Related to our Business and Financial Condition

- We have generated substantial net losses and negative operating cash flows since inception and may never achieve or maintain profitability or generate positive cash flows;
- We may require additional capital to continue planned business operations but may not be able to obtain such capital when desired on favorable terms, if at all, or without dilution to our stockholders;
- Our operating results could be materially and adversely affected if it loses any of its largest customers due to concentration risk;
- The market in which we operate is highly competitive and rapidly changing and we may be unable to compete successfully;
- Adverse conditions in the Voice AI market or the global economy more generally could have adverse effects on our results of operations;
- We depend on skilled employees and the loss of one or more key members of our management team or personnel, or our failure to attract, integrate and retain additional personnel in the future, could harm our business and negatively affect our ability to successfully grow our business;
- Cybersecurity and data privacy incidents or breaches may damage client relations and adversely affect our operations;
- Our business is subject to a variety of domestic and international laws, rules, policies and other obligations, including data protection and anticorruption;
- Interruptions or delays in our services or services from data center hosting facilities or public clouds could impair the delivery of services and harm our business;
- We rely on third-party telecommunications and internet service providers, including connectivity to our cloud software, and any failure by these service providers to provide reliable services could cause us to lose customers and subject us to claims for credits or damages, among other things;

- Our customers rely on third-party telecommunications and internet service providers to provide them with access and connectivity to our cloud software, and changes in how telecommunication and internet service providers handle and charge for access to telecommunications and the internet could materially harm our customer relationships, business, financial condition and operations results;
- If we are unable to maintain and enhance our brand or reputation as an industry leader, our operating results may be adversely affected;
- Our acquisition of SYNQ3, Amelia, Interactions and any potential future acquisitions or strategic transactions may not be accretive and may subject us to various risks that could adversely affect our business and for which we may not achieve the anticipated benefit of such a transaction;
- We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations and the trading price of our stock could be negatively affected.

Risks Related to our Intellectual Property and Technology

- Our use of open source technology could impose limitations on our ability to commercialize our software;
- Third parties have claimed presently and in the past and may claim in the future that we are infringing their intellectual property, and we could be exposed to significant litigation or licensing expenses or be prevented from selling our products or making our technologies available to our customers if such claims are successful;
- Unauthorized use of our proprietary technology and intellectual property could adversely affect our business and results of operations;

Risks Related to our Securities and our Dual Class Common Stock Structure

- Our stock price and trading volume has fluctuated significantly;
- The requirements of being a public company may strain our resources and divert management’s attention, and the increases in legal, accounting and compliance expenses may be greater than we anticipate;
- We have a dual class common stock structure that has the effect of concentrating voting control with the holders of our Class B Common Stock. Our Class B Common Stock has multiple votes per share and this ownership will limit or preclude your ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transactions requiring stockholder approval, and that may adversely affect the trading price of our Class A Common stock; and

Risks Related to U.S. and International Taxation

- Our ability to use its net operating loss carryforwards and certain other tax attributes may be limited.

Risks Related to SoundHound’s Business and Financial Condition

Our use and provision of AI-powered solutions could lead to operational or reputational damage, competitive harm, legal and regulatory risk and additional costs.

Use and provision of AI, including generative AI, is a core part of our business. The use of generative AI, a relatively new and emerging technology in the early stages of commercial use, exposes us to additional risks, such as damage to our reputation, competitive position and business, legal and regulatory risks and additional costs. For example, generative AI has been known to produce false or “hallucinatory” inferences or output, and certain generative AI uses machine learning and predictive analytics, which can create inaccurate, incomplete or misleading output, unintended biases and other discriminatory or unexpected results, errors or inadequacies, any of which may not be easily detectable. Accordingly, while AI-powered applications may help provide more tailored or personalized user

experiences, if the content, analyses or recommendations that AI-powered solutions assist in producing on our products and services are, or are perceived to be, deficient, inaccurate, biased, unethical or otherwise flawed, our reputation, competitive position and business may be materially and adversely affected.

Additionally, if any of our employees, contractors, vendors or service providers use any third-party AI-powered software in connection with our business or the services they provide to us, it may lead to the inadvertent disclosure of our confidential information, including inadvertent disclosure of our confidential information into publicly available third-party training sets, which may impact our ability to realize the benefit of, or adequately maintain, protect and enforce our intellectual property or confidential information, harming our competitive position and business. Our ability to mitigate risks associated with disclosure of our confidential information, including in connection with AI-powered software, will depend on our implementation, maintenance, monitoring and enforcement of appropriate technical and administrative safeguards, policies and procedures governing the use of AI in our business.

Additionally, any content created by us using generative AI tools may not be subject to copyright protection which may adversely affect our intellectual property rights in, or ability to commercialize or use, any such content. In the United States, a number of civil lawsuits have been initiated related to the foregoing and other concerns, the outcome of any one of which may, amongst other things, require us to limit the ways in which we use AI in our business and may affect our ability to develop our AI-powered platform innovations and features. For example, the output produced by generative AI tools may include information subject to certain rights of publicity or privacy laws or constitute an unauthorized derivative work of the copyrighted material used in training the underlying AI model, any of which could also create a risk of liability for us, or adversely affect our business or operations. In addition, the use of AI has resulted in, and may in the future result in, cybersecurity breaches or incidents that implicate the personal data of users of AI-powered applications. To the extent that we do not have sufficient rights to use the data or other material or content used in or produced by the generative AI tools used in our business, or if we experience cybersecurity breaches or incidents in connection with our use of AI, it could adversely affect our reputation and expose us to legal liability or regulatory risk, including with respect to third-party intellectual property, privacy, publicity, contractual or other rights. Further, our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively.

As the utilization of AI becomes more prevalent, we anticipate that it will continue to present new or unanticipated ethical, reputational, technical, operational, legal, competitive and regulatory issues, among others. We expect that such utilization of AI will require additional resources, including the incurrence of additional costs, to develop and maintain our platform offerings, services and features to minimize potentially harmful or unintended consequences, to comply with applicable and emerging laws and regulations, to maintain or extend our competitive position and to address any ethical, reputational, technical, operational, legal, competitive or regulatory issues which may arise as a result of any of the foregoing. As a result, the challenges presented with our use of AI could adversely affect our business, financial condition and results of operations.

Regulatory and legislative developments related to the use of AI could adversely affect our use and provision of AI-powered solutions in our products, services and business.

As the regulatory framework for machine learning technology, generative AI and automated decision making evolves, our business, financial condition and results of operations may be adversely affected. The regulatory framework for AI and similar technologies, and automated decision making, is changing rapidly. It is possible that new laws and regulations will be adopted in the United States and in non-U.S. jurisdictions, or that existing laws and regulations may be interpreted in ways that would affect our use and provision of AI-powered solutions in our products, services and business. We may not be able to adequately anticipate or respond to these evolving laws and regulations, and we may need to expend additional resources to adjust our offerings in certain jurisdictions if applicable legal frameworks are inconsistent across jurisdictions. In addition, because these technologies are themselves highly complex and rapidly developing, it is not possible to predict all of the legal or regulatory risks that may arise relating to our use of such technologies. Further, the cost to comply with such laws or regulations could be significant and would increase our operating expenses, which could adversely affect our business, financial condition and results of operations.

For example, in Europe, the European Parliament formally enacted the European Union's Artificial Intelligence Act (the "AI Act"), which was entered into force on August 1, 2024 and will become fully applicable on August 2, 2026, with some provisions already applying from February 2025. The AI Act establishes, among other things, a

risk-based governance framework for regulating AI systems operating in the European Union. This framework seeks to categorize AI systems, based on the risks associated with such AI systems' intended purposes, as creating unacceptable or high risks, with all other AI systems being considered low risk. While the AI Act has only recently been enacted, there is a risk that our current or future AI-powered software or applications may obligate us to comply with the applicable requirements of the AI Act, which may impose additional costs on us, increase our risk of liability or adversely affect our business. For example, the AI Act would prohibit certain uses of AI systems and place numerous obligations on providers and deployers of permitted AI systems, with heightened requirements based on AI systems that are considered high risk. If enacted in this form or a similar form, this regulatory framework is expected to have a material impact on the way AI is regulated in the European Union and beyond, and, together with developing regulatory guidance and judicial decisions in this area, may affect our use of AI and our ability to provide and to improve our services, require additional compliance measures and changes to our operations and processes, result in increased compliance costs and potential increases in civil claims against us and could adversely affect our business, financial condition and results of operations.

We expect other jurisdictions around the world will adopt similar laws. In the United States, several states and localities have enacted measures related to the use of AI and machine learning in products and services. We may have to change our business practices to comply with such obligations. For example, our employees and personnel use generative AI technologies to perform their work. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages. Further, under privacy and data security laws as well as other obligations, we may be required to obtain certain consents to process personal data and our inability or failure to do so could result in adverse consequences. For example, the FTC has required companies to turn over valuable insights or trainings generated through the use of AI and machine learning where they allege the company has violated privacy and consumer protection laws. If we cannot use generative AI technologies or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage.

The market in which SoundHound operates is highly competitive and rapidly changing and SoundHound may be unable to compete successfully.

There are a number of companies that develop or may develop products that compete in the Voice AI market. The market for SoundHound's products and technologies is characterized by intense competition, evolving industry and regulatory standards, emerging business and distribution models, disruptive software technology developments, short product and service life cycles, price sensitivity on the part of customers, and frequent new product introductions, including alternatives to certain of SoundHound's products from other vendors which may be offered at significantly lower costs or free of charge. Current and potential competitors have established, or may establish, cooperative relationships among themselves or with third parties to increase the ability of their technologies to address the needs of SoundHound's current and prospective customers. Furthermore, current or prospective customers may decide to develop competing products or to establish, strategic relationships with SoundHound's competitors.

Competition in the Voice AI market could adversely affect SoundHound's operating results by reducing the volume of the products and technologies SoundHound licenses or sells, the prices SoundHound can charge or the obligations of SoundHound to incur expenses or capital costs associated with the development, acquisition or promotion of new products or technologies. Some of SoundHound's current or potential competitors are large technology companies that have significantly greater financial, technical and marketing resources than SoundHound does, and others are smaller specialized companies that possess specialized expertise or regional focus and may have greater price flexibility than SoundHound does in connection with their business models. These competitors may be able to respond more rapidly than SoundHound can to new or emerging technologies or changes in customer requirements, or may decide to offer products at low or unsustainable cost to win new business or to retain their existing clients. They may also devote greater resources to the development, promotion and sale of their products than SoundHound does, and in certain cases may be able to include or combine their competitive products or technologies with other of their products or technologies in a manner whereby the competitive functionality is available at lower cost or free of charge within the larger offering. To the extent they do so, the penetration of SoundHound's products, and therefore its revenue, may be adversely affected. SoundHound's large competitors may also have greater access to customer data, which provides them with a competitive advantage in developing new products and technologies. SoundHound's success depends substantially upon its ability to enhance its products and technologies, to develop and introduce, on a timely and cost-effective basis, new products and technologies that meet changing customer requirements and incorporate

technological enhancements, and to maintain SoundHound's alignment with the technologies and market strategies of its customers, which change and advance over time. If SoundHound is unable to develop new products and enhance functionalities or technologies to adapt to these changes and maintain SoundHound's alignment with its customers, its business will suffer.

Adverse conditions in the Voice AI market or the global economy more generally could have adverse effects on SoundHound's results of operations.

SoundHound's business depends on, and is directly affected by, the global Voice AI market, as well as the global economy more generally, including global economic trends affecting the automotive, internet of things ("IoT"), mobile application, call center, semiconductor device maker and restaurant and hospitality industries. For example, SoundHound's largest customers are currently in the automotive industry, and automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, changes in interest rate levels and credit availability, tariffs, consumer confidence, fuel costs, fuel availability, environmental impact, union strikes, governmental incentives and regulatory requirements, and political volatility, especially in energy-producing countries and growth markets. Such factors may also negatively impact consumer demand for products, including automobiles, that incorporate or use SoundHound products or technologies. In addition, global production and sales trends can be affected by SoundHound's customers' ability to continue operating in response to challenging economic conditions, and in response to labor relations issues, regulatory requirements, trade agreements and other factors. The volume of global automotive production, in particular, has fluctuated, sometimes significantly, from year to year, and such fluctuations give rise to fluctuations in the demand for SoundHound's products. Any significant adverse change in any of these factors, including, but not limited to, general economic conditions and the resulting bankruptcy of a customer or the closure of a customer manufacturing facility, may result in a reduction in sales and production by SoundHound's customers, and could have a material adverse effect on SoundHound's business, results of operations and financial condition.

SoundHound's strategy to increase cloud connected and embedded products and technologies and expand the number of foreign languages SoundHound understands may adversely affect its near-term revenue growth and results of operations.

SoundHound has been and is continuing to develop new cloud-connected and embedded products and technologies. The design and development of new cloud-connected and embedded products and technologies and the addition of new languages will involve significant expense. SoundHound's research and development costs have greatly increased in recent years and, together with certain expenses associated with delivering SoundHound's connected services, are projected to continue to escalate in the near future. SoundHound may encounter difficulties with designing, developing, and releasing new cloud-connected and embedded components, as well as integrating these components with SoundHound's existing technologies. These development issues may further increase costs and may affect SoundHound's ability to innovate in a manner that allows SoundHound to remain competitive relative to its peers. As a result, SoundHound's strategy to incorporate more cloud-connected and embedded components may adversely affect its revenue growth and results of operations.

Pricing pressures from SoundHound's customers may adversely affect its results of operations.

SoundHound may experience pricing pressure from its customers in the future, including, relative to its automotive industry customers, pricing pressure resulting from the strong purchasing power of major original equipment manufacturers ("OEMs"). SoundHound may be expected to quote fixed prices or be forced to accept prices with annual price reduction commitments for long-term sales arrangements or discounted reimbursements for SoundHound's work. Any price reductions could impact SoundHound's sales and profit margins. SoundHound's profitability is also influenced by its success in designing and marketing technological improvements in Voice AI systems. If SoundHound is unable to offset any price reductions in the future, its business, results of operations and financial condition would be adversely affected.

Currently, SoundHound's largest customers are OEMs, and while SoundHound invests effort and money seeking OEMs' validation of SoundHound's technology, and there can be no assurance that SoundHound will win or be able to renew its contracts with OEM customers, which could adversely affect SoundHound's results of operations.

Some of SoundHound's largest customers are currently OEMs and SoundHound invests effort and money in product research and development in relationship to SoundHound's OEM customers from the time an OEM or a "Tier 1" supplier to OEMs begins designing for an upcoming program through the date on which an OEM or Tier 1 supplier customer chooses SoundHound's technology to be incorporated directly or indirectly into one or more specific vehicle models to be produced by such customer. This selection process is known as a "design win." SoundHound could expend its resources on these and similar efforts without success. After a design win, a product or technology that did not receive the design win may not be able to displace the winner until the customer begins a new selection process because it is very unlikely that a customer will change complex technology until a product model is revamped. In addition, the company with the winning design may have an advantage with the customer going forward because of the established relationship between the winning company and such customer, which could make it more difficult for such company's competitors to win the designs for other service contracts. Even if SoundHound has an established relationship with a customer, any failure to perform under a service contract or innovate in response to their feedback may neutralize its advantage with that customer. If SoundHound fails to win a significant number of customer design competitions in the future or to renew a significant number of existing service contracts, SoundHound's operating results would be adversely affected. Moreover, to the extent SoundHound is unable to renew existing service contracts, this would negatively impact its revenue. The period of time from winning a contract to implementation is long and SoundHound is subject to the risks of cancellation or postponement of the contract or unsuccessful implementation.

SoundHound's products are technologically complex and incorporate many technological innovations. Prospective customers generally must make significant commitments of resources to test and validate SoundHound's products before including them in a product or vehicle. The development cycles of SoundHound's products with new customers are approximately six months to two years after a design win, depending on the customer and the complexity of the product. These development cycles result in SoundHound investing its resources in customers and customer products prior to realizing any revenues from the related customer contracts. Further, SoundHound is subject to the risk that a customer cancels or postpones implementation of SoundHound's technology, as well as that SoundHound will not be able to implement its technology successfully. Additionally, SoundHound's sales could be less than forecast if the product is unsuccessful, including for reasons unrelated to its technology. Long development cycles and product cancellations or postponements may adversely affect SoundHound's business, results of operations.

SoundHound's operating results could be materially and adversely affected if it loses any of its largest customers.

The loss of business from any of SoundHound's major customers, whether by lower overall demand for the products manufactured by its major customers, cancellation of existing contracts or the failure to award SoundHound new business, could have a material adverse effect on SoundHound's operating results. Alternatively, there is a risk that one or more of SoundHound's major customers could be unable to pay its invoices as they become due or that a customer will simply refuse to make such payments given its financial difficulties. If a major customer becomes subject to bankruptcy or similar proceedings whereby contractual commitments are subject to stay of execution and the possibility of legal or other modification, or if a major customer otherwise successfully procures protection against SoundHound legally enforcing its obligations, it is likely that SoundHound will be forced to record a substantial loss. In addition, certain of SoundHound's customers that are tier 1 suppliers to the automotive industry exclusively sell to certain OEMs, including some of SoundHound's other customers. A bankruptcy of, or other significant disruption to, any of these OEMs could intensify any adverse impact on our business and results of operations.

For the year ended December 31, 2025, there was no customer that accounted for more than 10% of the Company's total revenues. For the year ended December 31, 2024, one customer accounted for 14% of the Company's total revenues. For the year ended December 31, 2023, two customers accounted for 62% of the Company's total revenues.

As of December 31, 2025, there was no customer that accounted for more than 10% of the Company's consolidated accounts receivable balance. Accounts receivable balances due from one customer accounted for 23% of the Company's consolidated accounts receivable balance at December 31, 2024.

The unbilled receivables balances from five customers collectively totaled 83% of the Company's consolidated unbilled receivables balance at December 31, 2025. The unbilled receivables balances from two customers collectively totaled 74% of the Company's consolidated unbilled receivables balance at December 31, 2024.

In addition to upfront payments pursuant to professional services or custom engineering agreements, SoundHound generally enters into master service agreements with its largest customers and also provides them with engineering and custom services. Our largest current customers entered into master services agreements with SoundHound pursuant to which they are provided Houndify Cloud Services and, in some cases, associated services on an as-needed basis. The license fees that SoundHound receives under our master services agreements are either fixed minimum monthly hosting fees with overage charges based on usage, or determined based on the volume of products that our customers sell that utilize SoundHound technology. Our master services agreements generally renew automatically for one year terms and are terminable by the customer upon prior written notice of six months to one year.

Adverse economic conditions or reduced technology spending may adversely impact SoundHound's business.

Our business depends on the overall demand for technology and on the economic performance of our current and prospective customers. In general, worldwide economic conditions may remain unstable, including inflation, in particular in connection with the implementation of tariffs in the U.S. and abroad, and these conditions would make it difficult for our customers, prospective customers and us to forecast and plan future business activities accurately, and they could cause our customers or prospective customers to reevaluate their decision to purchase our features. Weak global economic conditions, changes in consumer behavior or a reduction in technology spending even if economic conditions stabilize, could adversely impact our business and results of operations in a number of ways, including longer sales cycles, lower demand or prices for our platform, fewer subscriptions and lower or no growth.

SoundHound's operating results may fluctuate significantly from period to period, and this may cause its stock price to decline.

SoundHound's operating results may fluctuate materially in the future. These fluctuations may cause SoundHound's results of operations to not meet the expectations of securities analysts or investors which would likely cause the price of its stock to decline. Factors that may contribute to fluctuations in operating results include:

- the volume, timing and fulfillment of large customer contracts;
- renewals of existing customer contracts and wins of new customer programs;
- increased expenditures incurred pursuing new product or market opportunities;
- receipt of royalty reports;
- fluctuating sales by SoundHound's customers to their end-users;
- contractual counterparties failing to meet their contractual commitments to SoundHound;
- introduction of new products by SoundHound or its competitors;
- cybersecurity or data breaches;
- reduction in the prices of SoundHound's products in response to competition, market conditions or contractual obligations;
- increased costs to raise cash in the market place, including increased borrowing costs as a result of inflation and tariffs;
- accounts receivable that are not collectible;
- higher than anticipated costs related to fixed-price contracts with SoundHound's customers;
- change in costs due to regulatory or trade restrictions;

- expenses incurred in litigation matters, whether initiated by SoundHound or brought by third-parties against SoundHound, and settlements or judgments it is required to pay in connection with disputes; and
- general economic trends as they affect the customer bases into which SoundHound and its customers sell and operate.

Due to the foregoing factors, among others, SoundHound's revenue and operating results may fluctuate significantly from period to period. SoundHound's expense levels are based in significant part on its expectations of future revenue, and SoundHound may not be able to reduce its expenses quickly to respond to near-term shortfalls in projected revenue. Therefore, SoundHound's failure to meet revenue expectations would seriously harm its operating results, financial condition, and cash flows.

SoundHound depends on skilled employees and could be impacted by a shortage of critical skills.

Much of SoundHound's future success depends on the continued service and availability of skilled employees, particularly with respect to technical areas. Skilled and experienced personnel in the areas where SoundHound competes are in high demand, and competition for their talents is intense. Many of SoundHound's key employees receive a total compensation package that includes equity awards. New regulations or volatility in the stock market could diminish SoundHound's use, and the value, of its equity awards. This would place SoundHound at a competitive disadvantage in attracting qualified personnel or force it to offer more cash compensation.

Cybersecurity and data privacy incidents or breaches may damage client relations and inhibit SoundHound's growth.

The confidentiality and security of SoundHound's information, and that of third parties, is critical to SoundHound's business. SoundHound's services involve the transmission, use, and storage of customers' and their customers' information, which may be confidential or contain personally identifiable information. Any cybersecurity or data privacy incidents could have a material adverse effect on SoundHound's results of operations and financial condition. While SoundHound maintains a broad array of information security and privacy measures, policies and practices, its networks may be breached through a variety of means, resulting in someone obtaining unauthorized access to SoundHound's information, to information of SoundHound's customers or their customers, or to SoundHound's intellectual property; disabling or degrading service; or sabotaging systems or information. In addition, hardware, software, systems, or applications SoundHound develops or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to SoundHound's systems or facilities, or those of third parties with whom SoundHound does business, through fraud or other forms of deceiving SoundHound's employees, contractors, and vendors. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, SoundHound may be unable to anticipate these techniques or to implement adequate preventative measures. SoundHound will continue to incur significant costs to continuously enhance its information security measures to defend against the threat of cybercrime. Any cybersecurity or data privacy incident or breach may result in:

- loss of revenue resulting from the operational disruption;
- loss of revenue or increased bad debt expense due to the inability to invoice properly or to customer dissatisfaction resulting in collection issues;
- loss of revenue due to loss of customers;
- material remediation costs to recreate or restore systems;
- material investments in new or enhanced systems in order to enhance SoundHound's information security posture;
- cost of incentives offered to customers to restore confidence and maintain business relationships;
- reputational damage resulting in the failure to retain or attract customers;
- costs associated with potential litigation or governmental investigations;
- costs associated with any required notices of a data breach;

- costs associated with the potential loss of critical business data;
- difficulties enhancing or creating new products due to loss of data or data integrity issues; and
- other consequences of which SoundHound is not currently aware but would discover through the process of remediating any cybersecurity or data privacy incidents or breaches that may occur.

SoundHound’s business is subject to a variety of domestic and international laws, rules, policies and other obligations, including data protection and anticorruption.

SoundHound is subject to U.S. and international laws and regulations in multiple areas, including data protection, anticorruption, labor relations, tax, foreign currency, anti-competition, import, export and trade regulations, and SoundHound is subject to a complex array of federal, state and international laws relating to the collection, use, retention, disclosure, security and transfer of personally identifiable information. In many cases, these laws apply not only to transfers between unrelated third-parties but also to transfers between SoundHound and its subsidiaries. Many jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. The European Commission adopted the European General Data Protection Regulation (the “GDPR”), which went into effect on May 25, 2018. In addition, California adopted significant new consumer privacy laws that became effective beginning in January 2020. Complying with the GDPR and other requirements may cause SoundHound to incur substantial costs and may require it to change our business practices.

Additionally, China has implemented new regulation pertaining to cybersecurity and the protection of personal information, including the Data Security Law which took effect in September 2001 and the Personal Information Protection Law which took effect in November 2021. Interpretation, application and enforcement of these laws, rules and regulations evolve from time to time and their scope may continually change, through new legislation, amendments to existing legislation or changes in enforcement. Compliance with cybersecurity and data security legislation could significantly increase the cost to SoundHound of carrying out its business in China, require significant changes to its operations or even prevent SoundHound from providing certain service offerings in jurisdictions in which SoundHound currently operates or in which it may operate in the future.

Despite SoundHound’s efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that SoundHound’s practices, offerings or platform could fail to meet all of the requirements imposed on SoundHound by legislation relating to cybersecurity, data security and/or related implementing regulations. Any failure on SoundHound’s part to comply with such law or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage SoundHound’s reputation, discourage new and existing counterparties from contracting with SoundHound or result in investigations, fines, suspension or other penalties and private claims or litigation, any of which could materially adversely affect SoundHound’s business, financial condition and results of operations. Even if SoundHound’s practices are not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm its reputation and brand and adversely affect its business, financial condition and results of operations. Moreover, the legal uncertainty created by certain of these laws, including the Data Security Law, and recent government actions could materially adversely affect its ability, on favorable terms, to raise capital. Compliance with data security and personal information protection laws, may result in additional expenses to SoundHound and subject it to negative publicity, which could harm SoundHound’s reputation among users and negatively affect the trading price of its shares in the future. Furthermore, SoundHound’s data transfer policies may be subject to additional compliance requirement and regulatory burdens, and SoundHound may be required to make further adjustments to its business practices to comply with the interpretation and implementation of such laws, which may increase our compliance costs and adversely affect our operating results.

Any failure by SoundHound, its customers or other parties with whom SoundHound does business to comply with its privacy policy or with federal, state or international privacy-related or data protection laws and regulations could result in proceedings against SoundHound by governmental entities or others. Any alleged or actual failure to comply with applicable privacy laws and regulations may:

- cause SoundHound’s customers to lose confidence in its solutions;
- harm SoundHound’s reputation;

- expose SoundHound to litigation, regulatory investigations and to resulting liabilities including reimbursement of customer costs, damages penalties or fines imposed by regulatory agencies; and
- require SoundHound to incur significant expenses for remediation.

SoundHound is also subject to a variety of anticorruption laws in respect of its international operations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and the Canadian Corruption of Foreign Public Officials Act, and regulations issued by the U.S. Customs and Border Protection, the U.S. Bureau of Industry and Security, the U.S. Treasury Department's Office of Foreign Assets Control, and various other foreign governmental agencies. SoundHound cannot predict the nature, scope or effect of future regulatory requirements to which its international operations might be subject or the manner in which existing laws might be administered or interpreted. Actual or alleged violations of these laws and regulations could lead to enforcement actions and financial penalties that could result in substantial costs.

Because a significant portion of SoundHound's revenues are derived, and a significant portion of its research and development activities are based, outside the United States, its results could be harmed by economic, political, regulatory, foreign currency fluctuations and other risks associated with these international regions.

Because SoundHound operates worldwide, its business is subject to risks associated with doing business internationally. SoundHound currently generates most of its international revenue in Europe and Asia, and SoundHound anticipates that revenue from international operations could increase in the future. SoundHound conducts a significant portion of the development of its voice recognition and natural language understanding solutions in Canada, Germany, Japan and China. SoundHound is exposed to fluctuating exchange rates of foreign currencies including the euro, British pound, Canadian dollar, Chinese RMB, Japanese yen, Indian rupee and South Korean won. Accordingly, SoundHound's future results could be harmed by a variety of factors associated with international sales and operations, including:

- adverse political and economic conditions, or changes to such conditions, in a specific region or country;
- trade protection measures, including tariffs and import/export controls, imposed by the United States and/or by other countries or regional authorities such as China, Canada or the European Union;
- changes in foreign currency exchange rates or the lack of ability to hedge certain foreign currencies;
- compliance with laws and regulations in many countries and any subsequent changes in such laws and regulations;
- geopolitical turmoil, including terrorism and war;
- changing data privacy regulations and customer requirements to locate data centers in certain jurisdictions;
- evolving restrictions on cross-border investment, including recent enhancements to the oversight by the Committee on Foreign Investment in the United States pursuant to the Foreign Investment Risk Review Modernization Act and substantial restrictions on investment from China;
- changes in applicable tax laws;
- difficulties in staffing and managing operations in multiple locations in many countries;
- longer payment cycles of foreign customers and timing of collections in foreign jurisdictions; and
- less effective protection of intellectual property than in the United States.

Interruptions or delays in SoundHound's services or services from data center hosting facilities or public clouds could impair the delivery of its services and harm its business.

Because SoundHound's services are complex and incorporate a variety of third-party hardware and software, its services may have errors or defects that could result in unanticipated downtime for its customers and harm to its reputation and its business. SoundHound has from time to time, found defects in its services, and new errors in its services may be detected in the future. In addition, SoundHound currently serves its customers from data center hosting facilities or third-party public clouds SoundHound directly manages. Any damage to, or failure of,

the systems and facilities that serve SoundHound's customers in whole or in part could result in interruptions in its service. Interruptions in SoundHound's service may reduce its revenue, cause SoundHound to issue credits or pay service level agreement penalties, cause customers to terminate their on-demand services, and adversely affect SoundHound's renewal rates and its ability to attract new customers.

SoundHound is subject to certain U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations. SoundHound can face serious consequences for violations.

Among other matters, U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations, which are collectively referred to as Trade Laws, prohibit companies and their employees, agents, clinical research organizations, legal counsel, accountants, consultants, contractors, and other partners from authorizing, promising, offering, providing, soliciting, or receiving directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. Violations of Trade Laws can result in substantial criminal fines and civil penalties, imprisonment, the loss of trade privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences. SoundHound also expects its non-U.S. activities to increase in time.

SoundHound's business is subject to risks, expenses and uncertainties associated with selling its solutions in locations outside the United States that could adversely affect its operating results.

During the years ended December 31, 2025, 2024 and 2023, SoundHound derived approximately 36%, 45% and 85%, respectively, of its revenues from customers located in countries outside the United States, and SoundHound plans to increase its international operations in the future. Accordingly, SoundHound expects to increasingly face significant operational risks and expenses from doing business internationally.

SoundHound's international operating results may be affected by volatility in currency exchange rates and its ability to effectively manage its currency transaction risks. SoundHound would incur currency transaction risks if SoundHound were to enter into either a purchase or a sale transaction using a different currency from the currency in which SoundHound reports revenue. In such cases, SoundHound may suffer an exchange loss because SoundHound does not currently engage in currency swaps or other currency hedging strategies to address this risk. As SoundHound realizes its strategy to expand internationally, its exposure to currency risks may increase. Given the volatility of exchange rates, SoundHound can give no assurance that it will be able to effectively manage its Currency transaction risks or that any volatility in currency exchange rates will not have a material adverse effect on its results of operations.

Other risks and uncertainties SoundHound faces from its global operations include, but are not limited to:

- difficulties in staffing and managing foreign operations;
- limited protection for the enforcement of contract and intellectual property rights in certain countries where SoundHound may sell SoundHound's solutions or work with suppliers or other third parties;
- potentially longer sales and payment cycles and potentially greater difficulties in collecting accounts receivable;
- costs and difficulties of customizing solutions for foreign countries;
- challenges in providing solutions across a significant distance, in different languages and among different cultures;
- laws and business practices favoring local competition;
- being subject to a wide variety of complex foreign laws, treaties and regulations and adjusting to any unexpected changes in such laws, treaties and regulations;
- specific and significant regulations, including, but not limited to, the European Union's GDPR, which imposes compliance obligations on companies who possess and use data of EU residents;
- differences in analysis of regulatory, legal and tax issues across various countries, such as different interpretations of antitrust and competition laws;

- compliance with U.S. laws affecting activities of U.S. companies abroad, including the U.S. Foreign Corrupt Practices Act;
- uncertainties related to geopolitical risks, including the relationship between the U.S. government and the government of other nations;
- tariffs, trade barriers and other regulatory or contractual limitations on SoundHound's ability to sell or develop its solutions in certain foreign markets;
- operating in countries with a higher incidence of corruption and fraudulent business practices;
- changes in regulatory requirements, including export controls, tariffs and embargoes, other trade restrictions, competition, corporate practices and data privacy concerns;
- potential adverse tax consequences arising from global operations;
- seasonal reductions in business activity in certain parts of the world, particularly during the summer months in Europe and at year-end globally;
- rapid changes in government, economic and political policies and conditions; and
- political or civil unrest or instability, terrorism or epidemics or pandemics and other similar outbreaks or events.

SoundHound's failure to effectively manage the risks and uncertainties associated with its existing and planned global operations could limit the future growth of its business and adversely affect its operating results.

SoundHound relies on third-party telecommunications and internet service providers, including connectivity to its cloud software, and any failure by these service providers to provide reliable services could cause SoundHound to lose customers and subject it to claims for credits or damages, among other things.

SoundHound relies on services from third-party telecommunications providers in order to provide services to its customers and their customers, including telephone numbers. In addition, SoundHound depends on its internet bandwidth suppliers to provide uninterrupted and error-free service through their networks. SoundHound exercises little control over these third-party providers, which increases its vulnerability to problems with the services they provide.

When problems occur, it may be difficult to identify the source of the problem. Service disruption or outages, whether caused by SoundHound's service, the products or services of SoundHound's third-party service providers, or SoundHound's customers' or their customers' equipment and systems, may result in loss of market acceptance of its products and technologies and any necessary remedial actions may force it to incur significant costs and expenses.

If any of these service providers fail to provide reliable services, suffer outages, degrade, disrupt, increase the cost of or terminate the services that SoundHound and its customers depend on, SoundHound may be required to switch to another service provider. Delays caused by switching SoundHound's technology to another service provider, if available, and qualifying this new service provider could materially harm its operating results. Further, any failure on the part of third-party service providers to achieve or maintain expected performance levels, stability and security could harm SoundHound's relationships with its customers, cause it to lose customers, result in claims for credits or damages, increase its costs or the costs incurred by its customers, damage its reputation, significantly reduce customer demand for its products and technologies and seriously harm its and operating results.

SoundHound's customers rely on third-party telecommunications and internet service providers to provide them with access and connectivity to SoundHound's cloud software, and changes in how telecommunication and internet service providers handle and charge for access to telecommunications and the internet could materially harm SoundHound's customer relationships, business, financial condition and operations results.

SoundHound's customers must have access to wireless telecommunications and/or broadband internet access services in order to use certain of its products and certain of its offerings require substantial capacity to operate effectively. In the United States, wireless telecommunications and internet access services are provided by relatively few companies that, depending on the geographic area, have market power over such offerings. It is possible that these

companies could charge SoundHound, its customers, or both fees to guarantee a service amount of capacity, or for quality of wireless telecommunications and broadband internet access services, that could advantage SoundHound's competitors by degrading, disrupting, limiting, or otherwise restricting the use of infrastructure required to support SoundHound's services. These providers likely have the ability to increase SoundHound's rates, SoundHound's customers' rates, or both for wireless telecommunications and/or broadband internet access services which may increase the cost of SoundHound's products and technologies making its products and technologies less competitive or decreasing SoundHound's profit margins.

SoundHound's plans to expand upon and establish new public cloud-based data centers for its U.S. and international operations may be unsuccessful and may present execution and competitive risks.

SoundHound plans to expand upon and establish new public cloud deployments in the future to facilitate its platform in the U.S. and certain international markets. SoundHound may partner with one or more third-parties to develop, test and deploy its technology to offer a full stack of products on the public cloud in the U.S. and certain international markets. SoundHound's public cloud-based platform offering is critical to developing and providing its products to its customers, scaling its business for future growth, accurately maintaining data and otherwise operating its business. Infrastructure buildouts on the public cloud are complex, time-consuming and may involve substantial expenditures. In addition, the implementation of public cloud-based data centers involves risks, including loss of information and potential disruption to SoundHound's normal operations. Deficiencies in the design, implementation or maintenance of the cloud-based data centers could materially harm SoundHound's business.

As SoundHound considers approaches for expanding internationally, government regulation protecting the non-discriminatory provision of internet access may be nascent or non-existent. In those markets where regulatory safeguards against unreasonable discrimination are nascent or non-existent and where local network operators possess substantial market power, SoundHound could experience anti-competitive practices that could impede its growth, cause it to incur additional expenses or otherwise harm its business. Future regulations or changes in laws and regulations or their existing interpretations or applications could also hinder SoundHound's operational flexibility, raise compliance costs and result in additional liabilities for SoundHound, which may harm its business.

Sales to customers outside the United States or customers with international operations and SoundHound's international sales efforts and operations expose it to risks inherent in international sales and operations.

An element of SoundHound's growth strategy is to expand its international sales efforts and develop a worldwide customer base. SoundHound's international expansion may not be successful and may not produce the return on investment it expects.

SoundHound's international subsidiaries employ workers primarily in Canada, Germany, France and India. Operating in international markets requires significant resources and management attention and subjects it to intellectual property, regulatory, economic and political risks that are different from those in the United States. As SoundHound increases its international sales efforts it will face risks in doing business internationally that could harm its business, including:

- the need to establish and protect SoundHound's brand in international markets;
- the need to localize and adapt SoundHound's products for specific countries, including translation into foreign languages and associated costs and expenses;
- difficulties in staffing and managing foreign operations, particularly hiring and training qualified sales and service personnel;
- the need to implement and offer customer care in various languages;
- different pricing environments, longer sales and accounts receivable payment cycles and collections issues;
- weaker protection for intellectual property and other legal rights than in the U.S. and practical difficulties in enforcing intellectual property and other rights outside of the U.S.;
- privacy and data protection laws and regulations that are complex, expensive to comply with and may require that customer data be stored and processed in a designated territory;

- increased risk of piracy, counterfeiting and other misappropriation of SoundHound’s intellectual property in its locations outside the U.S.;
- new and different sources of competition;
- general economic conditions in international markets;
- fluctuations in the value of the U.S. dollar and foreign currencies, which may make SoundHound’s products more expensive in other countries or may increase its costs, impacting its operating results when translated into U.S. dollars;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, telecommunications and telemarketing laws and regulations;
- increased risk of international telecom fraud;
- laws and business practices favoring local competitors;
- compliance with laws and regulations applicable to foreign operations and cross border transactions, including the Foreign Corrupt Practices Act, the U.K. Bribery Act and other anti-corruption laws, supply chain restrictions, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on SoundHound’s ability to sell its products in certain foreign markets, and the risks and costs of non-compliance;
- increased financial accounting and reporting burdens and complexities;
- restrictions or taxes on the transfer of funds;
- adverse tax consequences; and
- unstable economic and political conditions and potential accompanying shifts in laws and regulations.

These risks could harm SoundHound’s international operations, increase its operating costs and hinder its ability to grow its international business and, consequently, its overall business and results of operations.

In addition, compliance with laws and regulations applicable to SoundHound’s international operations increases its cost of doing business outside the United States. SoundHound may be unable to keep current with changes in foreign government requirements and laws as they change from time to time, which often occurs with minimal or no advance notice. Failure to comply with these regulations could harm its business. In many countries outside the United States, it is common for others to engage in business practices that are prohibited by SoundHound’s internal policies and procedures or United States or international regulations applicable to it. Although SoundHound has implemented policies and procedures designed to ensure compliance with these laws and policies, there can be no assurance that all of its employees, contractors, strategic partners and agents will comply with these laws and policies. Violations of laws or key control policies by SoundHound’s employees, contractors, strategic partners or agents could result in delays in revenue recognition, financial reporting misstatements, fines, delays in filing financial reports required as a public company, penalties, or prohibitions on selling its products, any of which could harm its business.

Tax matters may cause significant variability in SoundHound’s operating results and may impact its overall financial condition.

SoundHound’s businesses are subject to income taxation in the United States, as well as in many tax jurisdictions throughout the world. Tax rates in these jurisdictions may be subject to significant change. If SoundHound’s effective tax rate increases, its operating results and cash flow could be adversely affected. SoundHound’s effective income tax rate can vary significantly between periods due to a number of complex factors including:

- projected levels of taxable income;
- pre-tax income being lower than anticipated in countries with lower statutory rates or higher than anticipated in countries with higher statutory rates;
- increases or decreases to valuation allowances recorded against deferred tax assets;

- tax audits conducted and settled by various tax authorities;
- adjustments to income taxes upon finalization of income tax returns;
- the ability to claim foreign tax credits;
- the repatriation of non-U.S. earnings for which SoundHound has not previously provided for income taxes; and
- changes in tax laws and their interpretations in countries in which SoundHound is subject to taxation.

SoundHound regularly evaluates the need for a valuation allowance on deferred tax assets, considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. This analysis is heavily dependent upon SoundHound's current and projected operating results. A decline in future operating results could provide substantial evidence that a full or partial valuation allowance for deferred tax assets is necessary. This could have a material adverse effect on SoundHound's results of operations and financial condition.

Forecasts of SoundHound's market and market growth may prove to be inaccurate, and even if the markets in which it competes achieve the forecasted growth, there can be no assurance that its business will grow at similar rates, or at all.

Growth forecasts described in this Annual Report relating to SoundHound's market opportunities, including in the Voice AI market and adjacent markets, and the expected growth thereof, are subject to significant uncertainty and are based on assumptions and estimates which may prove to be inaccurate. Even if these markets meet its size estimate and experience the forecasted growth, it may not grow its business at a similar rate, or at all. Its growth is subject to many factors, including its success in implementing its business strategy and ability to penetrate adjacent markets, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this Annual Report should not be taken as indicative of its future growth.

If SoundHound is unable to acquire new customers, its operating results will be harmed. Likewise, potential customer turnover in the future, or costs it incurs to retain its existing customers, could materially and adversely affect its operating results.

SoundHound's success depends on its ability to acquire new customers in new and existing verticals, and in new and existing geographic markets. If SoundHound is unable to attract a sufficient number of new customers, it may be unable to reduce gross margins at desired rates and its operating results may suffer. The Voice AI market is competitive and many of SoundHound's competitors have substantial financial, personnel and other resources that they utilize to develop solutions and attract customers. As a result, it may be difficult for us to add new customers to SoundHound's existing customer base. Competition in the marketplace may also lead us to win fewer new customers or result in us providing discounts and other commercial incentives. Additional factors that impact SoundHound's ability to acquire new customers include the perceived need for Voice AI -enabled products or Voice AI services, the size of prospective customers' budgets for Voice AI, the utility and efficacy of SoundHound's existing and new products, whether proven or perceived, and general economic conditions. These factors may have a meaningful negative impact on operating results.

If SoundHound does not successfully anticipate market needs, enhance its existing products, execute on delivering quality products and services, or develop new products and services that meet those needs on a timely basis, it may not be able to compete effectively and its ability to generate revenues will suffer.

SoundHound cannot guarantee that it will be able to anticipate future market needs and opportunities or be able to develop product and service enhancements or new products and services to meet such needs or opportunities in a timely manner, if at all. Even if SoundHound is able to anticipate, develop and commercially introduce enhancements and new products and services, there can be no assurance that enhancements or new products and services will achieve widespread market acceptance.

New products, as well as enhancements to its existing products, could fail to attain sufficient market acceptance for many reasons, including:

- delays in releasing new products, or product enhancements;
- failure to accurately predict market demand and to supply products that meet this demand in a timely fashion;
- defects in its products, errors or failures of its products;
- negative publicity or perceptions about the performance or effectiveness of products;
- introduction or anticipated introduction of competing products or technologies by its competitors; and
- installation, configuration or usage errors by its customers.

If SoundHound fails to anticipate market requirements or fail to develop and introduce product enhancements or new products to meet those needs in a timely manner, it could cause us to lose existing customers and prevent us from gaining new customers, which would significantly harm its business, financial condition and results of operations.

If SoundHound spends significant time and effort on research and development and is unable to generate an adequate return on its investment, its results of operations may be materially and adversely affected.

SoundHound's business model is predicated, in part, on maintaining a customer base that will generate a recurring stream of revenues. If that recurring stream of revenues is not maintained or does not increase as expected, or if SoundHound's business model changes as the industry evolves, its operating results may be adversely affected.

SoundHound's business model is dependent, in part, on its ability to maintain and increase a customer base that generates recurring revenues. Existing and future customers of SoundHound's products, technologies and systems may not purchase its subscriptions for its proprietary products or enter into service contracts with SoundHound at the same rate at which customers currently purchase those subscriptions or enter into service contracts with us. If SoundHound's current and future customers purchase a lower volume of subscriptions for SoundHound's proprietary products or do not continue entering into service contracts with us, SoundHound's recurring revenue stream relative to its total revenues would be reduced and its operating results would be adversely affected.

SoundHound's brand, reputation and ability to attract, retain and serve its customers are dependent in part upon the reliable performance of its products and technologies. If SoundHound is unable to maintain and enhance its brand or reputation as an industry leader, its operating results may be adversely affected.

SoundHound's brand, reputation and ability to attract, retain and serve its customers are dependent in part upon the reliable performance of, and the ability of its existing customers and new customers to access and use, its solutions, including real-time analytics and intelligence.

Interruptions in SoundHound's systems or the third-party systems on which SoundHound and its products rely, whether due to system failures, computer viruses, physical or electronic break-ins, or other factors, could affect the security or availability of our products, network infrastructure, cloud infrastructure and website.

Problems with the reliability or security of SoundHound's systems could harm its reputation. Damage to SoundHound's reputation and the cost of remedying these problems could negatively affect its business, financial condition, and operating results. Additionally, SoundHound's third-party hosting suppliers in certain instances may have no obligations to renew their agreements with us on commercially reasonable terms or at all, and certain of the agreements governing these relationships may be terminated by either party at any time. If SoundHound is unable to maintain, renew, or expand its agreements with these providers on commercially reasonable terms, it may experience costs or downtime as it transitions its operations.

Any disruptions or other performance problems with its products could harm SoundHound's reputation and business and may damage its customers' businesses. Interruptions in its service delivery might reduce SoundHound's revenue, cause SoundHound to issue credits to customers, subject us to potential liability and cause customers not to renew their subscription purchases of its products, which eventually adversely affected SoundHound's operating results.

We may engage in future acquisitions or strategic transactions which may require us to seek additional financing or financial commitments, increase our expenses and/or present significant distractions to our management.

We completed our acquisitions of Synq3, Inc. (“SYNQ3”) in January 2024, Amelia Holdings, Inc. (“Amelia”) in August 2024, and Interactions Corporation (“Interactions”) in September 2025, and we continue to actively evaluate opportunities to grow and enhance our business and technologies. We have incurred certain significant costs relating to the SYNQ3, Amelia and Interactions acquisitions, such as legal, accounting, financial advisory and other professional services fees, as well as other customary payments. In the event we engage in an acquisition or other strategic transaction, including by making an investment in another company, we may need to acquire additional financing. Obtaining financing through the issuance or sale of additional equity and/or debt securities, if possible, may not be at favorable terms and may result in additional dilution to our current stockholders. Additionally, any such transaction may require us to incur non-recurring or other charges, may increase our near and long-term expenditures and may pose significant integration challenges or disrupt our management or business, which could adversely affect our operations and financial results. For example, an acquisition or strategic transaction, may entail numerous operational and financial risks, including the risks outlined above and additionally:

- exposure to unknown financial or product liabilities;
- disruption of our business and diversion of our management’s time and attention in order to develop acquired products or technologies;
- higher than expected acquisition and integration costs;
- write-downs of assets or goodwill or impairment charges;
- increased amortization expenses;
- difficulty and cost in combining the operations and personnel of any acquired businesses with our operations and personnel which may result in reorganizations and reductions in force;
- impairment of relationships with key suppliers or customers of any acquired businesses due to changes in management and ownership; and
- inability to retain key employees of any acquired businesses.

Accordingly, although there can be no assurance that we will undertake or successfully complete any transactions of the nature described above, any transactions that we do complete could have a material adverse effect on our business, results of operations, financial condition and prospects.

If intangible assets and goodwill that we recorded in connection with our acquisitions, including our SYNQ3, Amelia, and Interactions acquisitions, become impaired, we may have to take significant charges against earnings, which would have a negative impact on our financial condition and results of operations.

We record goodwill and intangible assets at fair value upon the acquisition of a business. Goodwill represents the excess of amounts paid for acquiring businesses over the fair value of the net assets acquired. Under generally accepted accounting principles in the United States, we must assess, at least annually and potentially more frequently, whether the value of indefinite-lived intangible assets and goodwill have been impaired. Intangible assets and goodwill will be assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of intangible assets and goodwill will result in a charge against earnings, which could materially adversely affect our results of operations and stockholders’ equity in future periods.

Our acquisitions expose us to risks that could adversely affect our business, and we may not achieve the anticipated benefits of acquisitions of businesses or technologies.

As a part of our growth strategy, we have made and may continue to make selected acquisitions of complementary products and/or businesses. Any acquisition involves numerous risks and operational, financial, and managerial challenges, including the following, any of which could adversely affect our business, financial condition, or results of operations:

- difficulties in integrating new operations, technologies, products, and personnel;
- problems maintaining uniform procedures, controls and policies with respect to our financial accounting systems;
- lack of synergies or the inability to realize expected synergies and cost-savings;
- difficulties in managing geographically dispersed operations, including risks associated with entering foreign markets in which we have no or limited prior experience;
- underperformance of any acquired technology, product, or business relative to our expectations and the price we paid;
- negative near-term impacts on financial results after an acquisition, including acquisition-related earnings charges and contingent acquisition liabilities related to earnout payments or otherwise;
- the potential loss of key employees, customers, and strategic partners of acquired companies;
- claims by terminated employees and shareholders of acquired companies or other third parties related to the transaction;
- the assumption or incurrence of additional debt obligations or expenses, or use of substantial portions of our cash;
- the issuance of equity securities to finance or as consideration for any acquisitions that dilute the ownership of our stockholders (which in the case of certain of our prior acquisitions were significant);
- the issuance of equity securities to finance or as consideration for any acquisitions may not be an option if the price of our common stock is low or volatile which could preclude us from completing any such acquisitions;
- diversion of management's attention and company resources from existing operations of the business;
- inconsistencies in standards, controls, procedures, and policies;
- the impairment of intangible assets as a result of technological advancements, or worse-than-expected performance of acquired companies;
- assumption of, or exposure to, historical liabilities of the acquired business, including unknown contingent or similar liabilities, including product liability, that are difficult to identify or accurately quantify; and
- risks associated with acquiring intellectual property, including potential disputes regarding acquired companies' intellectual property.

In addition, the successful integration of acquired businesses requires significant efforts and expense across all operational areas, including sales and marketing, research and development, finance, legal, and information technologies. There can be no assurance that any of the acquisitions we may make will be successful or will be, or will remain, profitable or accretive. Our failure to successfully address the foregoing risks may prevent us from achieving the anticipated benefits from any acquisition in a reasonable time frame, or at all.

The integration of our acquisitions, and in particular, our acquisition of SYNQ3, Amelia, and Interactions, may result in significant accounting charges that adversely affect the financial results of our company.

The financial results of our company may be adversely affected by cash expenses and non-cash accounting charges incurred in connection with our acquisitions. In addition to the anticipated cash charges, costs associated with the amortization of intangible assets are expected. The price of our common stock could decline to the extent our financial results are materially affected by the foregoing charges or if the foregoing charges are larger than anticipated.

Our acquisitions may result in unexpected consequences to our business and results of operations.

Although we believe that our recently acquired businesses will generally be subject to risks similar to those to which we are subject to in our existing operations, we may not have discovered all risks applicable to these businesses during the due diligence process. Some of these risks could produce unexpected and unwanted consequences for us. Undiscovered risks may result in us incurring financial liabilities, which could be material and have a negative impact on our business operations.

Failure to realize the benefits expected from our recent acquisitions could adversely affect the value of our common stock.

The success of our recent acquisitions will depend, in part, on our ability to:

- integrate SYNQ3, Amelia, and Interactions' customer bases and capitalize on our cross-selling opportunities;
- realize cost savings from reduced back-office and infrastructure expenses, eliminate duplicative company and management structure costs;
- operate our combined businesses efficiently, achieve the strategic operating objectives for our business and realize significant cost savings and synergies;
- realize the attractive risk-adjusted equity returns from our acquisitions for our stockholders; and
- capitalize on the embedded and/or underexploited expansion opportunities offered by our acquisitions that we can expand upon.

However, to realize the anticipated benefits of our acquisitions we must successfully integrate their businesses in a manner that permits those benefits and cost savings to be realized. Although we expect benefits to result from these acquisitions, there can be no assurance that we will be able to successfully realize these benefits. The challenges involved in this integration will be complex and time consuming and may require a disproportionate amount of resources and management attention and could result in the loss of valuable employees, the disruption of each company's ongoing business or inconsistencies in standards, controls, procedures, practices, and policies that could adversely impact our operations. If we do not successfully manage these and related issues and challenges, we may not achieve the anticipated benefits of these acquisitions and our revenue, expenses, operating results, financial condition and stock price could be materially adversely affected.

SoundHound has generated substantial net losses and negative operating cash flows since its inception and may continue to do so for the foreseeable future.

To date, SoundHound has generated substantial net losses and negative cash flows from operating activities. SoundHound will likely continue to have net losses and negative operating cash flows as SoundHound continues to invest in its development activities, and in sales and marketing. SoundHound also expects to continue to incur the incremental costs of operating as a public company, contributing to SoundHound's losses and operating uses of cash. SoundHound's costs may also increase due to such factors as higher than anticipated financing and other costs; increases in the costs of labor or infrastructure, in particular following the implementation of the restructuring plan; and major incidents or catastrophic events. If any of these or similar factors occur, SoundHound's net losses and accumulated deficit could increase significantly and the price of shares of its common stock could decline.

SoundHound may require additional capital to continue its planned business operations but may not be able to obtain such capital when desired on favorable terms, if at all, or without dilution to its stockholders.

Even though the total unrestricted cash and cash equivalents on hand as of December 31, 2025 was \$248.5 million, we have had negative cash flows from operations of \$98.2 million, \$108.9 million and \$68.3 million, respectively, during the years ended December 31, 2025, 2024 and 2023. Accordingly, SoundHound may require additional capital to continue its planned business operations. SoundHound anticipates that current cash, cash equivalents, cash provided by operating activities and funds available through SoundHound's at-the-market offering program ("ATM"), will not be sufficient to meet its long-term expected future capital needs. SoundHound will need additional financing to execute on its current or future business strategies, including to:

- potentially hire additional software engineers, sales and marketing professionals, and other personnel as needed following implementation of the restructuring plan;
- develop new or enhance existing products and services;
- enhance SoundHound's operating infrastructure;
- acquire complementary businesses or technologies; or
- otherwise respond to competitive pressures.

If SoundHound raises additional funds through the issuance of equity, including its ATM program, or convertible debt securities, or grants competitive equity awards to attract and retain qualified employees, the percentage ownership of its stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders, including those acquiring shares in this offering. SoundHound cannot assure you that additional financing will be available on terms favorable to SoundHound, or at all, particularly in light of inflationary pressures and resulting increases in the cost of borrowing. If adequate funds are not available or are not available on acceptable terms, if and when needed, SoundHound's ability to fund its operations, take advantage of unanticipated opportunities, develop or enhance its products, or otherwise respond to competitive pressures would be significantly limited.

The loss of one or more key members of SoundHound's management team or personnel, or its failure to attract, integrate and retain additional personnel in the future, could harm its business and negatively affect its ability to successfully grow its business.

SoundHound is highly dependent upon the continued service and performance of the key members of SoundHound's management team and other personnel. The loss of any of these individuals, each of whom is "at will" and may terminate his or her employment relationship with us at any time, could disrupt SoundHound's operations and significantly delay or prevent the achievement of our business objectives.

Additionally, if any of SoundHound's key management team members or other employees were to leave, SoundHound could face substantial difficulty in hiring qualified successors, particularly with consideration to our recent reduction in force related to our restructuring plan and could experience a loss in productivity while any successor obtains the necessary training and experience. Although SoundHound has arrangements with some of its executive officers designed to promote retention, its employment relationships are generally at-will and SoundHound has had key employees leave in the past. SoundHound cannot assure you that one or more key employees will not leave in the future. SoundHound intends to continue to hire additional highly qualified personnel, including research and development and operational personnel, as needed (with consideration to our restructuring plan) but may not be able to attract, assimilate or retain qualified personnel in the future or may be required to pay increased compensation in order to do so. Any failure to attract, integrate, motivate and retain such employees could harm SoundHound's business or impair our ability to timely meet business goals and objectives.

The Company has identified material weaknesses in its internal control over financial reporting and may identify additional material weaknesses in the future, which may result in material misstatements of the Company's consolidated financial statements or cause the Company to fail to meet its periodic reporting obligations and the trading price of the Company's stock could be negatively affected.

As a public company, we are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal control over financial reporting.

Pursuant to SEC rules and regulations, our management is required to report on the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Annually, we perform activities that include reviewing, documenting and testing our internal control over financial reporting. If we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting. Failure to achieve and maintain effective internal control over financial reporting could result in material misstatements in our financial statements and a failure to meet our reporting and financial obligations, each of which could have a material adverse effect on our financial condition and the trading price of our common stock. This could result in significant expenses to remediate any internal control deficiencies and lead to a decline in our stock price.

We identified material weaknesses in internal control over financial reporting as of December 31, 2025. These material weaknesses were previously disclosed and continue to exist. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The Company did not maintain an effective control environment as it lacked sufficient oversight of activities related to its internal control over financial reporting due to a lack of an appropriate level of experience and training commensurate with its financial reporting requirements. Further, due to rapid business growth, changes to existing controls or the implementation of new controls have not been sufficient to respond to changes to the risks of material misstatement to financial reporting, which resulted in the Company not designing and maintaining effective controls related to substantially all accounts and disclosures. These material weaknesses contributed to the following additional material weaknesses that continue to exist as of December 31, 2025:

- The Company did not design and maintain effective controls related to the identification of and accounting for certain non-routine, unusual or complex transactions, including the accounting for complex financing transactions.
- The Company did not design and maintain effective controls to verify appropriate segregation of duties, including assessment of incompatible duties, identification of instances where incompatible duties were assigned to an individual, and addressing conflicts on a timely basis.

The material weaknesses related to the control environment, risk assessment and the accounting for certain non-routine, unusual or complex transactions resulted in the revision of the consolidated financial statements as of and for the periods ended September 30, 2022, December 31, 2022, March 31, 2023, June 30, 2023, and immaterial errors in various accounts during the interim and annual periods during 2023, 2024 and 2025. The material weakness related to segregation of duties did not result in a misstatement to our annual or interim consolidated financial statements. Additionally, the material weaknesses could result in misstatements to substantially all of our accounts and disclosures that would result in a material misstatement of the annual or interim consolidated financial statements that would not be prevented or detected.

Effective internal control over financial reporting is necessary to provide reliable financial reports and to assist in the effective prevention or detection of material misstatements due to error or fraud. Any inability to provide reliable financial reports or prevent or detect material misstatements due to error or fraud could harm our business. We regularly review and update our internal control over financial reporting, disclosure controls and procedures, and corporate governance policies. In addition, we are required under the rules and regulations of the SEC regarding compliance with SOX to report annually on the effectiveness of our internal control over financial reporting. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met.

While we are in the process of addressing the material weaknesses as disclosed herein, elements of our remediation plan can only be accomplished over time and we can offer no assurance that these initiatives will ultimately have the intended effects. Any failure to maintain effective internal control over financial reporting could adversely impact our ability to report our financial results on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations or may lose confidence in our reported financial information. Likewise, if our financial statements are not filed on a timely basis as required by the SEC and The NASDAQ Stock Market, we could face severe consequences from those authorities. In either case, it could result in a material adverse effect on our business or have a negative effect on the trading price of our common stock. Further, if we fail to remedy these deficiencies (or any other future deficiencies) or maintain effective internal control over financial reporting, we could be subject to regulatory scrutiny, civil or criminal penalties or stockholder litigation. We can give no assurance that the measures we have taken and plan to take in the future will remediate the material weaknesses identified or that any additional material weaknesses or restatements of our financial statements will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of those controls.

Further, in the future, if we cannot conclude that we have effective internal control over our financial reporting, or if our independent registered public accounting firm is unable to provide an unqualified opinion regarding the effectiveness of our internal control over financial reporting, investors could lose confidence in the reliability of our financial statements, which could lead to a decline in our stock price.

Natural disasters, health epidemics, or other catastrophic events may cause damage or disruption to our operations, commerce and the global economy, and have a negative effect on our business and operations.

A significant natural disaster, such as an earthquake, wildfire, flood, hurricane or significant power outage or other similar events, such as infectious disease outbreaks or pandemic events, could have an adverse effect on our business and operating results, by impacting, among other things, the demand for our services, our ability to achieve or maintain profitability and our ability to raise additional capital in the future. Our corporate headquarters are located in the San Francisco Bay Area of California, a region known for seismic and wildfire activities. Customer data could be lost, significant recovery time could be required to resume operations and our financial condition and operating results could be adversely affected in the event of a major natural disaster or catastrophic event. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our services to our customers, could decrease demand for our services, and could cause us to incur substantial expense. Our insurance may not be sufficient to cover losses or additional expenses that we may sustain. In addition, the impacts of climate change on the global economy and our industry are rapidly evolving. We may be subject to increased regulations, reporting requirements, standards or expectations regarding the environmental impacts of our business.

Although SoundHound is not directly impacted by the tariffs as a software-as-a-service (“SaaS”) provider, SoundHound’s business or stock price may be adversely affected by the imposition of duties and tariffs and other trade barriers and retaliatory countermeasures on our customers implemented by the U.S. and other governments.

In 2025, there have been significant changes to U.S. trade policies, sanctions, legislation, treaties and tariffs, including, but not limited to, trade policies and tariffs affecting products from outside of the U.S. For example, in early April, 2025, the current U.S. presidential administration announced significant new tariffs on foreign imports into the U.S. from about 90 nations. Although SoundHound is not directly impacted by the tariffs as a SaaS provider, the extent and duration of increased tariffs and the resulting impact on general economic conditions and on our business partners are uncertain and depend on various factors, such as negotiations between the U.S. and affected countries, the responses of other countries or regions, and exemptions or exclusions that may be granted. Any new or additional tariffs on goods imported to the U.S. could eventually impact the demand of our products and services from our business partners or our pricing strategy. Additionally, U.S. policy changes and uncertainty about such changes could increase market volatility and currency exchange rate fluctuations, which may ultimately increase the unpredictability of our business or stock price.

Risks Relating to SoundHound’s Intellectual Property and Technology

SoundHound’s use of open source technology could impose limitations on its ability to commercialize its software.

SoundHound uses open source technology in some of its software and expect to continue to use open source technology in the future. Although we monitor its use of open source technology to avoid subjecting its software to conditions SoundHound does not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open source license, including by demanding release of the open source software, derivative works, or SoundHound’s proprietary source code that was developed using such technology. These allegations could also result in litigation. The terms of many open source licenses have not been interpreted by United States courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on SoundHound’s ability to commercialize its software. In such an event, we may be required to seek licenses from third parties to continue commercially offering its software, to make its proprietary code generally available in source code form, to re-engineer its software or to discontinue the sale of its software if re-engineering could not be accomplished on a timely basis, any of which could adversely affect SoundHound’s business and revenue.

The use of open source technology could subject SoundHound to a number of other risks and challenges. Certain open source technology is subject to further development or modification by anyone. Others may develop such software to be competitive with or no longer useful by us. It is also possible for competitors to develop their own solutions using open source software, potentially reducing the demand for SoundHound’s software. If SoundHound is unable to successfully address these challenges, its operating results may be adversely affected, and its development costs may increase.

Third parties have claimed in the past and may claim in the future that SoundHound is infringing their intellectual property, and we could be exposed to significant litigation or licensing expenses or be prevented from selling SoundHound’s products or making its technologies available to its customers if such claims are successful.

SoundHound has been, is currently and in the future may be subject to claims and legal actions alleging that we or its customers may be infringing or contributing to the infringement of the intellectual property rights of others. For example, on November 21, 2024, VB Assets, LLC, a non-practicing entity, filed a complaint against the Company in the United States District Court for the District of Delaware alleging patent infringement under 35 U.S.C. § 271. See “Legal Proceedings” for more information. We may be unaware of intellectual property rights of others that may cover some of its technologies and products. If it appears necessary or desirable, we may seek licenses for these intellectual property rights. However, we may not be able to obtain licenses from some or all claimants, the terms of any offered licenses may not be acceptable to us, and we may not be able to resolve disputes without litigation. Any litigation regarding intellectual property could be costly and time-consuming and could divert the attention of SoundHound’s management and key personnel from its business operations. Intellectual property disputes could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from licensing certain of its products, cause severe disruptions to its operations or the markets in which we compete, or require us to satisfy indemnification commitments with its customers including contractual provisions under various arrangements. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of SoundHound’s confidential information could be compromised by disclosure during this type of litigation. For example, during the course of this kind of litigation, confidential information may be inadvertently disclosed in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure could have a material adverse effect on SoundHound’s business and its financial results. Any of these could seriously harm SoundHound’s business.

Unauthorized use of SoundHound’s proprietary technology and intellectual property could adversely affect its business and results of operations.

SoundHound’s success and competitive position depend in large part on its ability to obtain and maintain intellectual property rights protecting its products and technologies. We rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality provisions and licensing arrangements to establish and protect SoundHound’s intellectual property and proprietary rights. Unauthorized parties may attempt to copy or discover aspects of SoundHound’s products or to obtain, license, sell or otherwise use information that we regard as proprietary. Policing unauthorized use of SoundHound’s products is difficult and we may not be able to protect its technology from unauthorized use. Additionally, SoundHound’s competitors may independently develop technologies that are

substantially the same or superior to its technologies and that do not infringe its rights. In these cases, we would be unable to prevent its competitors from selling or licensing these similar or superior technologies. In addition, the laws of some foreign countries do not protect SoundHound's proprietary rights to the same extent as the laws of the United States. Although the source code for SoundHound's proprietary software is protected both as a trade secret and as a copyrighted work, litigation may be necessary to enforce its intellectual property rights, to protect its trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Litigation, regardless of the outcome, can be very expensive and can divert management's efforts.

SoundHound's software products may have bugs, which could result in delayed or lost revenue, expensive correction, liability to its customers and claims against us.

Complex software products such as SoundHound's may contain errors, defects or bugs. Defects in the solutions or products that we develop and sell to its customers could require expensive corrections and result in delayed or lost revenue, adverse customer reaction and negative publicity about us or SoundHound's products and technologies. Customers who are not satisfied with any of SoundHound's products may also bring claims against us for damages, which, even if unsuccessful, would likely be time-consuming to defend, and could result in costly litigation and payment of damages. Such claims could harm SoundHound's reputation, financial results and competitive position.

We may be unable to respond quickly enough to changes in technology and technological risks and to develop its intellectual property into commercially viable products.

Changes in legislative, regulatory or industry requirements or in competitive technologies may render certain of SoundHound's products obsolete or less attractive to its customers, which could adversely affect its results of operations. SoundHound's ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis will be a significant factor in its ability to be competitive. There is a risk that we will not be able to achieve the technological advances that may be necessary for us to be competitive or that certain of its products will become obsolete. SoundHound is also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly. These risks could have a material adverse effect on SoundHound's business, results of operations and financial condition.

Risks Related to SoundHound's Class A Common Stock and the Securities Market

SoundHound's stock price and trading volume has fluctuated significantly and may continue to fluctuate significantly in the future.

The market price and trading volume of SoundHound's Class A common stock, \$0.0001 par value per share ("Class A Common Stock") has fluctuated widely and may continue to fluctuate widely, depending on many factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our results of operations due to factors related to our business;
- success or failure of our business strategies;
- competition and industry capacity;
- changes in interest rates and other factors that affect earnings and cash flow;
- our level of indebtedness, our ability to make payments on or service our indebtedness and our ability to obtain financing as needed;
- our ability to retain and recruit qualified personnel, particularly in light of our recent restructuring;
- our quarterly or annual earnings or losses, or those of other companies in our industry;
- announcements by us or our competitors of significant acquisitions or dispositions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- significant purchases or sales of our Class A Common Stock by large or influential investors or stockholders;

- the failure of securities analysts to cover, or positively cover, our Class A Common Stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- investor perception of the Company and the AI industry;
- overall market fluctuations unrelated to our operating performance;
- results from any material litigation or government investigation;
- changes in laws and regulations (including tax laws and regulations) affecting our business;
- changes in capital gains taxes and taxes on dividends affecting stockholders; and
- general economic conditions and other external factors.

Low trading volume for SoundHound’s Class A Common Stock would amplify the effect of the above factors on stock price volatility.

In addition, over the last few years, the stock market more broadly has experienced price and volume fluctuations, including due to factors relating to the outbreak of COVID-19, inflationary pressures, the wars in Ukraine and in the Middle East and the imposition and/or threat of tariffs, and this volatility has sometimes been unrelated to the operating performance of particular companies. As a result, there is a potential for rapid and substantial decreases in the price of our Class A Common Stock, including decreases unrelated to our operating performance or prospects. This market and share price volatility relating to these outside effects, as well as general economic, market or political conditions, has and could further reduce the market price of our Class A Common Stock in spite of our operating performance and could also increase our cost of capital, which could prevent us from accessing debt and equity capital on terms acceptable to us or at all.

Additionally, a proportion of our Class A Common Stock may be traded by short sellers which may put pressure on the supply and demand for our Class A Common Stock, creating further price volatility. In particular, a possible “short squeeze” due to a sudden increase in demand of our Class A Common Stock that largely exceeds supply may lead to sudden extreme price volatility in our Class A Common Stock. Investors may purchase our Class A Common Stock to hedge existing exposure in our Class A Common Stock or to speculate on the price of our Class A Common Stock. Speculation on the price of our Class A Common Stock may involve long and short exposures. To the extent aggregate short exposure exceeds the number of shares of Class A Common Stock available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our Class A Common Stock for delivery to lenders of our Class A Common Stock. Those repurchases may in turn, dramatically increase the price of our Class A Common Stock until investors with short exposure are able to purchase additional shares to cover their short position. This is often referred to as a “short squeeze.” Following such a short squeeze, once investors purchase the shares necessary to cover their short position, the price of our Class A Common Stock may rapidly decline. A short squeeze could lead to volatile price movements in our shares that are not directly correlated to the performance or prospects of our company and could cause purchasers of our Class A Common Stock to incur substantial losses.

Should the market price of our shares drop significantly, stockholders may institute securities class action lawsuits against us. A lawsuit against SoundHound could cause SoundHound to incur substantial costs and could divert the time and attention of its management and other resources.

We do not intend to pay cash dividends for the foreseeable future.

The timing, declaration, amount and payment of future dividends to stockholders falls within the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, capital requirements of our business and covenants associated with debt obligations, as well as legal requirements, regulatory constraints, industry practice and other factors that our board of directors deems relevant. We do not intend to and there can be no assurance that we will pay any dividend in the future.

The requirements of being a public company may strain SoundHound's resources and divert management's attention, and the increases in legal, accounting and compliance expenses may be greater than SoundHound anticipates.

As a public company and a large accelerated filer, we will continue to incur significant legal, accounting and other expenses that SoundHound did not incur as a private company. SoundHound is subject to the reporting requirements of the Exchange Act, and is required to comply with the applicable requirements of the Sarbanes-Oxley Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as the rules and regulations subsequently implemented by the SEC and the listing standards of Nasdaq, including changes in corporate governance practices and the establishment and maintenance of effective disclosure and financial controls. Compliance with these rules and regulations can be burdensome. SoundHound's management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased, and will continue to increase, SoundHound's historical legal and financial compliance costs and will make some activities more time-consuming and costly. For example, SoundHound has incurred and expects to continue to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. SoundHound has hired and will continue to need to hire additional accounting and financial staff, including as a result of our acquisitions in 2024, and engage outside consultants, all with appropriate public company experience and technical accounting knowledge and maintain an internal audit function, which has and will increase its operating expenses. Moreover, SoundHound could incur additional compensation costs in the event that it decides to pay cash compensation closer to that of other publicly listed companies, which would increase its general and administrative expenses and could materially and adversely affect its profitability. SoundHound will evaluate these rules and regulations, and cannot predict or estimate the amount of additional costs SoundHound may incur or the timing of such costs.

SoundHound may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal control over financial reporting required of public companies. SoundHound's management will need to continually assess its staffing and training procedures to improve its internal control over financial reporting. For example, SoundHound did not timely file its Form 10-Q for the quarter ended March 31, 2021 and had to file extensions for its Form 10-Q for the quarter ended September 30, 2023 and its Form 10-K for the years ended December 31, 2023 and 2024. Unless the matters discussed in this risk factor and elsewhere in this Annual Report are mitigated, the risk exists that SoundHound may not be able to file timely in the future. Further, the development, implementation, documentation and assessment of appropriate processes, in addition to the need to remediate any potential deficiencies, will require substantial time and attention from management. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company may require costs greater than expected. It is possible that SoundHound will be required to expand its employee base and hire additional employees to support its operations as a public company which will increase our operating costs in future periods.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by the SEC and Nasdaq, are subject to varying interpretations, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. SoundHound intends to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts, we fail to comply with new laws, regulations and standards, regulatory authorities may initiate legal proceedings against us, and our business may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events would also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors or as members of senior management.

Risks Applicable to a Dual Class Common Stock Structure

SoundHound has a dual class common stock structure that has the effect of concentrating voting control with the holders of our Class B common stock, \$0.0001 par value per share (“Class B Common Stock”). Our Class B Common Stock has multiple votes per share and this ownership will limit or preclude your ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transactions requiring stockholder approval, and that may adversely affect the trading price of our Class A Common stock.

SoundHound has a dual class common stock structure and the holders of SoundHound Class B Common Stock have ten votes per share. SoundHound’s founders (Keyvan Mohajer, Majid Emami and James Hom) own shares of Class B Common Stock representing approximately 47% of the voting power of the outstanding capital stock of SoundHound as of December 31, 2025. In addition, because of the ten-to-one voting ratio between our Class B and Class A Common Stock, holders of our Class B Common Stock could continue to control a majority of the combined voting power of our common stock and therefore control all matters submitted to our stockholders for approval until such time, if any, as a sufficient number of shares of our Class B Common Stock are converted into shares of our Class A Common Stock in accordance with the terms of the Restated Certificate of Incorporation of the Company (the “Restated Charter”). This concentrated control may limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions requiring stockholder approval. In addition, this concentrated control may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders. As a result, such concentrated control may adversely affect the market price of our Class A Common Stock.

Shares of Class B Common Stock are convertible into shares of Class A Common Stock and will automatically convert into shares of Class A Common Stock upon the occurrence of certain future events, generally including transfers, subject to limited exceptions set forth in the Restated Charter. The conversion of Class B Common Stock to Class A Common Stock will have the effect, over time, of increasing the relative voting power of those holders of Class B Common Stock who retain their shares in the long term. As a result, it is possible that one or more of the persons or entities holding our Class B Common Stock could gain significant voting control as other holders of Class B Common Stock sell or otherwise convert their shares into Class A Common Stock.

The Restated Charter provides for a dual-class multiple voting Common Stock structure, and we cannot predict the effect this structure of our common stock may have on the market price of our Class A Common Stock.

We cannot predict whether having an Restated Charter that permits the issuance of multiple voting shares in a dual-class structure will result in a lower or more volatile market price of our Class A Common Stock, adverse publicity or other adverse consequences. For example, certain index providers have announced and implemented restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, FTSE Russell announced that it would require new constituents of its indices to have greater than 5% of the company’s voting rights in the hands of public stockholders, and S&P Dow Jones announced that it would no longer admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Also in 2017, MSCI, a leading stock index provider, opened public consultations on its treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities “with unequal voting structures” in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under such announced and implemented policies, the dual-class structure of our common stock would make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices would not invest in our Class A Common Stock. These policies are relatively new and it is unclear what effect, if any, they will have on the valuations of publicly-traded companies excluded from such indices, but it is possible that they may adversely affect valuations, as compared to similar companies that are included. Due to the dual-class structure of our common stock, we will likely be excluded from certain indices and we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make our Class A Common Stock less attractive to other investors. As a result, the market price of our Class A Common Stock could be adversely affected.

Delaware law and provisions in our charter documents could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock.

The Restated Charter, Amended & Restated Bylaws of the Company (the “Amended Bylaws”), and Delaware law contain provisions that could depress the trading price of our common stock by acting to discourage, delay, or prevent a change of control of SoundHound or changes in SoundHound that our management or stockholders may deem advantageous. Among other things, the Restated Charter and Amended Bylaws include the following provisions:

- permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminates the ability of our stockholders to call special meetings of stockholders, except to the extent otherwise provided in the Amended Bylaws;
- prohibit stockholder action by written consent, except to the extent otherwise provided in the Amended Bylaws, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter, or repeal our Amended Bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law. Any provision of our Restated Charter, our Amended Bylaws, or Delaware law that has the effect of delaying, preventing, or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Risks Related to U.S. and International Taxation Generally

Changes in tax laws or exposure to additional income tax liabilities could affect SoundHound’s future profitability.

Factors that could materially affect SoundHound’s future effective tax rates include but are not limited to:

- changes in tax laws or the regulatory environment;
- changes in accounting and tax standards or practices;
- changes in the composition of operating income by tax jurisdiction; and
- SoundHound’s operating results before taxes.

Because SoundHound does not have a long history of operating at its present scale and it has significant expansion plans, SoundHound’s effective tax rate may fluctuate in the future. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under GAAP, changes in the composition of earnings in countries with differing tax rates, changes in deferred tax assets and liabilities, or changes in tax laws.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Tax Act”), was signed into law making significant changes to the Internal Revenue Code of 1986, as amended (the “Code”). In particular, sweeping changes were made to the U.S. taxation of foreign operations. Changes include, but are not limited to, a permanent reduction to the corporate income tax rate, limiting interest deductions, adopting elements of a territorial tax system, assessing a repatriation tax or “toll-charge” on undistributed earnings and profits of U.S.-owned foreign corporations, and introducing certain anti-base erosion provisions, including a new minimum tax on global intangible low-taxed income and base erosion and anti-abuse tax. The legislation has had no effect on SoundHound’s provision for income taxes because SoundHound has incurred annual losses in the U.S. to date and management set up a full valuation allowance against its U.S. federal and states deferred tax assets.

On July 4, 2025, the United States enacted tax reform legislation through the One Big Beautiful Bill Act. Included in this legislation are provisions that allow for the immediate expensing of domestic United States research and development expenses, immediate expensing of certain capital expenditures, and other changes to the U.S. taxation of profits derived from foreign operations. We do not expect that the enactment of the legislation will lead to a significant change of our tax expense during 2025, primarily due to our taxable loss position and the full valuation allowance on deferred tax assets in the US jurisdiction. The Company continues to evaluate the impact the new legislation will have on our annual or interim consolidated financial statements.

In addition to the impact of the Tax Act on SoundHound's federal taxes, the Tax Act may impact its taxation in other jurisdictions, including with respect to state income taxes. State legislatures have not had sufficient time to respond to the Tax Act. Accordingly, there is uncertainty as to how the laws will apply in the various state jurisdictions. Additionally, other foreign governing bodies may enact changes to their tax laws that could result in changes to SoundHound's global tax position and materially adversely affect its business, results of operations and financial condition. Additionally, the IRS and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and technologies and the use of intangibles. Tax authorities could disagree with SoundHound's future intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. If SoundHound does not prevail in any such disagreements, its profitability may be affected.

SoundHound's ability to use its net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2025, SoundHound had \$892.9 million of U.S. federal and \$379.7 million of state net operating loss carryforwards available to reduce future taxable income. The federal and state net operating loss carryforwards will start to expire in 2026 with the exception of \$691.0 million federal net operating loss carryforwards and \$18.5 million state net operating loss carryforwards, which can be carried forward indefinitely. It is possible that SoundHound will not generate taxable income in time to use these net operating loss carryforwards before their expiration or at all. Under legislative changes made in December 2017, U.S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such net operating losses is limited. In addition, the federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the Code, respectively, and similar provisions of state law. Under those sections of the Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income or tax may be limited. In general, an "ownership change" will occur if there is a cumulative change in SoundHound's ownership by "5-percent stockholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. In addition, certain U.S. states have imposed additional limitations on the use of net operating loss carryforwards not otherwise imposed on the use of U.S. federal net operating loss carryforwards and may impose additional limitations in the future.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations.

We are subject to income taxes in the United States and other jurisdictions, and our tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- costs related to intercompany restructurings;
- changes in tax laws, regulations or interpretations thereof; or
- lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other transaction taxes by taxing authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

SoundHound acknowledges the increasing importance of cybersecurity in its operations and recognizes the potential risks and threats associated with cyber incidents. The Company is committed to maintaining the confidentiality, integrity, and availability of its information systems and data. However, no system can be completely immune to cyber threats. We face a number of cybersecurity risks in connection with our business. To date, such risks have not materially affected our business, including threats to and breaches of our data systems, malware and computer virus attacks.

Risk Management and Strategy

The following information provides an overview of our approach to managing cybersecurity risks. The Company assesses, identifies and manages cybersecurity related risks. Cybersecurity related risks are continuously evaluated to assess top risks to the enterprise. SoundHound has implemented a comprehensive cybersecurity program designed to identify, assess, and manage cyber risks.

This program includes, but is not limited to:

- Regular risk assessments and vulnerability assessments.
- Implementation of industry-accepted cybersecurity controls and best practices.
- Employee training and awareness programs to enhance the company's overall cybersecurity posture.
- Continuous monitoring and incident response plans to detect and mitigate potential threats promptly.

We have a set of Company-wide policies and procedures concerning cybersecurity matters, such as policies related to encryption standards, antivirus protection, remote access, multi factor authentication, confidential information and the use of the internet, social media, email and wireless devices. These policies go through an annual internal review process and are approved by appropriate members of management.

We have continued to expand investments in our overall security posture, including additional end-user training, using defense in depth, identifying and protecting critical assets, strengthening monitoring and alerting, and engaging experts. We regularly test our defenses through simulations, both at the technical level and through reviews of our operational policies and procedures. We review our operational policies and procedures with third-party experts as part of our annual audit process. We also maintain cyber insurance coverage.

In addition to assessing our own cybersecurity preparedness, we also consider and evaluate cybersecurity risks associated with use of third-party service providers. We conduct an annual review of third-party hosted applications with a specific focus on any sensitive data. We perform user access reviews on all third-party applications. We obtain compliance reports, such as SOC 1 and SOC 2, from all critical third-party vendors annually. If a third-party vendor is not able to provide compliance reports, we take additional steps to assess their cybersecurity preparedness and assess our relationship on that basis. Our assessment of risks associated with use of third-party providers is part of our overall cybersecurity risk management framework.

SoundHound will report any cybersecurity incidents determined to be material. Material aspects of the nature, scope and timing of the incident, and the impact or reasonably likely impact of the incident on the Company, including on SoundHound's financial condition and results of operations will be disclosed.

Governance

The Audit Committee oversees risks from cybersecurity threats as part of its broader risk oversight responsibilities. The board recognizes the importance of cybersecurity in safeguarding the company's assets and operations.

SoundHound has a dedicated Information Security Management Committee responsible for overseeing risks from cybersecurity threats. The Committee's charter outlines its specific responsibilities related to cybersecurity risk oversight, and assists senior management in fulfilling its oversight responsibilities by creating, implementing,

overseeing and maintaining SoundHound's Information Security Management System. The purpose of the ISMS is to protect the Company's information systems and assets, taking into account the potential for external threats, internal threats, and threats arising from transactions with trusted third parties and vendors. The board of directors is informed of cybersecurity risks, at least annually, through established processes, including periodic briefings, reports, and updates on the evolving landscape of cybersecurity threats.

Management

SoundHound designates the Information Security Management Committee as responsible for assessing and managing cybersecurity risks. Committee members possess professional experience or backgrounds presenting relevant experience or capacity to address those matters within the scope of the Committee's responsibility, including senior executives, department leaders, and subject matter experts. Committee members are familiar, or have the ability to quickly gain familiarity, with major technology platforms employed by the Company; have knowledge of technological ecosystems and challenges confronted in current or emerging business environments; have the capacity to understand new or emerging technologies and cyber security threats; are familiar, or have the ability to quickly gain familiarity, with information security principles, privacy regulations, standards, and guidelines; and possess experience relating to enterprise risk management and process.

We view cybersecurity as a shared responsibility. All employees are required to complete cybersecurity training as part of onboarding, on an annual basis and have access to more frequent cybersecurity training online. We also require employees in certain roles to complete additional role-based, specialized cybersecurity training. The designated persons or committees actively monitor cybersecurity incidents through processes that monitor the prevention, detection, mitigation and remediation of cybersecurity incidents, including continuous assessment and adaptation to emerging threats.

Item 2. Properties

Our corporate headquarters is located in Santa Clara, California, within a consolidated building covering 61,360 square feet. Our lease began in 2017 and is set to expire in 2026. In addition to our headquarters, we lease offices in Toronto, Paris and various other locations in the U.S. and internationally.

Item 3. Legal Proceedings

The material set forth in the section titled "Legal Proceedings" in Note 8 of our Notes to Consolidated Financial Statements is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our Class A Common Stock is listed on the Nasdaq Global Market under the symbol “SOUN.” Our Class B Common Stock is neither listed nor traded. Our listed redeemable warrants are listed on the Nasdaq Global Market under the symbol “SOUNW.”

Stockholders

According to the records of our transfer agent, there were 73 holders of record of our Class A Common Stock, 3 holders of record of our Class B Common Stock and 5 holders of record of our listed redeemable warrants on December 31, 2025.

Dividends

We do not anticipate paying any cash dividends in the foreseeable future.

Compensation Plans

The following table sets forth information as of December 31, 2025 relating to all our equity compensation plans:

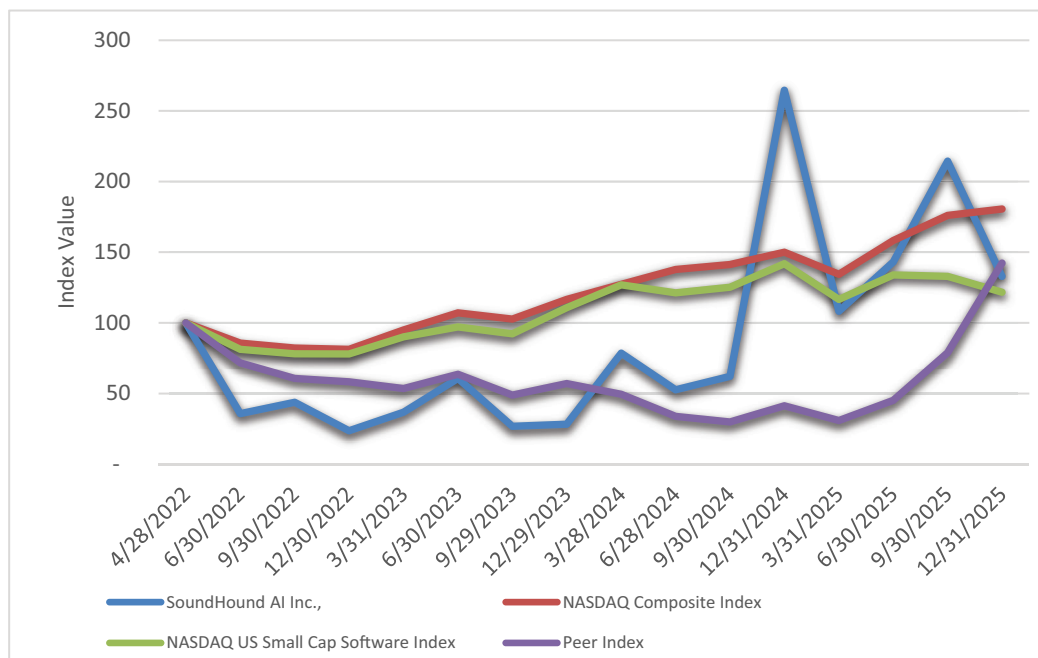
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options (in thousands)	Weighted Average Exercise Price of Outstanding Options	Number of Granted Restricted Stock Awards Outstanding (in thousands)	Number of Securities Remaining Available for Future Issuance (in thousands)
Equity compensation plans approved by security holders	3,883	\$ 4.55	22,663	7,559
Equity compensation plans not approved by security holders	—	—	—	—
Total	3,883	4.55	22,663	7,559

Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act.

The graph below compares the cumulative total return to our stockholders between April 28, 2022 (the date our Class A common stock commenced trading on the Nasdaq Global Select Market) through December 31, 2025 in comparison to the Nasdaq Composite Index and the Company’s self-determined peer group (the “Peer Group”). The graph assumes \$100 was invested in the Company’s Class A common stock, the Peer Group, the Nasdaq Composite Index (COMP-USA) and the NASD Nasdaq AQ US Small Cap Software Index (NQUSS10101015-USA), and assumes reinvestment of any dividends.

The Peer Group consists of BigBear.ai Holdings (BBAI), Cerence (CRNC), Five9 (FIVN), KORE Group Holdings (KORE), LivePerson (LPSN), Movella Holdings (MVLA), Fiscalnote Holdings (NOTE), Planet Labs (PL), Presto Automation (PRST), RingCentral (RNG), and Veritone (VERI). The Company believes that the Peer Group reflects a broader group of peers within the software industry.



Recent Sales of Unregistered Securities

None that have not already been disclosed in a prior Quarterly Report on Form 10-Q or Current Report on Form 8-K.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of SoundHound should be read together with our consolidated financial statements and the related notes thereto. The fiscal years presented are the periods ended December 31, 2025 (“2025”) and December 31, 2024 (“2024”). Information concerning the fiscal year ended December 31, 2023 (“2023”) and a comparison of 2024 and 2023 may be found under “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 11, 2025.

Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to SoundHound’s plans and strategy for its business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the “Risk Factors” and “Cautionary Statement Regarding Forward Looking Statements” section of this report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Unless otherwise indicated or the context otherwise requires, references in this section to “SoundHound,” “we,” “us,” “our” and other similar terms refer to SoundHound AI, Inc. and our subsidiaries.

Company Overview

We are a global leader in conversational intelligence, offering independent Voice AI solutions that enable businesses to deliver high-quality conversational experiences to their customers. Built on proprietary technology, SoundHound's voice AI delivers best-in-class speed and accuracy in numerous languages to product creators across automotive, TV, and IoT, and to customer service industries via groundbreaking AI-driven products like Smart Answering, Smart Ordering, and Dynamic Interaction™, a real-time, multimodal customer service interface. Along with SoundHound Chat AI, a powerful voice assistant with integrated Generative AI, SoundHound powers millions of products and services, and processes billions of interactions each year for world class businesses.

We believe voice-enabled conversational user interface is a more natural interface for nearly all use cases, and product creators should have the ability to design, customize, differentiate, innovate and monetize the interface to their own product, as opposed to outsourcing it to a third-party assistant. For example, using SoundHound, businesses can voice-enable their products so consumers can say things like, "Turn off the air conditioning and lower the windows," while in their cars, "Find romantic comedies released in the last year," while streaming on their TV and even place food orders before arriving at a restaurant by talking to their cars, TVs or other IoT devices. Additionally, SoundHound's technology can address complex user queries such as, "Show me all restaurants within half a mile of the Space Needle that are open past 9pm on Wednesdays and have outdoor seating," and follow-on qualifications such as "Okay, don't show me anything with less than 3 stars or fast food."

The SoundHound developer platform, Houndify, is an open-access platform that allows developers to leverage SoundHound's Voice AI technology and a library of over 100 content domains, including commonly used domains for points of interest, weather, flight status, sports and more. SoundHound's Collective AI is an architecture for connecting domain knowledge that encourages collaboration and contribution among developers. The architecture is based on proprietary software engineering technology, CaiLAN (Conversational AI Language), and machine learning technology, CaiNET (Conversational AI Network) to ensure fast, accurate and appropriate responses.

Our market position is strengthened by the technical barriers to entry in the Voice AI space, which tend to discourage new market participants. Furthermore, our technology is backed by significant investments in intellectual property, with over 359 patents granted and over 102 patents pending, spanning multiple fields including speech recognition, natural language understanding, machine learning, monetization and more. We have achieved this critical momentum in part thanks to a long-tenured leadership team with deep expertise and proven ability to attract and retain talent. We believe that SoundHound has extensive technical expertise and a proven track record of innovation and value creation for us to continue to attract customers in the growing market for Voice AI transactions.

We believe that SoundHound is well-positioned to fill the growing void and demand for an independent Voice AI platform. The Voice AI offerings from big tech companies are primarily an extension of their more core services and offerings. Rather than strengthening a customer's product, it can take over the entire experience, thus disintermediating our brand, users and data. As a result, brands relying on big tech may lose their ability to innovate, differentiate and customize. In some cases, these providers even compete with the products they support, making them increasingly less attractive as a choice for a voice interface.

The alternative options are generally legacy vendors tending to use what we consider to be dated technologies at a high price. Furthermore, many of these technologies still require significant effort by the product creators to turn them into solutions that can compete with the quality of the big tech offering, which in many cases is not practical. Due to the high barrier to entry in Voice AI, there are not many independent players.

This creates a great opportunity for SoundHound: we believe that we provide disruptive technologies that are superior to the alternatives, with better terms, allowing customers to maintain their brand, control the user experience, get access to the data and define their own privacy policies, while being able to customize, differentiate, innovate and monetize.

When it comes to criteria for adoption, our goal is to win on every dimension. We believe to be the first two criteria customers typically consider are technology and brand control. We strive to provide our customers with the best technology, and we provide a white label solution giving our customers control of their brands. In some industries you may have to choose between technology and brand control. In our case, we offer our customers the best of both, enabling them to offer disruptive technologies to their users while maintaining control of their brand and user experience.

We also expect to provide an additional path to monetization for our customer base. By choosing our platform, product creators can generate additional revenue while making their product better by using Voice AI, providing further incentive to choose our platform.

We believe that we offer a superior ecosystem, benefiting from our Collective AI product architecture along with offering customers definable privacy controls, which are becoming increasingly important in the industry of Voice AI. Additionally, there is no conflict of interest between us and our partners and customers as we do not compete with them (as some other Voice AI vendors do). We also offer edge and hybrid solutions. This means our technology can optionally run without a cloud connection for increased flexibility and privacy. We aim to deliver the most advanced Voice AI in the world and thus allowing our partners to differentiate and innovate their overall experiences for their brands.

We strongly believe that product creators know their product and users best. The idea of a single third-party assistant taking over their product is not reflective of our anticipated future. We envision that every product will have its own identity, and will have Voice AI customized in different ways. Product creators can each tap into a single Collective AI to access the ever-growing set of domains, but the product creators can innovate on top of Collective AI and create value for the end users in their own way. This is the future that we are focusing on enabling.

When a product is voice enabled, we see three stages of integration and value propositions. The first stage is to enable the core use case of the product. For example, the product could be a TV, a coffee machine, a car, a wearable device, a robot, a smart speaker or an appliance, and with your voice you can control the functionality of the device and the product. With a TV, you can ask it to change the channel, increase the volume, rewind by 30 seconds, search for movies and even add personalization by adding a TV show to your favorites. Note that this is different from adding a third-party voice assistant to the product. Our view is that every product needs to have an interface, and voice-AI is a natural and compelling interface that unlocks new use cases and potential. Consider just the simple example of rewinding or fast forwarding by a specific duration. That is a command that can be done with voice in only a few seconds, but it can take many steps to use alternative interfaces such as a remote control or a companion app.

Once the core features of a product are voice-enabled, it can be further enhanced in the second stage of integration: the addition of third-party content and domains. SoundHound has extensive partnerships with content providers and, through these partnerships, can fulfill many needs of our customers. For example, your TV, car or even a coffee machine can answer questions about weather, sports scores, stock prices or flight status, and even search for a local business. The addition of these public domains further enhances the value proposition of the product.

Finally, as the third step, you enter the world of monetization where you can add features that deliver value to the end user, and also generate revenues that we share with the product creators. To summarize with an example, imagine walking up to your coffee machine and asking for a triple shot extra hot latte. While you are waiting for your drink, you can ask for weather and sports scores, and if you desire, you can even order bagels from your favorite nearby bakery.

There are three pillars to our revenue model. The first pillar is Product Royalties, where we voice enable a product and the product creator pays us a royalty based on volume, usage or duration. SoundHound collects royalty revenue when our technology is placed in a car, smart speaker or an appliance, for example.

The second pillar is Service Subscription. This is when, for example, SoundHound enables customer service or food ordering for restaurants or content management, appointments and voice commerce. And, for that, we generate subscription revenue from the service providers. Pillars one and two can grow independently and they are proven, established business models.

The third pillar seeks to create a monetization ecosystem that brings the services from pillar two to the products in pillar one. When the users of a voice-enabled product in pillar one access the voice-enabled services of pillar two, these services generate new leads and transactions. SoundHound will generate monetization revenue from the services for generating these leads and transactions, and we will share the revenue with the product creators of pillar one.

For example, when the driver of a voice-enabled car places an order to a restaurant that is also voice enabled, we will have unlocked a seamless transaction. Accordingly, the restaurant will pay us for that order, and we will share that revenue with the product creator or the car manufacturer. In this example, each party receives value in the ecosystem. The restaurant is happy because they generated a new lead and booked a sale. The user is happy because they have received value through a natural ordering process, simply by speaking to their car. And the car manufacturer is happy because they delivered value to the end user and generated additional revenue from the usage of their product.

During the periods presented in the consolidated financial statements, we have not generated revenue from leads and transactions on voice-enabled products from voice-enabled services other than from the SoundHound music identification app. Going forward, SoundHound expects monetization revenue to be generated through a combination of advertising revenue from the music identification app and, over time, from leads and transactions on voice-enabled products from voice-enabled services, which we expect will provide much more seamless opportunities for consumers to access goods and services that they covet as we further build out and scale the voice-enabled ecosystem.

We expect this disruptive, three-pillar business model will create a monetization flywheel; as more products integrate into our platform, more users will use it and more services will choose to integrate as well. This creates even more usage, and results in a flow of revenue share to product creators, which further encourages even greater adoption and integration with our platform and the cycle will perpetually continue and expand. This ecosystem increases adoption and increases our addressable market. While all three pillars contribute to our revenues today, the majority of the contribution is currently from our first and second pillar with only a small contribution from pillar three from our music identification app. Over time, we expect our revenues from the monetization pillar to increase meaningfully in the future.

Recent Developments

Interactions Acquisition

On September 3, 2025 (the “Interactions Acquisition Date”), we acquired all of the issued and outstanding equity of Interactions Corporation (the “Interactions Acquisition”), a pioneer in AI for customer service and workflow orchestration. This strategic deal is expected to strengthen and extend SoundHound’s growing leadership in Agentic AI and accelerate its market penetration in customer service across enterprise businesses. The combination also introduces certain new major powerhouse brands to the SoundHound customer portfolio, including global consumer icons, large technology device brands, insurers, automakers, and other preeminent Fortune 100 companies across industries.

We have incurred certain significant costs relating to the SYNQ3, Amelia and Interactions acquisitions, such as legal, accounting, financial advisory and other professional services fees, as well as other customary payments. Refer to “Item 1A. Risk Factors” in our Form 10-K for a discussion regarding the risks associated with the acquisitions.

Known Trends, Demands, Commitments, Events or Uncertainties Impacting Our Business

We believe that our performance and future success depend on many factors that present significant opportunities for us but also pose risks and challenges, including the following:

- ***Investments in Technology.*** Our business model since inception has been to invest in our technology in the form of dedicated research and development. We will continue to invest in the development of our software platform to deliver consumers with continually improving value and delight. Our investments include continuous enhancements to our technology we’ve developed over the last two decades or acquired from acquisitions, investments in data to help refine and improve our underlying algorithms and other costs to attract and retain a world-class technical workforce.
- ***Revenue Growth.*** Our commercial success, including acceptance and use of our applications, will depend on a number of factors, some of which are beyond our control, such as size of the market opportunity, successful integration with OEM, competition and demand from the public and members of the conversational AI community. Our product offerings, including those offerings that we have acquired, have disruptive effects in the ways human interact with computers and we are developing

new, innovative economic models and acquiring companies such as SYNQ3, Amelia, and Interactions which have synergistic businesses to ours that we believe will enhance value to customers, partners and stockholders. For our revenue growth to continue, we will need to invest in sales and marketing to ensure our messaging, capabilities and offerings are well understood and valued by customers. With our primary focus on enterprise customers, we also need to align with enterprise sales cycles, which can be longer than consumer cycles. As we build new customer relationships, we continually focus on maintaining and growing our existing relationships through long-term partnerships through significant upfront investment in customer specific engineering projects. Additionally, in addition to our acquisitions of SYNQ3, Amelia, and Interactions, we may look to acquire other companies in the industry to develop synergies with our existing business.

- ***Cost of Revenues.*** The results of our business will depend in part on our ability to establish and increase our gross margins by scaling our business model and effectively managing our costs to produce our applications. Our revenue will be directly supported by data center investments in technology, both on premise and in the cloud. The associated workloads, along with supporting labor costs, will need to be managed effectively as we scale to improve our margins over time. Our Houndify platform is also powered by a library of over 100 content domains, including commonly used domains for points of interest, weather, flight status, sports and more.
- ***Seasonality.*** Our ability to accurately forecast demand for our technology could be negatively affected by many factors, including seasonal demand. We anticipate that we will experience fluctuations in customer and user demand based on seasonality. For example, in the past, we have seen approximately 40% of our revenue in the first half of the year with the remaining 60% in the second half. Additionally, given that we address markets across several different industry verticals, the associated overall seasonality impact to us may not be consistent year-to-year.
- ***Development of International Markets.*** We have rapidly expanded our capabilities and global reach. For example, we have globalized our solution to include 25 languages. We view opportunities for conversational Voice AI to be global in reach, and we expect our growth to be fueled across multiple geographies.

Components of Our Results of Operations

Revenues

SoundHound generates revenues through: (1) “Product Royalties,” meaning royalties from voice-enabled products which are driven by volume, usage or life of applicable products and are affected by number of devices, users and units of usage, (2) “Service Subscriptions,” meaning subscription revenues, derived from fixed monthly fees or fees based on usage-based revenue, revenue per query or revenue per user, and (3) “Monetization,” meaning revenues generated from focused ad targeting to users of products and services that employ our technologies. Currently, our monetization revenue is derived only from our music identification application primarily in the form of ad impression revenue — revenue generated when an ad is shown in our music identification app — and, to a lesser extent, affiliate revenue for referrals to music stores for content sales and downloads of our premium music application.

“Houndified Products,” meaning products of our customers that employ SoundHound technology, and “Houndified Services,” meaning services provided to customers related to SoundHound technology, provide our customers with access to our Houndify platform over a contractual period without taking possession of the software. This generally includes revenues derived from implementation services (“professional services”) that develop and customize the Houndify platform to fit customers’ specific needs. These professional services are included in both our Product Royalties and Service Subscriptions revenues. Non-distinct professional services are recognized over the contractual life of the contract, whereas revenues from distinct professional services are recognized as the services are performed or when the services are complete depending on the arrangement.

“Amelia Software Platform” and “Virtual Assistance” meaning our AI-based digital resource solution that enables AI in our customers’ services, ranging across multiple industries. This generally includes revenue from hosted services if the customer elects our SaaS offering, or from licensing revenue if the customer requires an on-premise solution. Professional services are also offered and included within professional services revenue. The revenues from Amelia Software Platform and Virtual Assistance are included within Service Subscriptions, and are recognized point in time or over time depending on the arrangement.

We have and may continue to experience volatility for our remaining performance obligations and deferred revenue as a result of the timing for completing our performance obligations. We had remaining performance obligations in the amount of \$79.5 million as of December 31, 2025. Given the applicable contract terms, \$47.8 million is expected to be recognized as revenue within one year, \$30.1 million is expected to be recognized between 2 to 5 years and the remainder of \$1.6 million is expected to be recognized after 5 years. Deferred revenue consists of billings or payments received in advance of revenue being recognized and can fluctuate with changes in billing frequency and other factors. As a result of these factors, as well as our mix of revenue streams and billing frequencies, we do not believe that changes in our remaining performance obligations and deferred revenue in a given period are directly correlated with our revenue growth in that period.

We anticipate that we will experience fluctuations in our revenues from quarter-to-quarter due to a variety of factors, including the supply and demand of end user products such as automobiles, the size and success of our sales force and the number of users who are aware of and use our applications. See Note 4 to our consolidated financial statements included within this Annual Report on Form 10-K for more information.

Operating Expenses

We classify our operating expenses into the following seven categories, which are cost of revenues, sales and marketing, research and development, general and administrative, change in fair value of contingent acquisition liabilities, amortization of intangible assets and restructuring. With respect to sales and marketing, research and development, and general and administrative, each expense category includes overhead, including rent and related occupancy costs, which is allocated based on headcount. We plan to continue investing to support our go-to-market strategies and customer engagement, develop our current and future applications and support our operations as a public company. While our gross margin may continue to fluctuate in the near-term due to revenue contributions from varying product mixes, as well as acquisitions, we expect it will stabilize as we continue to scale our business.

Cost of Revenues

SoundHound's cost of revenues are comprised of direct costs associated directly with SoundHound's revenue streams as described above. This primarily includes costs and depreciation related to hosting for cloud-based services, such as data centers, electricity charges, content fees and certain personnel-related expenses including personnel costs under call centers that are directly related to these revenue streams. Additionally, our cost of revenues also includes the amortization of developed technology acquired from SYNQ3, Amelia, Interactions and other acquisition as intangible assets.

Sales and Marketing

Sales and marketing expenses consist of personnel-related costs of the sales and marketing team, promotional campaigns, advertising fees and other marketing related costs. Advertising costs are expensed to sales and marketing when incurred.

Research and Development

Our research and development expenses are our largest operating expense as we continue to develop our software platforms and produce new technological capabilities.

The costs of these activities consist primarily of personnel-related expenses, third-party consultants and costs associated with technological supplies and materials, along with other direct and allocated expenses such as facility costs, depreciation and other shared expenses. We expense research and development costs associated with the design and development of new products in the periods in which they are incurred.

General and Administrative

General and administrative expenses consist of personnel-related costs, accounting and legal expenses, third-party consulting costs, insurance and allocated overhead including rent, depreciation and utilities.

Change in Fair Value of Contingent Acquisition Liabilities

The change in fair value of contingent acquisition liabilities is related to contingent consideration from the SYNQ3, Amelia, and Interactions acquisitions. The contingent consideration was determined to be liability classified and is remeasured as of each reporting period with a corresponding change in fair value recorded.

Amortization of Intangible Assets

Amortization of acquired customer relationships, tradename and conversation data is included within operating expenses and arises from the amortization of assets acquired through the acquisitions. We review intangible assets for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an evaluation of recoverability is required, the estimated undiscounted future cash flows directly associated with the asset are compared with the asset's carrying amount. If the estimated future cash flows from the use of the asset are less than the carrying value, an impairment charge would be recorded to write down the asset to its estimated fair value.

Interest Expense

Interest expense consists of stated interest incurred on our formerly outstanding convertible notes and term debt during the relevant periods, as well as the amortization of debt discounts and issuance costs over the life of the instruments or a shorter period if a lender can demand payment in the event certain events occur that are outside of our control.

The issuance of debt instruments with direct transaction costs, embedded derivatives and warrant instruments has resulted in debt discounts. Direct transaction costs consist of various transaction fees and third-party costs, such as bank and legal fees, that are incurred upon issuance. No interest expense was incurred during the year ended December 31, 2025 due to the repayment of Amelia Debt in December 2024 and the repayment of Term Loan in June 2024.

Other Income, Net

Other income, net consists of the change in fair value related to our derivative liability, interest income and other income (expense).

Provision (benefit) for Income Taxes

Income tax expense includes federal, state and foreign taxes and is based on reported income before income taxes. We are in a cumulative loss position for tax purposes based on historical earnings. As of December 31, 2025, we had \$892.9 million of U.S. federal and \$379.7 million of state net operating loss carryforwards available to reduce future taxable income. The federal and state net operating loss carryforwards will start to expire in 2026 with the exception of \$691.0 million federal net operating loss carryforwards and \$18.5 million state net operating loss carryforwards, which can be carried forward indefinitely.

We had federal and state research and development credit carryforwards of \$27.2 million and \$15.4 million, respectively, as of December 31, 2025. The federal credits will expire starting in 2029 if not utilized. The state credits can be carried forward indefinitely. We also had Canadian SR&ED tax credits of \$1.9 million, which expire starting in 2039 if not utilized.

Under Sections 382 and 383 of the Internal Revenue Code of 1986 and similar state tax laws, utilization of net operating loss carryforwards and tax credits may be subject to annual limitations due to certain ownership changes. Our net operating loss carryforwards and tax credits could expire before utilization if subject to annual limitations.

Results of Operations

The following table sets forth the significant components of our results of operations (\$ in thousands):

	Year Ended December 31,		Change	
	2025	2024	\$	%
Revenues	\$ 168,920	\$ 84,693	\$ 84,227	99%
Operating expenses:				
Cost of revenues	97,369	43,309	54,060	125%
Sales and marketing	61,640	29,126	32,514	112%
Research and development	98,250	70,555	27,695	39%
General and administrative	82,188	53,270	28,918	54%
Change in fair value of contingent acquisition liabilities*	(163,127)	222,670	(385,797)	(173)%
Amortization of intangible assets	15,872	7,116	8,756	123%
Total operating expenses	192,192	426,046	(233,854)	(55)%
Loss from operations	(23,272)	(341,353)	318,081	(93)%
Other income (expense), net:				
Loss on early extinguishment of debt . . .	—	(15,629)	15,629	(100)%
Interest expense	(670)	(12,168)	11,498	(94)%
Other income, net	14,668	9,222	5,446	59%
Total other income (expense), net	13,998	(18,575)	32,573	(175)%
Loss before provision (benefit) for income taxes	(9,274)	(359,928)	350,654	(97)%
Provision (benefit) for income taxes	4,732	(9,247)	13,979	(151)%
Net loss	\$ (14,006)	\$ (350,681)	\$ 336,675	(96)%

* The change in fair value of acquisition related liabilities is mainly driven by the movements in our stock price during the reporting period and changes in the assessed probability of achieving certain future revenue targets defined as part of the acquisition agreements. See Note 12 to our consolidated financial statements included within this report for more information.

The following table summarizes our gross profit and gross margin (\$ in thousands):

	Year Ended December 31,		Change	
	2025	2024	\$	%
Revenues	\$ 168,920	\$ 84,693		99%
Cost of revenues	97,369	43,309		125%
Gross profit	\$ 71,551	\$ 41,384		73%
Gross margin	42%	49%		(7)%

Revenues

The following tables summarize our revenues by type and geographic regions (\$ in thousands):

	Year Ended December 31,		Change	
	2025	2024	\$	%
Service Subscriptions	\$ 133,547	\$ 56,347	\$ 77,200	137%
Product royalties	34,913	27,964	6,949	25%
Monetization	460	382	78	20%
Total	\$ 168,920	\$ 84,693	\$ 84,227	99%

	Year Ended December 31,		Change	
	2025	2024	\$	%
	Americas	\$ 116,333	\$ 51,094	\$ 65,239
Asia	27,465	17,678	9,787	55%
EMEA	25,122	15,921	9,201	58%
Total	<u>\$ 168,920</u>	<u>\$ 84,693</u>	<u>\$ 84,227</u>	<u>99%</u>

Total revenues increased by 99% in 2025 compared to 2024. The increase of \$77.2 million in service subscription revenue, primarily based in the Americas, was driven by the contribution of revenue from acquisitions. The increase of \$6.9 million in product royalties revenue was due to the increase in license revenue in the Asia region.

Cost of Revenues

Cost of revenues increased by \$54.1 million, or 125%, in 2025 compared to 2024. Gross margin decreased to 42% in 2025 compared to 49% in 2024 primarily due to the acquisition of Amelia in 2024, which included a amortization of acquired intangible assets in the amount of \$14.1 million for the year ended December 31, 2025, and the acquisition of Interactions in 2025, which included a amortization of acquired intangible assets in the amount of \$0.8 million for the year ended December 31, 2025. In the past, our gross margin has fluctuated and may continue to fluctuate from quarter to quarter due to revenue contributions from varying product mixes. However, we expect to gradually improve gross margins in the mid-term, especially as it relates the integration of Amelia, Interactions and SYNQ3.

Sales and Marketing

Sales and marketing expenses increased by \$32.5 million, or 112%, from \$61.6 million in 2025 compared to \$29.1 million in 2024, primarily due to increases in 2025 of \$27.6 million in personnel-related costs caused by Amelia and Interactions acquisitions, \$3.3 million in office expense, \$1.1 million in consulting fees, \$0.8 million in advertising expenses, \$0.8 million in travel expenses, \$0.2 million in legal and professional fees, and \$0.2 million in meal and entertainment, which were partially offset by a decrease of \$1.5 million incurred for information technology and facility allocations.

We expect our sales and marketing expenses to remain stable in the short term. However, in the long term, we expect sales and marketing expenses to grow at a rate below that of our revenue, aligning with our strategic emphasis on cost effectiveness and sustainable financial performance.

Research and Development

Research and development expenses increased by \$27.7 million, or 39%, in 2025 compared to 2024, primarily due to increases in 2025 of \$25.6 million in personnel-related costs caused by Amelia and Interactions acquisitions, \$2.7 million in legal and professional fees, \$2.7 million in office expense, \$1.8 million in consulting fees, \$0.2 million in utilities, \$0.2 million in travel expense, and \$0.1 million in hardware cost, which were partially offset by a decrease of \$4.5 million incurred for information technology and facility allocations, \$0.6 million in rent expense and \$0.5 million in cloud computing services.

We expect our research and development expenses to remain stable in the short term. However, in the long term, we expect research and development expenses to grow at a rate below that of our revenue, aligning with our strategic emphasis on cost effectiveness and sustainable financial performance.

General and Administrative

General and administrative expenses increased by \$28.9 million, or 54%, in 2025 compared to 2024, primarily due to increases in 2025 of \$16.3 million in personnel-related costs caused by Amelia and Interactions acquisitions, \$6.0 million in information technology and facility allocations, \$2.5 million in legal and professional fees, \$1.5 million in bad debt expense, \$0.9 million in office expense, \$0.5 million in insurance expense, \$0.5 million in hardware and software cost, \$0.4 million in taxes and licenses, \$0.2 million in tax and payroll processing fees, \$0.1 million in rent

expense, \$0.1 million in utilities, and other immaterial increase totaling \$0.1 million including virtual services, meals and entertainment, and consulting fees, which were partially offset by a decrease of \$0.2 million in cloud computing services.

We expect our general and administrative expenses to increase in the short term as we invest in our control environment. However, in the long term, we expect general and administrative expenses to grow at a rate below that of our revenue, aligning with our strategic emphasis on cost effectiveness and sustainable financial performance.

Change in Fair Value of Contingent Acquisition Liabilities

The change in fair value of acquisition related liabilities, which is marked-to-market based on the movements in our stock price and changes in the assessed probability of achieving certain future revenue targets, was a gain of \$163.1 million for the year ended December 31, 2025, compared to a loss of \$222.7 million for the year ended December 31, 2024. The decrease of the Company's stock price as of December 31, 2025 compared to the stock price as of December 31, 2024, resulted in a decrease in its fair value of contingent acquisition liabilities during the year ended December 31, 2025. The fluctuation is non-operating and non-cash in nature. We will continue to review our estimates on a quarterly basis over the remaining earnout period until 2026. See Note 12 to our consolidated financial statements included within this report for more information.

Amortization of Intangibles Assets

Amortization of acquired developed technology is included within cost of revenues, while the amortization of other intangible assets, including acquired customer relationships, tradename and conversation data, are included within operating expenses. All intangible assets are amortized on a straight-line basis over their estimated useful lives.

The following table summarizes the amortization of intangible assets by operating expense category (\$ in thousands):

	Years Ended December 31,		Change	
	<u>2025</u>	<u>2024</u>	<u>\$</u>	<u>%</u>
Cost of revenues	\$ 17,175	\$ 7,696	\$ 9,479	123%
Amortization of intangible assets	15,872	7,116	8,756	123%
Total amortization	<u>\$ 33,047</u>	<u>\$ 14,812</u>	<u>\$ 18,235</u>	<u>123%</u>

Amortization of intangibles increased by \$18.2 million during the year ended December 31, 2025 compared to the same period in 2024. The increase in amortization of intangibles was primarily attributable to the Amelia Acquisition that was closed during the third quarter of 2024 and Interaction Acquisition that was closed during the third quarter of 2025.

Loss on Extinguishment of Debt

The \$15.6 million decrease in loss on extinguishment of debt during the year ended December 31, 2025 was attributable to a loss on the repayment of Amelia Debt in December 2024 and the repayment of Term Loan in June 2024. See Note 10 to our consolidated financial statements included within this report for more information.

Interest Expense

Interest expense decreased by \$11.5 million, or 94%, in 2025 compared to 2024. The decrease in interest expense was primarily attributable to the early repayment of Term Loan in June, 2024 and Amelia Debt in December, 2024, resulting in the decrease in interest expense.

Other Income, Net

The following table summarizes our other income, net by type (\$ in thousands):

	Year Ended December 31,		Change	
	2025	2024	\$	%
Other income, net				
Interest income	\$ 9,799	\$ 8,370	\$ 1,429	17%
Change in fair value of derivative	4,676	—	4,676	100%
Gain on bargain purchase	—	1,223	(1,223)	(100)%
Other income (expense), net	193	(371)	564	(152)%
Total other income, net	<u>\$ 14,668</u>	<u>\$ 9,222</u>	<u>\$ 5,446</u>	<u>59%</u>

Interest Income

Interest income increased by \$1.4 million, or 17%, in 2025 compared to 2024. The increase was primarily attributable to interest earned on greater money market and treasury bond balances during the year ended December 31, 2025, as we engaged in significant transactions that increased our liquidity. Refer to “Liquidity and Capital Resources” for a discussion of the changes in our business that led to an increase in cash for the year ended December 31, 2025.

Gain on Bargain Purchase

The gain on bargain purchase of \$1.2 million was recorded within other income, net in the consolidated statements of operations and comprehensive loss in the year ended December 31, 2024 as a result of a favorable fair value of identifiable net assets acquired from an immaterial acquisition at the date of acquisition as compared with the purchase price. See Note 3 to our consolidated financial statements included within this report for more information.

Change in Fair Value of Derivative

Change in fair value of derivative increased by \$4.7 million or 100% in the year ended December 31, 2025 compared to the same period in 2024. The increase was primarily attributable to the remeasurement gain from the change in fair value of a derivative assumed from Amelia acquisition. See Note 12 to our consolidated financial statements included within this report for more information.

Provision (benefit) for Income Taxes

(\$ in thousands)	Year Ended December 31,		Change	
	2025	2024	\$	%
Provision (benefit) for income taxes.	\$ 4,732	\$ (9,247)	\$ 13,979	(151)%

Provision (benefit) for income taxes increased by \$14.0 million, or 151%, in 2025 compared to 2024. This increase was primarily attributable to decreased tax benefit from acquisitions.

Liquidity and Capital Resources

Total unrestricted cash and cash equivalents on hand as of December 31, 2025 was \$248.5 million. Although we have incurred recurring losses each year since our inception, except for a net income of \$129.9 million reported for the three months ended March 31 2025, \$55.2 million reported for the six months ended June 30, 2025 and \$40.1 million reported for the three months ended December 31, 2025, primarily due to the change in fair value of acquisition related liabilities, we expect we will be able to fund our operations for at least the next twelve months. We believe we will meet longer-term expected future cash requirements and obligations through a combination of cash flows from operating activities, available cash balances and expected cash proceeds from the future ATM program. Our consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business.

Sources of Cash and Material Cash Requirements

Our principal sources of liquidity are our cash and cash equivalents, which are sourced primarily from the sale of marketable securities. The primary uses of cash include the funding of operating expenses, as well as acquisition related costs.

The following table presents our material cash requirements for future periods:

	Year Ended December 31,		
	2026	Thereafter	Total
Cloud service provider agreement	—	64,000	64,000
Operating leases	2,037	2,212	4,249
Finance leases	377	159	536
Total material cash requirements	<u>\$ 2,414</u>	<u>\$ 66,371</u>	<u>\$ 68,785</u>

Second Equity Distribution Agreement

On January 24, 2025, we entered into an Equity Distribution Agreement (the “Second Equity Distribution Agreement”) with Cantor Fitzgerald & Co., Guggenheim Securities, LLC, Oppenheimer & Co. Inc., Wedbush Securities Inc., Ladenburg Thalmann & Co. Inc. and Northland Securities, Inc. with respect to an ATM program. Under this program, we may offer and sell up to \$250.0 million of shares of our Class A Common Stock from time to time through the sales managers. Sales of our Class A Common Stock, if any, under the Second Equity Distribution Agreement will be made at market prices by any method that is deemed to be an “at the market offering” as defined in Rule 415 under the Securities Act. The sales managers are entitled to commission at a fixed rate of 2.0% of the gross sales price per share for their services in acting as agent in the sale of our Class A Common Stock. During the year ended December 31, 2025, we sold an aggregate of 13,913,014 shares of our common stock under the Second Equity Distribution Agreement, at an average price of \$14.48 per share and raised \$201.5 million of gross proceeds. The commissions and offering costs borne by us were approximately \$4.0 million. As of December 31, 2025, the Company had a remaining capacity to sell up to an additional \$48.5 million of our common stock under the Second Equity Distribution Agreement.

SYNQ3 Acquisition

On January 3, 2024 (the “SYNQ3 Acquisition Date”), we acquired all of the issued and outstanding equity of SYNQ3, a leading provider of voice AI and other technology solutions to the restaurant industry, for total purchase consideration of \$15.8 million (the “SYNQ3 Acquisition”).

The total purchase consideration includes \$3.9 million in cash paid and 5,755,910 in shares of our Class A Common Stock issued as of the SYNQ3 Acquisition Date. We also withheld purchase consideration of \$0.5 million in cash and 1,179,514 shares of our Class A Common Stock, subject to customary net working capital adjustments, to partially secure the indemnification obligations of SYNQ3’s former stockholders under the merger agreement and agreed to pay up to \$0.8 million in cash and 1,434,936 in shares of our Class A Common Stock to certain former stockholders of SYNQ3 based upon the achievement of specified future milestones. On the SYNQ3 Acquisition Date, we also issued 2,033,156 restricted shares of our Class A Common Stock subject to time and performance-based vesting conditions. The fair value of the purchase consideration was \$15.8 million.

We incurred \$2.2 million in acquisition related expenses, of which \$0.1 million, \$1.0 million, and \$1.1 million were incurred during the years ended December 31, 2025, 2024 and 2023, respectively, and recorded as general and administration expenses in its consolidated statements of operations and comprehensive loss.

SYNQ3 Holdback

The \$0.5 million in cash and 1,179,514 shares of our Class A Common Stock were withheld for a period of 15 months (the “SYNQ3 Holdback Amount”). We determined that there are two components to the SYNQ3 Holdback Amount related to deferred consideration and contingent consideration, each comprised of cash and shares.

The deferred cash holdback consideration of \$0.1 million and the deferred share holdback consideration of 361,145 shares of our Class A Common Stock (collectively, the “Deferred Consideration”) were not recognized as of the SYNQ3 Acquisition Date as such amounts were offset by the indemnification obligations of SYNQ3’s former stockholders.

The contingent cash and share holdback consideration to be issued is variable (“Contingent SYNQ3 Holdback Consideration”). Final amounts to be issued will be reduced based upon future actions and settlements with third parties to resolve assumed contingent sales tax liabilities and certain other assumed contingent liabilities of SYNQ3 in connection with the SYNQ3 Acquisition. We accounted for the Contingent SYNQ3 Holdback Consideration as a liability on the consolidated balance sheet. As of the SYNQ3 Acquisition Date, the Contingent SYNQ3 Holdback Consideration was estimated to be \$0.6 million in aggregate and to be settled in \$0.1 million cash and the remainder in shares of our Class A Common Stock. During the year ended December 31, 2024, we issued 38,277 shares of our Class A Common Stock and paid an immaterial amount in cash from the Contingent SYNQ3 Holdback Consideration to SYNQ3’s former stockholders as a result of the net working capital adjustments settled during the year. The Contingent SYNQ3 Holdback Consideration will be subsequently remeasured at each reporting date with changes in fair value recognized as a component of operating expense on our consolidated statement of operations and comprehensive loss. For the year ended December 31, 2025, we recognized a loss of less than \$0.1 million related to the Contingent SYNQ3 Holdback Consideration.

In April 2025, the Contingent SYNQ3 Holdback Consideration was settled by issuing 472,501 shares of the Company’s Class A Common Stock and paying \$0.2 million in cash. After the holdback settlement, any remaining indemnifications by the sellers to cover unsettled claims was offset against the Contingent SYNQ3 Earnout Consideration to the extent of its fair value as of June 30, 2025. See Note 12 to our consolidated financial statements included within this report for more information on the fair value measurement of Contingent SYNQ3 Holdback Consideration.

Contingent SYNQ3 Earnout Consideration

We also agreed to pay in aggregate up to \$0.8 million in cash and 1,434,936 in shares of Class A Common Stock, to certain stockholders of SYNQ3 based on tiered annual revenue targets for each fiscal year 2024, 2025 and 2026 (the “Contingent SYNQ3 Earnout Consideration”). We accounted for the Contingent SYNQ3 Earnout Consideration as a liability within contingent acquisition liabilities on our consolidated balance sheets and will subsequently remeasure the liability at each reporting date with changes in fair value recognized as a component of operating expense in our consolidated statement of operations and comprehensive loss. As of the SYNQ3 Acquisition Date, the Contingent SYNQ3 Earnout Consideration was estimated to be \$1.7 million in aggregate and to be settled in \$0.2 million cash and the remainder in shares of our Class A Common Stock. See Note 12 to our consolidated financial statements included within this report for more information on the fair value measurement of Contingent SYNQ3 Earnout Consideration.

For the years ended December 31, 2025 and December 31, 2024, we recognized a gain of \$6.9 million and a loss of \$7.0 million, respectively, related to the Contingent SYNQ3 Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the consolidated statement of operations and comprehensive loss.

As of December 31, 2025, the 2024 revenue target was not met, but the 2025 revenue target was met and the related earnout consideration is expected to be settled in the first quarter of 2026. The Company assessed the 2026 revenue target as probable of being met. No earnout consideration was issued as of December 31, 2025.

Restricted stock awards

The 2,033,156 restricted shares of our Class A Common Stock issued at the SYNQ3 Acquisition Date to certain continuing employees of SYNQ3 subject to time and performance-based vesting conditions was determined to be a separate transaction from the SYNQ3 Acquisition and therefore is excluded from purchase consideration.

Restricted stock units

As a condition of the SYNQ3 Acquisition, we additionally granted certain employees awards with future vesting conditions. As a result, we determined that these awards should be accounted for separately from the SYNQ3 Acquisition and therefore are excluded from purchase consideration.

The purchase price allocation was finalized as of December 31, 2024.

Amelia Acquisition

On August 6, 2024 (the “Amelia Acquisition Date”), we completed the acquisition of Amelia Holdings, Inc. (the “Amelia Acquisition”), a privately-held conversational AI software company involved in the development and delivery of AI and automation solutions and related services to improve customer experience and optimize business outcomes.

On the Amelia Acquisition Date, we issued a total of 3,809,520 shares of the SoundHound Class A Common Stock to the sellers. Pursuant to the terms of the purchase agreement, we also issued and deposited 2,149,530 shares of the SoundHound Class A Common Stock into an escrow account in order to partially secure the indemnification obligations of the selling shareholders under the purchase agreement. We also paid \$8.4 million of cash for seller transaction expenses in connection with the closing of the Amelia Acquisition. We agreed to issue up to 16,822,429 shares to the selling shareholders based on achievement of certain revenue targets in fiscal years 2025 and 2026. The fair value of the purchase consideration was \$98.6 million.

In connection with the Amelia Acquisition, we assumed the amended senior secured term loan facility from Amelia in an aggregate principal amount of \$121.5 million (“Amelia Debt”). On December 3, 2024, we entered into a letter agreement (the “Amelia Debt Payoff Letter”) to prepay in full all indebtedness and other amounts outstanding and owing under the Amelia Debt Credit Agreement and the Amelia Debt was subsequently paid in full.

Escrow Consideration

On the Amelia Acquisition Date, we issued and deposited 2,149,530 shares of our Class A Common Stock into an escrow account in order to partially secure the indemnification obligations of the selling shareholders under the purchase agreement. We accounted for the escrow consideration as equity issued as part of consideration transferred. Upon the settlement of any valid indemnification claims against the sellers, the escrow agent will return a number of shares to us equal to the dollar value of the indemnified loss divided by the reference price of \$5.35 as stipulated in the purchase agreement. We concluded that this variability in settlement value is a derivative that is requirement to be remeasured to fair value due to changes in stock price. This derivative did not have a material impact to the financial statements for the year ended December 31, 2024. For the years ended December 31, 2025 and 2024, we recognized a gain of \$4.7 million and zero, respectively, related to remeasurement of the derivative, reflected in the other income, net in the consolidated statement of operations and comprehensive loss. Upon the expiration of the escrow period, any remaining shares in the escrow account will be released to the selling shareholders. See Note 12 to our consolidated financial statements included within this report for more information on the fair value measurement of the derivative related to indemnification rights. Upon the expiration of the escrow period, any remaining shares within the escrow account will be released to the selling shareholders.

Contingent Amelia Earnout Consideration

We agreed to pay up to 16,822,429 in shares of Class A Common Stock to the selling shareholders based on achievement of certain revenue targets in fiscal years 2025 and 2026 (the “Contingent Amelia Earnout Consideration”). We accounted for the Contingent Amelia Earnout Consideration as a liability within contingent acquisition liabilities on our consolidated balance sheet and will subsequently remeasure the liability at each reporting date with changes in fair value recognized as a component of operating expense in our consolidated statement of operations and comprehensive loss. As of the Amelia Acquisition Date, the Contingent Amelia Earnout Consideration had an estimated fair value of \$66.3 million and will be settled in shares of our Class A Common Stock. For the years ended December 31, 2025 and 2024, we recognized a \$157.6 million gain and a \$211.9 million loss related to the Contingent Amelia Earnout Consideration, respectively, reflected in the change in fair value of contingent acquisition liabilities in the consolidated statement of operations and comprehensive loss. See Note 12 to our consolidated financial statements included within this report for more information on the fair value measurement of Contingent Amelia Earnout Consideration. As of December 31, 2025, the 2025 revenue target was met and the related earnout consideration is expected to be settled in the first quarter of 2026. We assessed the 2026 revenue target as probable of being met.

During the year ended December 31, 2025, we recorded measurement period adjustments to decrease the accrued liabilities by \$0.1 million and other current liabilities by \$0.4 million due to true-up of the accrued payroll taxes and sales taxes subsequent to the acquisition. As a result of the adjusted acquisition-date fair value of liabilities assumed, we recorded a decrease of \$0.5 million to the goodwill recognized. The measurement period adjustments were recorded in the consolidated financial statements as of and for the year ended December 31, 2025 and were made to reflect facts and circumstances that existed as of the Amelia Acquisition Date.

The purchase price allocation was finalized as of September 30, 2025.

We incurred \$6.7 million in acquisition related expenses, of which \$0.9 million and \$5.8 million were incurred during the years ended December 31, 2025 and December 31, 2024, respectively, and recorded as general and administration expenses in its consolidated statements of operations and comprehensive loss.

Interactions Acquisition

On September 3, 2025 (the “Interactions Acquisition Date”), we acquired all of the issued and outstanding equity of Interactions Corporation (the “Interactions Acquisition”), a pioneer in AI for customer service and workflow orchestration. This strategic deal is expected to strengthen and extend SoundHound’s growing leadership in Agentic AI and accelerate its market penetration in customer service across enterprise businesses. The transaction also expands SoundHound’s customer portfolio across various industries, including global consumer icons, large technology device brands, insurers, automakers, and other preeminent Fortune 100 companies across industries.

The fair value of the preliminary purchase consideration was \$76.1 million. The preliminary purchase consideration includes \$19.4 million of cash paid to the selling shareholders. We also paid \$4.1 million of cash for seller transaction expenses in connection with the closing of the Interactions Acquisition.

In connection with the Interactions Acquisition, we paid the debt held by Interactions (the “Interactions Debt”) on the Interactions Acquisition Date in an aggregate principal amount of \$41.5 million as part of the purchase consideration under the merger agreement.

We have also withheld purchase consideration of \$1.2 million in cash, subject to customary net working capital adjustments, to partially secure the indemnification obligations of Interactions’ former stockholders under the merger agreement and agreed to pay up to \$25.0 million in cash to certain former stockholders of Interactions based upon the achievement of specified future milestones in fiscal years 2026 and 2027 (the “Contingent Interactions Earnout Consideration”).

Interactions Holdback

As of the Interactions Acquisition Date, the \$1.2 million in cash withheld (the “Deferred Interactions Holdback Consideration”) consisted of two components, adjustment holdback consideration and indemnity holdback consideration.

The adjustment holdback consideration of \$1.0 million was recorded within other current liabilities at fair value as of the Interactions Acquisition Date (the “Interactions Adjustment Holdback Consideration”), and is estimated to be paid within 120 days subsequent to the Interactions Acquisition Date to Interactions’ former stockholders for the settlement of net working capital adjustments.

The indemnity holdback consideration of \$0.2 million was recorded within other current liabilities, which was withheld for a period of 12 months subsequent to the Interactions Acquisition Date (the “Interactions Indemnity Holdback Consideration”). Payment will occur after the sellers complete their review of the closing statement which must be submitted by the acquirer within 120 days of the Interactions Acquisition Date.

Contingent Interactions Earnout Consideration

We also agreed to pay up to \$25.0 million in cash to the selling shareholders based on achievement of certain annual revenue targets in fiscal years 2026 and 2027 and renewal or extension of an existing contract with a specific customer on or before March 31, 2026. We accounted for the Contingent Interactions Earnout Consideration as a liability within contingent acquisition liabilities on the consolidated balance sheets and will subsequently remeasure the liability at each reporting date with changes in fair value recognized as a component of operating expense in the consolidated statement of operations and comprehensive loss. As of the Interactions Acquisition Date, the Contingent Interactions Earnout Consideration had an estimated fair value of \$9.9 million. For year ended December 31, 2025, we recognized a loss of \$1.3 million related to the Contingent Interactions Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the consolidated statement of operations and comprehensive loss. As of December 31, 2025, we assessed the 2026 and 2027 revenue targets were probable of being met, and an existing contract with a specific customer was probable of being renewed or extended on or before March 31, 2026.

The purchase accounting is not yet complete as of December 31, 2025 and as such, the final allocation among purchase consideration, intangible assets, net assets acquired and goodwill may be subject to change. Any adjustments to the preliminary purchase price allocation will be made in the periods in which the adjustments are determined, and the cumulative effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition date. The Company expects to finalize the purchase price allocation within 12 months from the Interactions Acquisition Date.

We incurred \$5.0 million in acquisition related expenses during the year ended December 31, 2025 and recorded as general and administration expenses in its consolidated statements of operations and comprehensive loss.

Other Acquisition

On June 14, 2024, we completed an immaterial acquisition for total purchase consideration of \$1.0 million. As part of the acquisition, we acquired net assets of \$2.2 million, including intangible assets of \$2.6 million, and recognized a gain on bargain purchase of \$1.2 million within other income, net in the consolidated statements of operations and comprehensive loss during the year ended December 31, 2025, resulting from a favorable fair value of identifiable net assets acquired at the date of acquisition as compared with the purchase price. We were able to negotiate a bargain purchase price as a result of the recurring losses and pre-filing bankruptcy status of the selling entity.

Contractual and Other Obligations

Because we expect to continue investing in software application and development, we enter into various contracts and agreements to increase our availability of capital. Cash that is received through these obligations is used to meet both short- and long-term liquidity requirements as discussed above. These requirements generally include funding for the research and development of software, the development of applications that enable voice interaction, marketing programs and personnel-related costs. The primary types of obligations into which we enter include contractual obligations, operating and finance lease obligations and a diversified spread of debt instruments. See Note 8, Note 10 and Note 16 to our consolidated financial statements included within this Annual Report on Form 10-K for more information.

Cash Flows

The following table summarizes our cash flows (in thousands):

	Year Ended December 31,	
	2025	2024
Net cash used in operating activities	\$ (98,222)	\$ (108,878)
Net cash used in investing activities	(59,504)	(12,372)
Net cash provided by financing activities	208,074	210,906
Effects of exchange rate changes on cash	(98)	225
Net change in cash, cash equivalents, and restricted cash equivalents	<u>\$ 50,250</u>	<u>\$ 89,881</u>

Cash Flows Used in Operating Activities

Net cash used in operating activities was \$98.2 million during 2025 compared to \$108.9 million during 2024. The \$10.7 million decrease in cash used in operating activities was primarily due to decreases of \$336.7 million in net loss, and increases of \$47.5 million in stock-based compensation, \$18.1 million in depreciation and amortization, \$13.5 million in deferred income taxes, \$2.5 million in other non-cash loss, \$1.6 million in amortization of capitalized commissions and non-cash lease amortization of \$0.3 million, which were partially offset by the movement of \$385.8 million in change in fair value of contingent acquisition liabilities, decrease of \$15.6 million in loss on early extinguishment of debt, \$4.7 million from change in the fair value of derivatives, \$1.6 million in amortization of debt issuance cost, \$0.9 million in changes in operating assets and liabilities, and \$0.9 million in foreign currency gain from remeasurement. Within the increase of \$47.5 million in stock-based compensation, \$3.8 million was related to accelerated vesting of RSAs during the year ended December 31, 2025 as part of our integration plan of SYNQ3.

Cash Flows Used in Investing Activities

Net cash used in investing activities was \$59.5 million during 2025 compared to \$12.4 million during 2024. The \$47.1 million increase in cash used in investing activities was primarily driven by the increases of payments related to acquisitions of \$42.9 million and software development costs of \$4.0 million and payments related to purchases of property and equipment of \$0.3 million.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities was \$208.1 million during 2025 compared to \$210.9 million during 2024. The \$2.8 million decrease in cash provided by financing activities was primarily due to decreases of \$199.4 million in net proceeds from sales of Class A Common Stock under the Sales Agreement and Second Equity Distribution Agreement and \$18.9 million in proceeds from exercise of stock options and employee stock purchase plan, which is partially offset by decreases of \$215.4 million in the payment of notes payable.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Indemnification Agreements

We enter into standard indemnification arrangements in the ordinary course of business. Pursuant to these arrangements, we indemnify, hold harmless and agree to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent or other intellectual property infringement claim by any third party with respect to its technology. The term of these indemnification agreements is generally perpetual any time after the execution of the agreement. The maximum potential amount of future payments we could be required to make under these arrangements is not determinable. Additionally, we have, and may in the future, indemnify third parties in connection with our issuance of securities (including pursuant to our ATM offering program) and in connection with acquisitions of other companies. Our liability is generally limited to the aggregate amount of consideration actually received in these instances. We have never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, we believe the fair value of these agreements is minimal.

Critical Accounting Policies and Significant Management Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements included elsewhere in this report that have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported income (loss) generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgment about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material. Historically, our assumptions, judgments and estimates relative to our critical accounting policies have not differed materially from actual results.

We believe that the assumptions, judgments and estimates involved in the accounting for revenue recognition, derivative liabilities, warrant liabilities, stock-based compensation, business combinations, contingent consideration, goodwill, intangible assets with definite lives, and capitalized software development costs, have the greatest potential impact on our consolidated financial statements. These areas are key components of our results of operations and are based on complex rules requiring us to make judgments and estimates, and consequently, we consider these to be our critical accounting policies.

Revenue Recognition

We recognize revenue with customers in accordance with ASC Topic 606, Revenue from Contracts with Customers. We recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues are generally recognized upon the transfer of control of promised products or services provided to customers, reflecting the amount of consideration we expect to receive for those goods or services.

Our arrangements with customers may contain multiple performance obligations. Individual services are accounted for separately if they are distinct — that is, if a customer can benefit from it on its own or with other resources that are readily available to the customer and if the service is separately identifiable from other promised obligation in the contract.

We primarily derive revenue from the following performance obligations: (1) hosted services, (2) professional services, (3) monetization, and (4) licensing. Revenues are reported net of applicable sales and use taxes that are passed through to customers. We apply significant judgment in identifying and evaluating any terms and conditions in contracts which may impact revenue recognition.

Hosted Services

Hosted services, along with non-distinct customization, integration, maintenance and support professional services, allow customers to access the Houndify, Amelia Software Platform, and Virtual Assistance applications over the contract period without taking possession of the software.

We have determined that the hosted services arrangements are a single performance obligation comprised of a series of distinct services, since each day of providing access to hosted services is substantially the same and the customer simultaneously receives and consumes the benefits as access is provided. These services are provided either on a usage basis (i.e., variable consideration) or on a fixed fee subscription basis. We recognize revenue as each distinct service period is performed.

Hosted services may include implementation services to develop and/or customize the applications to each customer's specification. Judgment is required to determine whether these professional services are distinct from the hosted services. In making this determination, factors such as the degree of integration, the significance of enhancement to existing functionality, the customers' ability to start using the software prior to customization, the evaluation as to whether the services extend the economic life of the application, and the availability of these services from other independent vendors are considered.

In instances where we concluded that the implementation services are not distinct performance obligations, revenues for these activities are recognized over the period which the hosted services are expected to be provided and is included within hosted services revenue.

All revenues derived as a result of the SYNQ3 Acquisition, and substantial revenues derived as a result of the Amelia Acquisition and Interactions Acquisition are categorized as hosted services revenue.

Professional Services

Revenues from distinct professional services, such as non-integrated development services and other professional services, are either recognized over time based upon the progress towards completion of the project, or at a point in time at project completion. The Company assesses distinct professional services to determine whether the transfer of control is over-time or at a point in time. The Company considers three criteria in making their assessment including (1) the customer simultaneously receives and consumes the benefits; (2) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (3) the Company's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. If none of the criteria are met, revenues are determined to be recognized at a point in time.

Monetization

Monetization revenues are primarily derived from advertising payments associated with ad impressions placed on the SoundHound music identification application. The amount of revenue is based on actual monetization generated or usage, which represent a variable consideration with constrained estimates. Therefore, we recognize the related revenues at a point in time when advertisements are placed, when commissions are paid, or when the SoundHound application is downloaded. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether we are acting as a principal or an agent in the transaction. We have determined that we do not act as the principal in monetization arrangements because we do not control the transfer of the service and it does not set the price. Based on these factors, we report revenue on a net basis.

Licensing

We license Amelia's software solutions, Virtual Assistance applications, and other voice solutions that are embedded in customers' products or services. Licensing revenue is a distinct performance obligation that is recognized when control is transferred to the customer, which is at a point in time for non-customized solutions. For licenses with non-distinct customized solutions, revenues are recognized over time based on the progress towards completion of the customized solution. Revenues generated from licensing are on royalty arrangements with a per unit pricing or on fixed considerations. The Company records licensing revenue relating to usage-based royalty arrangements in the same period in which the underlying usage occurs. Licensing revenue on fixed considerations including fixed fee and minimum guarantee from royalty arrangements are recognized when the Company grants the customer the right to use and benefit from the license at the start of the licensing period. Licenses may include post-contract support, which is a distinct performance obligation and revenue from post-contract support is recognized ratably over the licensing period.

When a contract has multiple performance obligations, the transaction price is allocated to each performance obligation based on its relative estimated standalone selling price ("SSP"). Judgments are required to determine the SSP for each distinct performance obligation. SSP is determined by maximizing observable inputs from pricing of standalone sales, when possible. Since prices vary from customer to customer based on customer relationship, volume discount and contract type, in instances where the SSP is not directly observable, we estimate SSP by considering the following factors:

- Costs of developing and supplying each performance obligation;
- Industry standards;
- Major product groupings; and
- Gross margin objectives and pricing practices, such as contractually stated prices, discounts offered and applicable price lists.

These factors may vary over time, depending upon the unique facts and circumstances related to each deliverable. If the facts and circumstances underlying the factors considered change or should future facts and circumstances lead us to consider additional factors, our best estimate of SSP may also change. When such observable data is not available because there is a limited number of transactions or prices are highly variable, the Company will estimate the standalone selling price using the residual approach.

Common Stock Offerings

We enter into certain agreements to sell common stock with counterparties to further support our growth strategy through initiatives such as accretive acquisitions and internal investments, to bolster working capital and for general corporate purposes. We evaluate our common stock purchase agreements to determine whether they are indexed to our own common stock, and therefore whether they should be accounted for as derivatives with changes in fair value as other income, net in the consolidated statement of operations and comprehensive loss in the period in which they occur. We subsequently assess the changes in the fair value of the derivative liability and record these changes through profit or loss in the consolidated statements of operations and comprehensive loss.

Warrants

We determine whether to classify contracts, such as warrants, that may be settled in our own stock as equity of the entity or as a liability. An equity-linked financial instrument must be considered indexed to the Company's own stock to qualify for equity classification. We classify warrants as liabilities for any contracts that may require a transfer of assets. Warrants classified as liabilities are accounted for at fair value and remeasured at each reporting date until exercise, expiration or modification that results in equity classification. Any change in the fair value of the warrants is recognized as other expense, net in the consolidated statements of operations and comprehensive loss.

Stock-Based Compensation

We measure stock options and other stock-based awards granted to employees, directors and other service providers based on their fair value on the date of grant and recognize compensation expense of those awards over the requisite service period. We recognize the impact of forfeitures on stock-based compensation expense as forfeitures occur. We apply the straight-line method of expense recognition. We use the Black-Scholes option-pricing model to determine the fair value of stock options and ESPP shares. The Black-Scholes option-pricing model requires the use of highly subjective and complex assumptions to determine the fair value of the awards, including the expected term of the award and the price volatility of the underlying stock. We calculate the fair value of the awards by using the Black-Scholes option-pricing model with the following assumptions:

Expected Volatility — We estimate volatility for the awards by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the award grant for a term that is approximately equal to the awards' expected term.

Expected Term — The expected term of the awards represents the period that the stock-based awards are expected to be outstanding. We have elected to use the midpoint between the stock options' vesting term and contractual expiration period to compute the expected term, as we do not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. For the valuation of ESPP shares, we use the period of time from the valuation date to the purchase date.

Risk-Free Interest Rate — The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero-coupon issues with a term that is equal to the awards' expected term at the grant date.

Expected Dividend Yield — The Company has not declared or paid dividends to date and does not anticipate declaring dividends. As such, expected dividend yield is zero.

Business Combinations and Contingent Consideration

Business combinations are accounted for using the acquisition method. We allocate the fair value of the purchase price of an acquisition to the assets acquired and liabilities assumed, based on their estimated fair values as of the date of acquisition. The excess of the fair value of the purchase price over the fair values of these net tangible and intangible assets acquired is recorded as goodwill. Fair value of the acquired intangible assets was determined using an income approach, specifically the multi-period excess earnings method, relief-from-royalty method, or the with-and-without method, depending on the nature of the respective assets. Management's estimates of fair value are based upon assumptions believed to be reasonable, but the estimates and assumptions are inherently uncertain and subject to refinement. The significant judgments and assumptions used in valuing the developed technology include revenue growth rates, prospective financial information for cost of sales, research and development expenses and, other operating expenses, the discount rate, the technological obsolescence rate, and contributory asset charges. For customer relationships, the significant judgments and assumptions include revenue growth rates, customer attrition rate, prospective financial information for cost of sales and fixed and variable operating expenses and the discount rate. These estimates are inherently uncertain and, therefore, actual results may differ from the estimates made. As a result, during the measurement period of up to one year from the acquisition date, we may make adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the measurement period's conclusion or final determination of the fair value of the purchase price of an acquisition, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations in the period they are identified. Acquisition-related expenses are recognized separately from the business combination and expensed as incurred.

Certain business combinations include contingent consideration arrangements, which are generally based on achievement of future financial performance or future events. If it is determined the contingent consideration arrangement is not compensatory, we estimate fair value of contingent consideration payments as part of the initial purchase price and record the estimated fair value of contingent consideration as a liability in the consolidated balance sheet. We review and assess the estimated fair value of contingent consideration each reporting period, and the updated fair value could differ materially from the initial estimates. Adjustments to estimated fair value related to changes in fair value are reported as change in fair value of contingent acquisition liabilities in our consolidated statements of operations.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net assets acquired. Goodwill is not amortized but tested annually for impairment or when indicators of impairment are present. The test for goodwill impairment involves a qualitative assessment of impairment indicators. If indicators are present, a quantitative test of impairment is performed. Goodwill impairment, if any, is determined by comparing the reporting unit's fair value to its carrying value. An impairment loss is recognized in an amount equal to the excess of the reporting unit's carrying value over its fair value, up to the amount of goodwill allocated to the reporting unit. Our policy is to review goodwill for impairment annually on October 1st unless a triggering event requires an analysis sooner. There was no goodwill impairment for the year ended December 31, 2025.

Intangible Assets with Definite Lives

Our intangible assets consist principally of developed technology, customer relationships, tradename, and conversation data. We assess the appropriate method of amortization of the intangible assets that reflects the pattern in which the economic benefits of the intangible assets are consumed. We determined that a straight-line method of amortization was appropriate for its intangible assets. The remaining useful lives of long-lived assets are re-assessed periodically at the asset group level for any events and circumstances that may change the future cash flows expected to be generated from the long-lived asset or asset group.

Intangible assets with definite lives are tested for impairment whenever events or changes in circumstances indicate the carrying value of a specific asset or asset group may not be recoverable. We assess the recoverability of intangible assets with definite lives at the asset group level. Asset groups are determined based upon the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. For the purpose of the recoverability test, we compare the total undiscounted future cash flows from the use and disposition of the assets with its net carrying amount. When the carrying value of the asset group exceeds the undiscounted future cash flows, the asset group is deemed to be impaired. The amount of the impairment loss represents the excess of the asset or asset group's carrying value over its estimated fair value, which is generally determined based upon the present value of estimated future pre-tax cash flows that a market participant would expect from use and disposition of the long-lived asset or asset group. There were no intangible asset impairments in any of the periods presented.

Capitalized Software Development Costs

We capitalizes qualifying internal-use software development costs under Accounting Standards Codification Topic 350-40, Internal-use Software ("ASC 350-40"). The costs consist of personnel costs, including related benefits and stock-based compensation, and cloud costs that were incurred during the application development stage. Capitalization of costs begins when two criteria are met: (1) the preliminary project stage is completed, and (2) it is probable that the software will be completed and used for its intended function. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred.

We also capitalize qualifying software development costs under Accounting Standards Codification Topic 985-20, Costs of Software to be Sold, Leased or Marketed ("ASC 985-20"). All costs to establish technological feasibility are expensed as incurred. Costs incurred subsequent to establishing technological feasibility are capitalized until the software product is available for general release to customers.

Capitalized software development costs under ASC 350-40 and ASC 985-20 are included in other non-current assets, net of amortization, on the consolidated balance sheets. These costs are amortized over the estimated useful life of the software, which is estimated to be three years. The amortization of capitalized software development costs is included in cost of revenue in the consolidated statement of operations and comprehensive loss.

Recent Accounting Pronouncements

See Note 2 of our notes to the consolidated financial statements included within this Annual Report on Form 10-K for information regarding recent accounting pronouncements that are of significance, or potential significance to us.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in foreign currency exchange rates.

Foreign Exchange Risk

Our financial statements are presented in U.S. dollars, which is also the functional currency for our foreign operations. Where transactions may be denominated in foreign currencies, we are subject to market risk with respect to fluctuations in the relative value of currencies. During the years ended December 31, 2025 and December 31, 2024, we recorded the exchange rate losses of approximately \$0.8 million and \$0.7 million, respectively. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on operating results.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
SoundHound AI, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of SoundHound AI, Inc. and its subsidiaries (the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of operations and comprehensive loss, of redeemable convertible preferred stock and stockholders’ equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the COSO because material weaknesses in internal control over financial reporting existed as of that date as the Company did not (i) maintain an effective control environment as it lacked sufficient oversight of activities related to internal control over financial reporting due to a lack of an appropriate level of experience and training commensurate with the Company’s financial reporting requirements, (ii) design and maintain effective controls to respond to changes to the risks of material misstatement to financial reporting, which resulted in the Company not designing and maintaining effective controls related to substantially all accounts and disclosures, (iii) design and maintain effective controls related to the identification of and accounting for certain non-routine, unusual or complex transactions, including accounting for complex financing transactions, and (iv) design and maintain effective controls to verify appropriate segregation of duties, identification of instances where incompatible duties were assigned to an individual, and addressing conflicts on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses referred to above are described in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. We considered these material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2025 consolidated financial statements, and our opinion regarding the effectiveness of the Company’s internal control over financial reporting does not affect our opinion on those consolidated financial statements.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in management’s report referred to above. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and

disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded Interactions Corporation from its assessment of internal control over financial reporting as of December 31, 2025 because it was acquired by the Company in a purchase business combination during 2025. We have also excluded Interactions Corporation from our audit of internal control over financial reporting. Interactions Corporation is a wholly-owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent approximately 5% and 14%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2025.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition

As described in Notes 2 and 4 to the consolidated financial statements, the Company derives its revenue primarily from the following performance obligations: (1) hosted services, (2) professional services, (3) monetization and (4) licensing. Contracts are accounted for by management when the parties have approved and committed to the contract, the rights of the parties and payment terms are identifiable, the contract has commercial substance and collectability of consideration is probable. Revenues are generally recognized upon the transfer of control of promised products or services provided to customers, reflecting the amount of consideration the Company expects to receive for those products or services. Management applies significant judgment in identifying and evaluating terms and conditions in contracts which impact revenue recognition. The Company's consolidated revenues for the year ended December 31, 2025 were \$168.9 million.

The principal considerations for our determination that performing procedures relating to revenue recognition is a critical audit matter are (i) the significant judgment by management in identifying and evaluating terms and conditions in contracts with customers which impact revenue recognition and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to revenue recognition. As described in the “Opinions on the Financial Statements and Internal Control over Financial Reporting” section, material weaknesses were identified related to this matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) evaluating and determining the nature and extent of audit procedures performed and evidence obtained that are responsive to the material weaknesses identified; (ii) obtaining an understanding of management’s process for identifying and evaluating terms and conditions in contracts, including evaluating management’s determination of the impact of those terms and conditions on revenue recognition; (iii) testing, on a sample basis, (a) the completeness and accuracy of management’s identification and evaluation of terms and conditions by examining contracts and (b) revenue transactions by obtaining and inspecting source documents, such as contracts, purchase orders, invoices, proof of delivery, and subsequent cash receipts; (iv) testing, on a sample basis, the timing of recognition of revenue transactions; and (v) testing, on a sample basis, the determination of the standalone selling price of performance obligations and testing the completeness and accuracy of the underlying data used by management in determining standalone selling price of performance obligations.

/s/ PricewaterhouseCoopers LLP
San Francisco, California
March 2, 2026

We have served as the Company’s auditor since 2023.

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

	December 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 248,490	\$ 198,240
Accounts receivable, net of allowances of \$2,254 and \$726 as of December 31, 2025 and 2024, respectively	32,336	23,159
Contract assets and unbilled revenue, net.	38,189	26,645
Other current assets	10,114	7,476
Total current assets	329,129	255,520
Restricted cash equivalents, non-current	676	676
Right-of-use assets	3,791	4,692
Property and equipment, net.	2,928	1,239
Goodwill	122,277	101,704
Intangible assets, net	181,395	174,943
Deferred tax asset	29	4
Contract assets and unbilled revenue, non-current, net	29,906	12,879
Other non-current assets	18,042	2,296
Total assets	\$ 688,173	\$ 553,953
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 10,562	\$ 5,559
Accrued liabilities.	26,325	26,291
Operating lease liabilities.	1,812	1,898
Finance lease liabilities.	332	49
Income tax liability.	2,662	2,750
Deferred revenue	24,042	23,876
Contingent acquisition liabilities (Note 12)	4,400	—
Other current liabilities.	1,604	7,319
Total current liabilities	71,739	67,742
Operating lease liabilities, net of current portion	2,069	2,403
Deferred revenue, net of current portion	8,195	6,862
Contingent acquisition liabilities, net of current portion (Note 12)	129,227	286,898
Income tax liability, net of current portion	2,254	3,075
Deferred tax liability.	1,363	—
Other non-current liabilities	9,540	4,320
Total liabilities	\$ 224,387	\$ 371,300
Commitments and contingencies (Note 8)		
Stockholders' equity (deficit):		
Series A Preferred Stock, \$0.0001 par value; 1,000,000 shares authorized; 0 and 0 shares issued and outstanding, aggregate liquidation preference of \$— and \$— as of December 31, 2025 and 2024, respectively	—	—
Class A Common Stock, \$0.0001 par value; 755,000,000 and 455,000,000 shares authorized; 390,070,691 and 361,096,457 shares issued and outstanding as of December 31, 2025 and 2024, respectively	37	35
Class B Common Stock, \$0.0001 par value; 44,000,000 shares authorized as of December 31, 2025 and 2024; 32,535,408 and 32,535,408 shares issued and outstanding as of December 31, 2025 and 2024, respectively	3	3
Additional paid-in capital.	1,420,672	1,125,470
Accumulated deficit	(957,066)	(943,060)
Accumulated other comprehensive income	140	205
Total stockholders' equity	\$ 463,786	\$ 182,653
Total liabilities and stockholders' equity	\$ 688,173	\$ 553,953

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

SOUNDHOUND AI, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share data)

	Year Ended December 31,		
	2025	2024	2023
Revenues	\$ 168,920	\$ 84,693	\$ 45,873
Operating expenses:			
Cost of revenues	97,369	43,309	11,307
Sales and marketing	61,640	29,126	18,893
Research and development	98,250	70,555	51,439
General and administrative	82,188	53,270	28,285
Change in fair value of contingent acquisition liabilities . . .	(163,127)	222,670	—
Amortization of intangible assets	15,872	7,116	—
Restructuring	—	—	4,557
Total operating expenses	<u>192,192</u>	<u>426,046</u>	<u>114,481</u>
Loss from operations	<u>(23,272)</u>	<u>(341,353)</u>	<u>(68,608)</u>
Other income (expense), net:			
Loss on early extinguishment of debt	—	(15,629)	(837)
Interest expense	(670)	(12,168)	(16,733)
Other income, net	14,668	9,222	1,155
Total other income (expense), net	<u>13,998</u>	<u>(18,575)</u>	<u>(16,415)</u>
Loss before provision (benefit) for income taxes	(9,274)	(359,928)	(85,023)
Provision (benefit) for income taxes	4,732	(9,247)	3,914
Net loss	(14,006)	(350,681)	(88,937)
Cumulative dividends attributable to Series A Preferred Stock	—	(416)	(2,774)
Net loss attributable to SoundHound common stockholders . .	<u>\$ (14,006)</u>	<u>\$ (351,097)</u>	<u>\$ (91,711)</u>
Other comprehensive loss:			
Unrealized gains on investments	(65)	6	199
Comprehensive loss	<u>\$ (14,071)</u>	<u>\$ (350,675)</u>	<u>\$ (88,738)</u>
Net loss per share:			
Basic	<u>\$ (0.03)</u>	<u>\$ (1.04)</u>	<u>\$ (0.40)</u>
Diluted	<u>\$ (0.28)</u>	<u>\$ (1.04)</u>	<u>\$ (0.40)</u>
Weighted-average common shares outstanding:			
Basic	<u>405,421,412</u>	<u>338,462,574</u>	<u>229,264,904</u>
Diluted	<u>409,456,342</u>	<u>338,462,574</u>	<u>229,264,904</u>

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

SOUNDHOUND AI, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND
STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share and per share data)

	Series A Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balances as of December 31, 2022	—	—	160,297,664	16	39,735,408	4	466,857	—	(503,442)	(36,565)
Issuance of common stock under the ELOC program	—	—	25,000,000	4	—	—	73,762	—	—	73,766
ELOC program fee settled in common stock	—	—	250,000	—	—	—	915	—	—	915
Issuance of common stock under the Sales Agreement, net of issuance costs	—	—	5,805,995	1	—	—	12,411	—	—	12,412
Issuance of Series A Preferred Stock	835,011	24,942	—	—	—	—	—	—	—	24,942
Issuance of Class A common shares upon conversion of Class B common shares	—	—	2,250,000	—	(2,250,000)	—	—	—	—	—
Issuance of Class A common shares upon conversion of Series A Preferred Stock	(360,006)	(10,755)	11,597,654	1	—	—	10,754	—	—	—
Issuance of Class A common shares upon exercise of stock options	—	—	3,585,829	—	—	—	8,506	—	—	8,506
Issuance of Class A common shares upon vesting of restricted stock units	—	—	7,678,184	—	—	—	—	—	—	—
Issuance of common stock warrants	—	—	—	—	—	—	4,136	—	—	4,136
Issuances of ESPP	—	—	478,023	—	—	—	863	—	—	863
Stock-based compensation	—	—	—	—	—	—	27,931	—	—	27,931
Net loss	—	—	—	—	—	—	—	—	(88,937)	(88,937)
Other comprehensive income	—	—	—	—	—	—	—	199	—	199
Balances as of December 31, 2023	475,005	\$ 14,187	216,943,349	\$ 22	37,485,408	\$ 4	\$ 606,135	\$ 199	\$ (592,379)	\$ 28,168
Issuance of Class A common stock under the Sales Agreement, Equity Distribution Agreement and Execute Equity Distribution Agreement, net of issuance costs	—	—	85,826,406	9	—	—	396,685	—	—	396,694
Issuance of Class A common stock upon acquisition of SYNQ3	—	—	5,794,187	1	—	—	9,875	—	—	9,876
Issuance of restricted shares of Class A common stock, subject to repurchase in connection with acquisition of SYNQ3	—	—	2,033,156	—	—	—	—	—	—	—
Issuance of Class A common stock for equity incentive awards	17,750,154	—	—	—	29,685	—	—	—	—	29,685
Issuance of Class A common stock upon conversion of Class B common shares	—	—	4,950,000	1	(4,950,000)	(1)	—	—	—	—

SOUNDHOUND AI, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND
STOCKHOLDERS' EQUITY (DEFICIT) — Continued
(In thousands, except share and per share data)

	Series A Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Issuance of Class A common stock upon conversion of Series A Preferred Stock	(475,005)	(14,187)	16,624,215	1	—	—	14,186	—	—	—
Issuance of Class A common stock in connection with the exercise of warrants	—	—	2,272,023	—	—	—	23	—	—	23
Issuance of Class A common stock upon acquisition of Amelia	—	—	5,959,050	1	—	—	23,919	—	—	23,920
Issuance of Class A common stock to settle obligations under Amelia Debt.	—	—	2,943,917	—	—	—	11,817	—	—	11,817
Stock-based compensation	—	—	—	—	—	—	33,145	—	—	33,145
Net loss	—	—	—	—	—	—	—	—	(350,681)	(350,681)
Other comprehensive income	—	—	—	—	—	—	—	6	—	6
Balances as of December 31, 2024	—	\$ —	361,096,457	\$ 35	32,535,408	\$ 3	\$ 1,125,470	\$ 205	\$ (943,060)	\$ 182,653
Issuance of Class A common stock under the Second Equity Distribution Agreement, net of issuance costs	—	—	13,913,014	\$ 2	—	—	197,280	—	—	197,282
Issuance of Class A common stock for equity incentive awards	—	—	14,578,879	\$ —	—	—	10,835	—	—	10,835
Issuance of Class A common stock in connection with the exercise of warrants	—	—	9,840	\$ —	—	—	114	—	—	114
Issuance of Class A common stock due to settlement of contingent holdback consideration in connection with SYNQ3 Acquisition	—	—	472,501	\$ —	—	—	3,922	—	—	3,922
Stock-based compensation	—	—	—	\$ —	—	—	83,051	—	—	83,051
Net loss	—	—	—	\$ —	—	—	—	—	(14,006)	(14,006)
Other comprehensive income	—	—	—	\$ —	—	—	—	(65)	—	(65)
Balances as of December 31, 2025	—	\$ —	390,070,691	\$ 37	32,535,408	\$ 3	\$ 1,420,672	\$ 140	\$ (957,066)	\$ 463,786

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

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

	Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net loss	\$ (14,006)	\$ (350,681)	\$ (88,937)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	34,130	16,054	2,313
Stock-based compensation	80,620	33,145	27,931
Loss on change in fair value of ELOC program	—	—	1,901
Amortization of debt issuance cost	—	1,621	5,400
Non-cash lease amortization	2,906	2,613	3,346
Loss on disposal of property and equipment	42	—	—
Amortization of capitalized commissions	1,627	—	—
Loss on early extinguishment of debt	—	15,629	837
Foreign currency gain/loss from remeasurement	(947)	(24)	143
Change in fair value of contingent acquisition liabilities	(163,127)	222,670	—
Change in fair value of derivative	(4,676)	—	—
Deferred income taxes	1,338	(12,183)	30
Other, net	1,951	(580)	93
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable, net	(1,304)	(10,264)	(627)
Prepaid expenses	—	—	1,590
Other current assets	(2,956)	(3,131)	(821)
Contract assets	(22,420)	(7,304)	(19,578)
Other non-current assets	(4,498)	(196)	671
Accounts payable	1,930	(7,636)	(1,162)
Accrued liabilities	(3,918)	1,846	4,266
Other current liabilities	(2,334)	(642)	—
Operating lease liabilities	(2,742)	(3,214)	(3,657)
Deferred revenue	(4,956)	(6,186)	(4,135)
Other non-current liabilities	5,118	(415)	2,131
Net cash used in operating activities	<u>(98,222)</u>	<u>(108,878)</u>	<u>(68,265)</u>
Cash flows from investing activities:			
Purchases of property and equipment	(902)	(640)	(392)
Capitalized software development costs	(4,000)	—	—
Payment related to acquisitions, net of cash acquired	(54,602)	(11,732)	—
Net cash used in investing activities	<u>(59,504)</u>	<u>(12,372)</u>	<u>(392)</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 Class A common stock under the ELOC program, net of issuance costs	—	—	71,615
Proceeds from sales of Class A common stock under the Sales Agreement, Equity Distribution Agreement, Execute Equity Distribution Agreement and Second Equity Distribution Agreement	201,522	407,270	12,412

SOUNDHOUND AI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS — Continued
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Proceeds from exercise of stock options and employee stock purchase plan	10,835	29,685	—
Proceeds from warrants exercised.	114	23	—
Payment of financing costs associated with the Sales Agreement, Equity Distribution Agreement, Execute Equity Distribution Agreement, and Second Equity Distribution Agreement.	(4,030)	(10,357)	—
Proceeds from the issuance of debt, net of issuance costs . .	—	—	85,087
Proceeds from the issuance of common stock	—	—	9,369
Payments on Term Loan and Amelia Debt	—	(215,373)	(35,029)
Payment to settle contingent holdback liabilities from SYNQ3 acquisitions	(198)	(217)	—
Payments on finance leases.	(169)	(125)	(159)
Net cash provided by financing activities.	208,074	210,906	168,237
Effects of exchange rate changes on cash.	(98)	225	(20)
Net change in cash, cash equivalents, and restricted cash equivalents.	50,250	89,881	99,560
Cash, cash equivalents, and restricted cash equivalents, beginning of year	198,916	109,035	9,475
Cash, cash equivalents, and restricted cash equivalents, end of year	\$ 249,166	\$ 198,916	\$ 109,035
Reconciliation to amounts on the consolidated balance sheets:			
Cash and cash equivalents.	\$ 248,490	\$ 198,240	\$ 95,260
Current portion of restricted cash equivalents	—	—	—
Non-current portion of restricted cash equivalents.	676	676	13,775
Total cash, cash equivalents, and restricted cash equivalents shown in the consolidated statements of cash flows	\$ 249,166	\$ 198,916	\$ 109,035
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 26	\$ 6,337	\$ 11,984
Cash paid for income taxes, net of refunds.	\$ 4,370	\$ 2,717	\$ 2,356
Noncash investing and financing activities:			
Conversion of Series A Preferred Stock to Class A common stock.	\$ —	\$ 14,187	\$ 10,755
Issuance of Class A Common Stock to settle obligations under Amelia Debt	\$ —	\$ 11,817	\$ —
Issuance of Class A Common Stock to settle contingent holdback consideration of SYNQ3 acquisition.	\$ 3,922	\$ 189	\$ —
Deferred offering costs reclassified to additional paid-in capital	\$ 210	\$ 220	\$ —
Purchases of property and equipment under accrued liabilities	\$ 163	\$ —	\$ —
Operating lease liabilities arising from obtaining right-of-use assets	\$ 1,001	\$ 1,559	\$ —

SOUNDHOUND AI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS — Continued
(In thousands)

	Year Ended December 31,		
	2025	2024	2023
Debt discount through issuance of common stock warrants	\$ —	\$ —	\$ 4,136
Issuance of Class A Common Stock to settle commitment shares related to the ELOC program . . .	\$ —	\$ —	\$ 915
Fair value of Class A common stock and deferred equity consideration issued to acquire SYNQ3 and Amelia . .	\$ —	\$ 33,606	\$ —
Fair value of contingent earnout consideration to acquire SYNQ3 and Amelia	\$ —	\$ 67,945	\$ —
Fair value of contingent holdback consideration to acquire SYNQ3	\$ —	\$ 570	\$ —
Fair value of deferred cash consideration under other acquisition	\$ —	\$ 195	\$ —
Fair value of deferred cash consideration under Interactions acquisition	\$ 1,150	\$ —	\$ —
Fair value of contingent earnout consideration under Interactions acquisition	\$ 9,900	\$ —	\$ —
Stock-based compensation included in capitalized software development costs	\$ 2,431	\$ —	\$ —

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

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION

Nature of Operations

SoundHound AI, Inc. (“we,” “us,” “our,” “SoundHound” or the “Company”) turns sound into understanding and actionable meaning. SoundHound’s technology applications enable humans to interact with the things around them in the same way they interact with each other: by speaking naturally to mobile phones, cars, televisions, music speakers, coffee machines, and every other part of the emerging “connected” world. SoundHound’s voice AI platform enables product creators to develop their own voice interfaces with their customers. The SoundHound Chat AI voice assistant allows businesses and brands to provide a next-generation voice experience for their users, seamlessly integrating Generative AI and a mix of real-time information domains. Houndify is an open-access platform that allows developers to leverage SoundHound’s Voice AI technology. The Company has developed a range of proprietary technologies on our voice AI platform, including Speech-to-Meaning, Deep Meaning Understanding, Collective AI, Dynamic Interaction and SoundHound Chat AI. The SoundHound music app allows customers to identify and play songs by singing or humming into the smartphone’s microphone, or by identifying the sound playing in the background from external sources. SoundHound also provides edge, cloud and hybrid (Edge+Cloud) connectivity solutions that allow brands to optimize their voice-enabled products and devices with options ranging from fully-embedded to exclusively cloud-connected.

On April 26, 2022, a business combination was closed between SoundHound Inc (“Legacy SoundHound”), and Archimedes Tech SPAC Partners Co. (“ATSP”), a special purpose acquisition company. The combined company is called SoundHound AI, Inc. and its Class A Common Stock and certain of its warrants commenced trading on the Nasdaq Global Market under the symbols “SOUN” and “SOUNW,” respectively, on April 28, 2022.

On January 3, 2024, the Company completed the acquisition of Synq3, Inc. (“SYNQ3”) in a cash and stock transaction. On June 14, 2024, the Company completed an immaterial acquisition in a cash transaction. On August 6, 2024, the Company completed the acquisition of Amelia Holdings, Inc. (“Amelia”) in a cash and stock transaction. On September 3, 2025, the Company completed the acquisition of Interactions Corporation (“Interactions”) in a cash transaction. Refer to Note 3 for additional information.

Going Concern

Since inception, the Company has generated recurring losses as well as negative operating cash flows in the annual financial statements. As of December 31, 2025, the Company had an accumulated deficit of \$957.1 million. Management expects to continue to incur additional substantial losses in the foreseeable future. The Company has historically funded its operations primarily through equity or debt financings.

Total unrestricted cash and cash equivalents on hand as of December 31, 2025 was \$248.5 million. Although the Company has incurred recurring losses each year since its inception, the Company expects it will be able to fund its operations for at least the next twelve months from the date these consolidated financial statements are issued. The Company may seek funding through additional debt or equity financing arrangements, implement incremental expense reduction measures or a combination thereof to continue financing its operations. The Company’s consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Significant Accounting Policies

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding annual financial reporting. Any reference in these notes to applicable accounting guidance is meant to refer to the authoritative U.S. GAAP included in the Accounting Standards Codification (“ASC”), and Accounting Standards Update (“ASU”) issued by the Financial Accounting Standards Board (“FASB”).

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Principles of Consolidation

The Company's consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

We consolidate any variable interest entity ("VIE") where we have determined we are the primary beneficiary. The primary beneficiary is the entity which has both: (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; and (ii) the obligation to absorb losses or receive benefits of the entity that could potentially be significant to the VIE.

Foreign Currency

The functional currency of the Company and its subsidiaries is the U.S. dollar. Foreign currency denominated transactions are converted into U.S. dollars at the average rates of exchange prevailing during the period. Assets and liabilities denominated in foreign currency are remeasured into U.S. dollars at current exchange rates at the balance sheet date for monetary assets and liabilities and at historical exchange rates for non-monetary assets and liabilities. During the years ended December 31, 2025, 2024 and 2023, the Company recognized net losses related to foreign currency transactions and remeasurements of \$0.8 million, \$0.7 million and \$0.5 million, respectively, in the consolidated statements of operations as other expense, net.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the amounts reported and disclosures in the consolidated financial statements and accompanying notes. Such estimates include revenue recognition, allowance for credit losses, software development costs, accrued liabilities, derivative and warrant liabilities, calculation of the incremental borrowing rate, financial instruments recorded at fair value on a recurring basis, the accounting for business combinations and allocating purchase price, valuation and estimating the useful life of identifiable intangible assets, probability of achievement of revenue estimates related to contingent earnout consideration and performance-based equity awards, valuation of deferred tax assets and uncertain tax positions and the fair value of common stock and other assumptions used to measure stock-based compensation expense. In connection with the measurement period for the acquisition of Amelia and Interactions, no significant estimates were changed during the years ended December 31, 2025 and 2024. The Company bases its estimates on historical experience, the current economic environment, and on assumptions it believes are reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Changes in those estimates resulting from changes in the economic environment will be reflected in the financial statements in future periods. Actual results could differ materially from those estimates.

Accounts Receivable, Net

Accounts receivable consist of current trade receivables due from customers recorded at invoiced amounts, net of allowance for doubtful accounts. Accounts receivable do not bear interest and the Company generally does not require collateral or other security in support of accounts receivable.

When the Company records customer receivables and contract assets arising from revenue transactions, an allowance is recorded for credit losses for the current expected credit losses ("CECL") inherent in the asset over its expected life. The allowance for credit losses is a valuation account deducted from the amortized cost basis of the assets to present their net carrying value at the amount expected to be collected. Each period, the allowance for credit losses is adjusted through earnings to reflect expected credit losses over the remaining lives of the assets.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Company estimates expected credit losses based on relevant information about past events, including historical experience, payment terms, environmental and industry factors, and reasonable and supportable forecasts that affect the collectability of the reported amount. When measuring expected credit losses, we pool assets with similar country risk and credit risk characteristics. Changes in the relevant information may materially affect the estimates of expected credit losses.

Property and Equipment, Net

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the respective assets.

The estimated useful lives of the Company’s property and equipment are as follows:

Computer equipment	3 – 4 years
Software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of useful life or the term of the lease

Maintenance and repairs that do not extend the life or improve the asset are expensed as incurred.

Capitalized Software Development Costs

The Company capitalizes qualifying internal-use software development costs under Accounting Standards Codification Topic 350-40, Internal-use Software (“ASC 350-40”). The costs consist of personnel costs, including related benefits and stock-based compensation, and cloud costs that were incurred during the application development stage. Capitalization of costs begins when two criteria are met: (1) the preliminary project stage is completed, and (2) it is probable that the software will be completed and used for its intended function. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred.

The Company also capitalizes qualifying software development costs under Accounting Standards Codification Topic 985-20, Costs of Software to be Sold, Leased or Marketed (“ASC 985-20”). All costs to establish technological feasibility are expensed as incurred. Costs incurred subsequent to establishing technological feasibility are capitalized until the software product is available for general release to customers.

Capitalized software development costs under ASC 350-40 and ASC 985-20 are included in other non-current assets, net of amortization, on the consolidated balance sheets. These costs are amortized over the estimated useful life of the software, which is estimated to be three years. The amortization of capitalized software development costs is included in cost of revenue in the consolidated statement of operations and comprehensive loss.

Impairment of Long-Lived Assets

The Company evaluates property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of a specific asset or asset group may not be recoverable. An impairment loss is recognized when the total of estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. Impairment, if any, would be assessed using discounted cash flows or other appropriate measures of fair value. Through December 31, 2025, there have been no such impairments.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Leases

The Company evaluates if an arrangement is a lease at its inception. Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company generally determines our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments, because the implicit rate of the lease is generally not known. Right-of-use (“ROU”) assets related to our operating lease liabilities are measured at lease inception based on the initial measurement of the lease liability, plus any prepaid lease payments and less any lease incentives, as applicable. The lease terms that are used in determining our operating lease liabilities at lease inception may include options to extend or terminate the leases when it is reasonably certain that we will exercise such options. The Company amortizes the ROU assets as operating lease expense generally on a straight-line basis over the lease term and classify both the lease amortization and imputed interest as operating expenses. The Company has lease agreements with lease and non-lease components. The Company elected to not separate lease and non-lease components for its asset class of equipment.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less from the date of purchase to be cash equivalents. The Company’s cash equivalents consist of treasury bills and money market funds. The treasury bills are treated as available-for-sale securities. Cash equivalents are measured and reported at fair value using quoted prices in active markets for similar securities. The deposits exceed federally insured limits. Changes in fair value for cash equivalents classified as available for sale securities are recorded to other comprehensive loss.

As of December 31, 2025, and 2024, available-for-sale securities consisted of U.S. Treasury bills and investments in government money market funds. The Company’s U.S. Treasury bills and the underlying securities held by the government money market funds had weighted-average maturities of three months or less as of the reporting date.

Restricted Cash

The Company’s restricted cash was established according to the requirements under various office lease agreements, which is held by lessors in the form of a deposit under the lease agreements. Restricted cash is classified as current or non-current on the consolidated balance sheets based on the expected duration of the restriction.

Segment Information

The Company has determined that the Chief Executive Officer is its chief operating decision maker. The Company’s Chief Executive Officer reviews discrete financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance. Accordingly, the Company has determined that it operates as a single reportable segment.

Concentrations of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, the balances of which frequently exceed federally insured limits. The Company regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

As of December 31, 2025, there was no customer that accounted for more than 10% of the Company’s consolidated accounts receivable balance. As of December 31, 2024, accounts receivable balances due from Customer A accounted for 23% of the Company’s consolidated accounts receivable balance, respectively.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

As of December 31, 2025, unbilled receivables from Customer B, C, D, E and F accounted for 23%, 17%, 16%, 14%, and 13% of the Company's consolidated unbilled receivables balance, respectively. As of December 31, 2024, unbilled receivables from Customer C and D accounted for 50% and 24% of the Company's consolidated unbilled receivables balance, respectively.

For the year ended December 31, 2025, there was no customer that accounted for more than 10% of revenue. For the year ended December 31, 2024, Customer C accounted for 14% of revenue. For the year ended December 31, 2023, Customer C and G accounted for 49% and 13% of revenue, respectively.

Common Stock Offerings

The Company has entered into certain agreements to sell common stock with counterparties including through the Equity Line of Credit ("ELOC") program and "at-the-market" offering programs pursuant to the Sales Agreement, Equity Distribution Agreement, Execute Equity Distribution Agreements and Second Equity Distribution Agreement (each as described in Note 14) to further support its growth strategy through initiatives such as accretive acquisitions and internal investments, to bolster working capital, and/or for general corporate purposes. The Company evaluates its common stock purchase agreements to determine whether they should be accounted for as derivatives with changes in fair value as other income, net in the period in which they occur.

Equity Issuance Costs

The Company capitalizes certain legal, professional, accounting and other third-party fees that are directly associated with in-process equity-classified financings as deferred offering costs until such financings are consummated. After consummation of the financing, these costs are recorded as a reduction of the proceeds received from the equity financing. If a planned equity financing is abandoned, the deferred offering costs are expensed immediately as a charge to operating expenses in the consolidated statements of operations.

Revenue Recognition

The Company recognizes revenue under Accounting Standards Codification Topic 606 ("ASC 606"), *Revenue from Contracts with Customers*, when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the Company performs the following five steps:

- (i) Identification of the contract(s) with a customer;
- (ii) Identification of the performance obligations in the contract;
- (iii) Determination of the transaction price, including the constraint on variable consideration;
- (iv) Allocation of the transaction price to the performance obligations in the contract; and
- (v) Recognition of revenue when, or as, performance obligations are satisfied.

Contracts are accounted for when both parties have approved and committed to the contract, the rights of the parties and payment terms are identifiable, the contract has commercial substance and collectability of consideration is probable.

Under ASC 606, assuming all other revenue recognition criteria have been met, the Company recognizes revenue for arrangements upon the transfer of control of the Company's performance obligations to its customers. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer and is the unit of account in ASC 606. Revenues are recognized when control of the promised goods or services are transferred to a customer in an amount that reflects the consideration that the Company expects to receive in exchange for those services.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Company capitalizes material sales commission expenses and associated payroll taxes paid to sales personnel that are incremental in obtaining a contract. The Company elected the practical expedient to recognize the incremental costs of obtaining a contract including sales commissions as an expense when incurred if the amortization period of such incremental cost would otherwise have been one year or less. Capitalized sales commissions are amortized over the period of benefit based on contract term, expected contract renewals and application useful life. Costs to obtain a contract that will be amortized within the succeeding 12-month period are classified as current and included in other current assets on the consolidated balance sheets. The remaining balance is classified as non-current and included in other assets on the consolidated balance sheets. Amortization expense is included in sales and marketing expenses in the consolidated statements of operations and comprehensive loss. Deferred commissions are periodically analyzed for impairment. As of December 31, 2025 and December 31, 2024, the Company capitalized sales commissions expenses of \$3.7 million and zero, respectively, which were classified as other current assets and other non-current assets on the consolidated balance sheet.

Research and Development

The Company's research and development costs are expensed as incurred. These costs include salaries and other personnel related expenses, contractor fees, facility costs, supplies, and depreciation of equipment associated with the design and development of new products prior to the establishment of their technological feasibility.

Advertising Expenses

Advertising expenses of \$3.6 million, \$2.8 million and \$1.9 million incurred during the years ended December 31, 2025, 2024 and 2023, respectively, were expensed as incurred as a component of sales and marketing expenses on the consolidated statement of operations and comprehensive loss.

Warrants

The Company determines whether to classify contracts, such as warrants, that may be settled in its own stock as equity of the entity or as a liability. An equity-linked financial instrument must be considered indexed to the Company's own stock to qualify for equity classification. The Company classifies warrants as liabilities for any contracts that may require a transfer of assets. Warrants classified as liabilities are accounted for at fair value and remeasured at each reporting date until exercise, expiration or modification that results in equity classification. Any change in the fair value of the warrants is recognized as other income, net in the consolidated statements of operations.

Income Taxes

The Company accounts for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. A valuation allowance is established when, in management's estimate, it is more-likely-than-not that the deferred tax asset will not be realized. The Company adopted a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. The Company records a liability for the difference between the benefit recognized and measured and the tax position taken or expected to be taken on the Company's tax return.

The Company classifies interest and penalties related to uncertain tax positions in income tax expense, if applicable. The Company has recorded \$0.1 million interest expense and penalties related to unrecognized tax benefits through December 31, 2025.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Stock-Based Compensation

The Company measures and records the expense related to stock-based payment awards based on the fair value of those awards as determined on the date of grant. The Company recognizes stock-based compensation expense over the requisite service period of the individual grant, generally equal to the vesting period, and uses the straight-line method to recognize stock-based compensation, except for restricted stock unit awards (“RSUs”) with vesting conditions tied to certain performance criteria (“Performance-Based RSUs”). Stock-based compensation costs for Performance-Based RSUs are recognized on a graded-vesting basis over the vesting period based on the most probable outcome of the performance conditions. If the minimum performance targets are not met, no compensation cost is recognized and any recognized compensation cost is reversed, except for awards subject to a market condition. The Company accounts for forfeitures as they occur. The Company uses the Black-Scholes option-pricing model to determine the fair value of stock options and employee stock purchase plan (“ESPP”) shares. The Black-Scholes option-pricing model requires the use of highly subjective and complex assumptions to determine the fair value of the awards, including the expected term of the award and the price volatility of the underlying stock. The Company calculates the fair value of the awards granted by using the Black-Scholes option-pricing model with the following assumptions:

Expected Volatility — The Company estimates volatility for the awards by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the award grant for a term that is approximately equal to the awards’ expected term.

Expected Term — The expected term of the Company’s awards represents the period that the stock-based awards are expected to be outstanding. The Company has elected to use the midpoint between the stock options’ vesting term and contractual expiration period to compute the expected term, as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. For the valuation of ESPP shares, the Company uses the period of time from the valuation date to the purchase date.

Risk-Free Interest Rate — The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero-coupon issues with a term that is equal to the awards’ expected term at the grant date.

Expected Dividend Yield — The Company has not declared or paid dividends to date and does not anticipate declaring dividends. As such, expected dividend yield is zero.

Restricted Stock Units

The Company issues RSUs to grantees as compensation for services. The fair value of the RSUs is determined at the grant date based on the fair value of the Company’s Class A Common Stock and for RSUs with service conditions only, is recognized straight-line over the service period.

Stock-based compensation related to Performance-Based RSUs is recognized to the extent it is determined that performance is probable of being achieved.

The Company issues RSUs with vesting conditions tied to certain market conditions (“Market-Based RSUs”). To derive the fair value of Market-Based RSUs, the Company applies a Monte Carlo simulation to determine the grant date fair value. Stock-based compensation related to Market-Based RSUs is recognized over the derived service period.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fair Value Measurements

The Company defines fair value as the exchange price that would be received from an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The Company follows a three-level valuation hierarchy for disclosure of fair value measurements as follows:

- *Level 1* — Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- *Level 2* — Inputs (other than quoted market prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- *Level 3* — Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Preferred Stock

The Company assesses its preferred stock instruments at issuance and each reporting period for classification and derivative features requiring bifurcation.

The Company presents as temporary equity any stock which (i) the Company undertakes to redeem at a fixed or determinable price on the fixed or determinable date or dates; (ii) is redeemable at the option of the holders, or (iii) has conditions for redemption which are not solely within the control of the Company. For stock presented as temporary equity that is not currently redeemable, the Company assesses the probability of the event that would lead to redemption. If it is probable that the equity instrument will become redeemable, the Company accretes changes in the redemption value over the period from the date of issuance, or from the date that it becomes probable that the instrument will become redeemable, if later, to the earliest redemption date of the instrument using an appropriate methodology. If an equity instrument classified as temporary equity is not probable of redemption, subsequent adjustment of the amounts presented in temporary equity is unnecessary.

Net Loss Per Share

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, without consideration for potentially dilutive securities.

Diluted net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common stock and potentially dilutive securities outstanding for the period. For purposes of the diluted net loss per share calculation, Series A Preferred Stock, stock options, ESPP shares, RSUs and warrants are considered to be potentially dilutive securities. See Note 15 for further information.

Accordingly, in periods in which the Company reports a net loss, diluted net loss per share is the same as basic net loss per share, since dilutive common stock is not assumed to have been issued if their effect is anti-dilutive.

The Company issued Series A Preferred Stock, which accrues cumulative dividends which are either paid in cash or compounding to the liquidation preference at the discretion of the board of directors. The Company accrues dividends as adjustments to net loss before net loss attributable to common stockholders.

The Company applies the two-class method to calculate its basic and diluted net loss per share as the Company has issued shares that meet the definition of participating securities. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that otherwise would have been

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

available to common stockholders. The Company's participating securities contractually entitle the holders of such shares to participate in dividends, but do not contractually require the holders of such shares to participate in losses of the Company. Accordingly, in periods in which the Company reports a net loss, such losses are not allocated to such participating securities.

Business Combinations and Contingent Consideration

Business combinations are accounted for using the acquisition method. The Company allocates the fair value of the purchase price of an acquisition to the assets acquired and liabilities assumed, based on their estimated fair values as of the date of acquisition. The excess of the fair value of the purchase price over the fair values of these net tangible and intangible assets acquired is recorded as goodwill. Fair value of the acquired intangible assets was determined using an income approach, specifically the multi-period excess earnings method, relief-from-royalty method, or the with-and-without method, depending on the nature of the respective assets. Management's estimates of fair value are based upon assumptions believed to be reasonable, but the estimates and assumptions are inherently uncertain and subject to refinement. The significant judgments and assumptions used in valuing the developed technology include revenue growth rates, prospective financial information for cost of sales, research and development expenses and, other operating expenses, the discount rate, the technological obsolescence rate, and contributory asset charges. For customer relationships, the significant judgments and assumptions include revenue growth rates, customer attrition rate, prospective financial information for cost of sales and fixed and variable operating expenses and the discount rate. These estimates are inherently uncertain and, therefore, actual results may differ from the estimates made. As a result, during the measurement period of up to one year from the acquisition date, the Company may make adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the measurement period's conclusion or final determination of the fair value of the purchase price of an acquisition, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations in the period they are identified. Acquisition-related expenses are recognized separately from the business combination and expensed as incurred.

Certain business combinations include contingent consideration arrangements, which are generally based on achievement of future financial performance or future events. If it is determined the contingent consideration arrangement is not compensatory, the Company estimates fair value of contingent consideration payments as part of the initial purchase price and records the estimated fair value of contingent consideration as a liability in the consolidated balance sheet. The Company reviews and assesses the estimated fair value of contingent consideration each reporting period, and the updated fair value could differ materially from the initial estimates. Adjustments to estimated fair value related to changes in fair value are reported as change in fair value of contingent acquisition liabilities in our consolidated statements of operations.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net assets acquired. Goodwill is not amortized but tested annually for impairment or when indicators of impairment are present. The test for goodwill impairment involves a qualitative assessment of impairment indicators. If indicators are present, a quantitative test of impairment is performed. Goodwill impairment, if any, is determined by comparing the reporting unit's fair value to its carrying value. An impairment loss is recognized in an amount equal to the excess of the reporting unit's carrying value over its fair value, up to the amount of goodwill allocated to the reporting unit. The Company's policy is to review goodwill for impairment annually on October 1st unless a triggering event requires an analysis sooner. There was no goodwill impairment in any of the periods presented.

Intangible Assets with Definite Lives

The Company's intangible assets consist principally of developed technology, customer relationships, tradename, and conversation data. The Company assesses the appropriate method of amortization of the intangible assets that reflects the pattern in which the economic benefits of the intangible assets are consumed. The Company

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

determined that a straight-line method of amortization was appropriate for its intangible assets. The remaining useful lives of long-lived assets are re-assessed periodically at the asset group level for any events and circumstances that may change the future cash flows expected to be generated from the long-lived asset or asset group.

Intangible assets with definite lives are tested for impairment whenever events or changes in circumstances indicate the carrying value of a specific asset or asset group may not be recoverable. We assess the recoverability of intangible assets with definite lives at the asset group level. Asset groups are determined based upon the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. For the purpose of the recoverability test, we compare the total undiscounted future cash flows from the use and disposition of the assets with its net carrying amount. When the carrying value of the asset group exceeds the undiscounted future cash flows, the asset group is deemed to be impaired. The amount of the impairment loss represents the excess of the asset or asset group's carrying value over its estimated fair value, which is generally determined based upon the present value of estimated future pre-tax cash flows that a market participant would expect from use and disposition of the long-lived asset or asset group. There were no intangible asset impairments in any of the periods presented.

Recent Accounting Pronouncements — Adopted

The Company continually assesses any ASUs or other new accounting pronouncements issued by the FASB to determine their applicability and impact. Where it is determined that a new accounting pronouncement will result in a change to the Company's financial reporting, the Company takes the appropriate steps to ensure that such changes are properly reflected in the consolidated financial statements or notes thereto.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Taxes Disclosures" ("ASU 2023-09"), which requires more detailed income tax disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The disclosure requirements are applied on a prospective basis, with the option to apply them retrospectively. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company adopted the standard retrospectively for the year ended December 31, 2025. See Note 19 of our consolidated financial statements included within this report for additional details.

Recent Accounting Pronouncements — Not Yet Adopted

In November 2024, the FASB issued Accounting Standards Update No. 2024-03. The standard is intended to require more detailed disclosures about specified categories of expenses (including employee compensation, depreciation, and amortization) included in certain expense captions presented on the face of the income statement. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact that the updated standard will have on the financial statement disclosures.

In July 2025, the FASB issued Accounting Standards Update No. 2025-05. The standard is intended to provide a practical expedient for all entities and an accounting policy election available to all entities other than public business entities related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. This ASU is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. Early adoption is permitted. The amendments should be applied prospectively to financial statements issued for reporting periods after the effective date of this ASU. The Company is currently evaluating the impact that the updated standard will have on the financial statement disclosures.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

In September 2025, the FASB issued Accounting Standards Update No. 2025-06. The standard amends certain aspects of the accounting for and disclosure of internal-use software costs by increasing the operability of the recognition guidance considering different methods of software development under ASC 350-40. This ASU is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. Early adoption is permitted. The amendments can be applied prospectively, retrospectively, or with a modified transition approach to financial statements issued for reporting periods after the effective date of this ASU. The Company is currently evaluating the impact that the updated standard will have on the financial statement disclosures.

NOTE 3. BUSINESS COMBINATIONS

SYNQ3 Acquisition

On January 3, 2024 (the “SYNQ3 Acquisition Date”), the Company acquired all of the issued and outstanding equity of SYNQ3, a provider of voice AI and other technology solutions to the restaurant industry, for total purchase consideration of \$15.8 million (the “SYNQ3 Acquisition”). The Company’s acquisition of SYNQ3 is expected to expand its AI customer service solutions and create a Voice AI provider for restaurants. The acquisition is expected to significantly extend the Company’s market reach and accelerate the deployment of generative AI capabilities to the industry.

The total purchase consideration includes \$3.9 million in cash paid and 5,755,910 in shares of the Company’s Class A Common Stock. The Company has also withheld purchase consideration of \$0.5 million in cash and 1,179,514 shares of the Company’s Class A Common Stock, subject to customary net working capital adjustments, to partially secure the indemnification obligations of SYNQ3’s former stockholders under the merger agreement and agreed to pay up to \$0.8 million in cash and 1,434,936 in shares of the Company’s Class A Common Stock to certain former stockholders of SYNQ3 based upon the achievement of specified future milestones. On the SYNQ3 Acquisition Date, the Company also issued 2,033,156 restricted shares of the Company’s Class A Common Stock subject to time and performance-based vesting conditions. The fair value of the purchase consideration was \$15.8 million.

SYNQ3 Holdback

The \$0.5 million in cash and 1,179,514 shares of the Company’s Class A Common Stock were withheld for a period of 15 months (the “SYNQ3 Holdback Amount”). The Company determined that there are two components to the SYNQ3 Holdback Amount related to deferred consideration and contingent consideration, each comprised of cash and shares.

The deferred cash holdback consideration of \$0.1 million and the deferred share holdback consideration of 361,145 shares of the Company’s Class A Common Stock (collectively the “Deferred Consideration”) were not recognized as of the SYNQ3 Acquisition Date as such amounts were offset by the indemnification obligations of SYNQ3’s former stockholders.

The contingent cash and share holdback consideration to be issued is variable (“Contingent SYNQ3 Holdback Consideration”). Final amounts to be issued will be reduced based upon future actions and settlements with third parties to resolve assumed contingent sales tax liabilities and certain other assumed contingent liabilities of SYNQ3 in connection with the SYNQ3 Acquisition. The Company accounted for the Contingent SYNQ3 Holdback Consideration as a liability on the consolidated balance sheet. As of the SYNQ3 Acquisition Date, the Contingent SYNQ3 Holdback Consideration was estimated to be \$0.6 million in aggregate and to be settled in \$0.1 million cash and the remainder in shares of the Company’s Class A Common Stock. During the year ended December 31, 2024, the Company issued 38,277 shares of the Company’s Class A Common Stock and paid an immaterial amount in cash from the Contingent SYNQ3 Holdback Consideration to SYNQ3’s former stockholders as a result of the net working capital adjustments settled during the year. The Contingent SYNQ3

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATIONS (cont.)

Holdback Consideration will be subsequently remeasured at each reporting date with changes in fair value recognized as a component of operating expense on the Company’s consolidated statement of operations and comprehensive loss.

In April 2025, the Contingent SYNQ3 Holdback Consideration was settled by issuing 472,501 shares of the Company’s Class A Common Stock and paying \$0.2 million in cash. After the holdback settlement, any remaining indemnifications by the sellers to cover unsettled claims was offset against the Contingent SYNQ3 Earnout Consideration to the extent of its fair value as of December 31, 2025.

See Note 12 for more information on the fair value measurement of shares associated with the holdback.

Contingent SYNQ3 Earnout Consideration

The Company also agreed to pay in aggregate up to \$0.8 million in cash and 1,434,936 in shares of Class A Common Stock to certain stockholders of SYNQ3 based on tiered annual revenue targets for each fiscal year 2024, 2025 and 2026 (the “Contingent SYNQ3 Earnout Consideration”). The Company accounted for the Contingent SYNQ3 Earnout Consideration as a liability within contingent acquisition liabilities on the Company’s consolidated balance sheets and will subsequently remeasure the liability at each reporting date with changes in fair value recognized as a component of operating expense in the Company’s consolidated statement of operations and comprehensive loss. As of the SYNQ3 Acquisition Date, the Contingent SYNQ3 Earnout Consideration was estimated to be \$1.7 million in aggregate and to be settled in \$0.2 million cash and the remainder in shares of the Company’s Class A Common Stock. For the years ended December 31, 2025 and December 31, 2024, we recognized a gain of \$6.9 million and a loss of \$7.0 million, respectively, related to the Contingent SYNQ3 Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the consolidated statement of operations and comprehensive loss. As of December 31, 2025, the 2024 revenue target was not met, but the 2025 revenue target was met and the related earnout consideration is expected to be settled in the first quarter of 2026. The Company assessed the 2026 revenue target as probable of being met. No earnout consideration was issued as of December 31, 2025.

Restricted stock awards

The 2,033,156 restricted shares of the Company’s Class A Common Stock issued at the SYNQ3 Acquisition Date to certain continuing employees of SYNQ3 subject to time and performance-based vesting conditions was determined to be a separate transaction from the SYNQ3 Acquisition and therefore is excluded from purchase consideration. See Note 15 to our consolidated financial statements included within this report for more information on stock-based awards issued in connection with the SYNQ3 Acquisition.

Purchase price allocation

The purchase price allocation was performed as of January 3, 2024 and allocated to the assets acquired and liabilities assumed based on their respective fair values, as follows (in thousands):

	January 3, 2024
Cash paid	\$ 3,910
Equity consideration	9,687
Contingent earnout consideration	1,676
Contingent holdback consideration	570
Purchase price	15,843

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATIONS (cont.)

	January 3, 2024
Assets acquired:	
Cash	221
Accounts receivable	1,500
Prepaid expenses	72
Intangible assets	12,705
Total identified assets acquired	14,498
Liabilities assumed:	
Accounts payable	440
Accrued liabilities	3,427
Other non-current liabilities	750
Deferred tax liability	38
Total liabilities assumed	4,655
Fair value of identifiable net assets acquired	\$ 9,843
Goodwill acquired on acquisition	\$ 6,000

Goodwill recognized includes synergies expected to be achieved from the operations of the combined company and intangible assets that do not qualify for separate recognition. Expected synergies include both increased revenue opportunities and the cost savings from the planned integration of platform infrastructure, facilities, personnel, and systems. The transaction is considered a non-taxable business combination, and goodwill is not deductible for tax purposes.

The purchase price allocation was finalized as of December 31, 2024.

The following table summarizes the fair values of the identifiable intangible assets acquired (in thousands):

	Useful life (in years)	Fair value January 3, 2024
Intangible Assets:		
Developed technology	3.0	\$ 5,210
Customer relationships	4.0	4,800
Tradename	2.0	1,410
Conversation data	2.5	1,285
		\$ 12,705

The Company incurred \$2.2 million in acquisition related expenses, of which \$0.1 million, \$1.0 million, and \$1.1 million were incurred during the years ended December 31, 2025, 2024 and 2023, respectively, and recorded as general and administration expenses in its consolidated statements of operations and comprehensive loss.

Amelia Acquisition

On August 6, 2024 (the “Amelia Acquisition Date”), the Company acquired all of the issued and outstanding equity of Amelia Holdings, Inc. (the “Amelia Acquisition”), a privately-held conversational AI software company involved in the development and delivery of AI and automation solutions and related services to improve customer experience and optimize business outcomes. The Company’s acquisition of Amelia is expected to strengthen SoundHound’s position in voice and conversational AI and allow the Company to enter new industries such as healthcare, insurance, financial services, energy and retail, expanding its market reach.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATIONS (cont.)

The total purchase consideration includes 3,809,520 shares of the Company's Class A Common Stock issued to the selling shareholders. The Company also issued and deposited 2,149,530 shares of Class A Common Stock otherwise owed to the selling shareholders into an escrow account in order to partially secure the indemnification obligations of the selling shareholders to the Company under the purchase agreement (the "Escrow Consideration"). The fair value of equity issued as part of the consideration paid was determined on the basis of the closing market price of the Company's shares on the Amelia Acquisition Date, which also incorporated a discount for lack of marketability rates caused by the trading restrictions due to the fact that the shares were not registered at issuance and consequently there is a six-month holding period. The Company also paid \$8.4 million of cash for seller transaction expenses in connection with the closing of the Amelia Acquisition. The Company agreed to issue up to 16,822,429 shares to the selling shareholders based on achievement of certain revenue targets in fiscal years 2025 and 2026 (the "Amelia Contingent Earnout Consideration"). The fair value of the purchase consideration was \$98.6 million.

In connection with the Amelia Acquisition, the Company assumed the amended senior secured term loan facility from Amelia in an aggregate principal amount of \$121.5 million ("Amelia Debt"). On December 3, 2024, the Company entered into a letter agreement (the "Amelia Debt Payoff Letter") to prepay in full all indebtedness and other amounts outstanding and owing under the Amelia Debt Credit Agreement and the Amelia Debt was repaid in full.

Escrow Consideration

The Company accounted for the Escrow Consideration as equity-classified shares issued as part of the consideration transferred. The Company recorded an indemnification asset of \$1.4 million under other non-current assets related to assumed sales tax and litigation contingent liabilities that existed prior to the Amelia Acquisition Date and are covered by the Company's indemnification rights provided by the sellers. Upon the settlement of any valid indemnification claims against the selling shareholders, the escrow agent will return a number of shares to the Company equal to the dollar value of the indemnified loss divided by the reference price of \$5.35 as stipulated in the purchase agreement. The Company concluded that this variability in settlement value is a derivative that is required to be remeasured to fair value due to changes in stock price. See Note 12 to our consolidated financial statements included within this report for more information on the fair value measurement of the derivative related to indemnification rights. Upon the expiration of the escrow period, any remaining shares within the escrow account will be released to the selling shareholders.

Contingent Amelia Earnout Consideration

The Company also agreed to pay up to 16,822,429 in shares of Class A Common Stock to the selling shareholders based on achievement of certain annual revenue targets in fiscal years 2025 and 2026. The Company accounted for the Contingent Amelia Earnout Consideration as a liability within contingent acquisition liabilities on the Company's consolidated balance sheets and will subsequently remeasure the liability at each reporting date with changes in fair value recognized as a component of operating expense in the Company's consolidated statement of operations and comprehensive loss. As of the Amelia Acquisition Date, the Contingent Amelia Earnout Consideration had an estimated fair value of \$66.3 million. For the year ended December 31, 2025 and December 31, 2024, the Company recognized a gain of \$157.6 million and a loss of \$211.9 million, respectively, related to the Contingent Amelia Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the consolidated statement of operations and comprehensive loss. See Note 12 to our consolidated financial statements included within this report for more information on the fair value measurement of Contingent Amelia Earnout Consideration. As of December 31, 2025, the 2025 revenue target was met and the related earnout consideration is expected to be settled in the first quarter of 2026. The Company assessed the 2026 revenue target as probable of being met.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATIONS (cont.)

Purchase price allocation

The purchase price allocation was performed as of August 6, 2024 and allocated to the assets acquired and liabilities assumed based on their respective fair values, as follows (in thousands):

	August 6, 2024
Cash paid	\$ 8,420
Equity consideration	15,291
Equity consideration in escrow	8,628
Contingent earnout consideration	66,269
Purchase price	98,608
 Assets acquired:	
Cash and cash equivalents	1,128
Accounts receivable	8,075
Other current assets	1,822
Contract asset – current	4,090
Property and equipment	348
Right-of-use assets	227
Other assets	1,741
Intangible assets	174,500
Total identified assets acquired	191,931
 Liabilities assumed:	
Accounts payable	11,112
Accrued liabilities	10,965
Income tax liabilities	582
Short-term debt	70,000
Operating lease liability, current	211
Financing lease liability, current	37
Other current liabilities	3,474
Deferred revenue	23,408
Deferred revenue, non-current	4,295
Long-term debt	51,511
Deferred tax liabilities	11,820
Operating lease liability, non-current	16
Other liabilities, non-current	34
Income tax liability, net of current portion	1,068
Total liabilities assumed	188,533
 Fair value of identifiable net assets acquired	 \$ 3,398
Goodwill acquired on acquisition	95,210

Goodwill recognized includes synergies expected to be achieved from the operations of the combined company and intangible assets that do not qualify for separate recognition. Expected synergies include both increased revenue opportunities and the cost savings from the planned integration of platform infrastructure, facilities, personnel, and systems. The transaction is considered a non-taxable business combination, and goodwill is not deductible for tax purposes.

During the year ended December 31, 2025, the Company recorded measurement period adjustments to decrease the accrued liabilities by \$0.1 million and other current liabilities by \$0.4 million due to true-up of the accrued payroll taxes and sales taxes subsequent to the acquisition. As a result of the adjusted acquisition-date fair value of liabilities

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATIONS (cont.)

assumed, the Company recorded a decrease of \$0.5 million to the goodwill recognized. The measurement period adjustments were recorded in the consolidated financial statements as of and for the year ended December 31, 2025 and were made to reflect facts and circumstances that existed as of the Amelia Acquisition Date.

The purchase price allocation was finalized as of September 30, 2025.

The following table summarizes the fair values of the identifiable intangible assets acquired (in thousands):

Intangible Assets:	Useful life (in years)	Fair value at acquisition
Developed technology	7.0	\$ 98,900
Customer relationships	7.0	68,600
Trade names	5.0	7,000
		<u>\$ 174,500</u>

The Company incurred \$6.7 million in acquisition related expenses, of which \$0.9 million and \$5.8 million were incurred during the years ended December 31, 2025 and December 31, 2024, respectively, and recorded as general and administration expenses in its consolidated statements of operations and comprehensive loss.

Interactions Acquisition

On September 3, 2025 (the “Interactions Acquisition Date”), the Company acquired all of the issued and outstanding equity of Interactions Corporation (the “Interactions Acquisition”), a pioneer in AI for customer service and workflow orchestration. This strategic deal is expected to strengthen and extend SoundHound’s growing leadership in Agentic AI and accelerate its market penetration in customer service across enterprise businesses. The transaction also expands SoundHound’s customer portfolio across various industries, including global consumer icons, large technology device brands, insurers, automakers, and other preeminent Fortune 100 companies across industries.

The fair value of the preliminary purchase consideration was \$76.1 million. The preliminary purchase consideration includes \$19.4 million of cash paid to the selling shareholders. The Company also paid \$4.1 million of cash for seller transaction expenses in connection with the closing of the Interactions Acquisition.

In connection with the Interactions Acquisition, the Company paid the debt held by Interactions (the “Interactions Debt”) on the Interactions Acquisition Date in an aggregate principal amount of \$41.5 million as part of the purchase consideration under the merger agreement.

The Company has also withheld purchase consideration of \$1.2 million in cash, subject to customary net working capital adjustments, to partially secure the indemnification obligations of Interactions’ former stockholders under the merger agreement and agreed to pay up to \$25.0 million in cash to certain former stockholders of Interactions based upon the achievement of specified future milestones in fiscal years 2026 and 2027 (the “Contingent Interactions Earnout Consideration”).

Interactions Holdback

As of the Interactions Acquisition Date, the \$1.2 million in cash withheld (the “Deferred Interactions Holdback Consideration”) consisted of two components, adjustment holdback consideration and indemnity holdback consideration.

The adjustment holdback consideration of \$1.0 million was recorded within other current liabilities at fair value as of the Interactions Acquisition Date (the “Interactions Adjustment Holdback Consideration”) and is estimated to be paid to Interactions’ former stockholders for the settlement of net working capital adjustments after sellers finish the review of the closing statement submitted by the acquirer within 120 days subsequent to the Interactions Acquisition Date.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATIONS (cont.)

The indemnity holdback consideration of \$0.2 million was recorded within other current liabilities, which was withheld for a period of 12 months subsequent to the Interactions Acquisition Date (the “Interactions Indemnity Holdback Consideration”). Payment will occur after the sellers complete their review of the closing statement which must be submitted by the acquirer within 120 days of the Interactions Acquisition Date.

Contingent Interactions Earnout Consideration

The Company also agreed to pay up to \$25.0 million in cash to the selling shareholders based on achievement of certain annual revenue targets in fiscal years 2026 and 2027 and renewal or extension of an existing contract with a specific customer on or before March 31, 2026 (the “Contingent Interactions Earnout Consideration”). The Company accounted for the Contingent Interactions Earnout Consideration as a liability within contingent acquisition liabilities on the Company’s consolidated balance sheets and will subsequently remeasure the liability at each reporting date with changes in fair value recognized as a component of operating expense in the Company’s consolidated statement of operations and comprehensive loss. As of the Interactions Acquisition Date, the Contingent Interactions Earnout Consideration had an estimated fair value of \$9.9 million. For the year ended December 31, 2025, the Company recognized a loss of \$1.3 million related to the Contingent Interactions Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the consolidated statement of operations and comprehensive loss. As of December 31, 2025, the Company assessed the 2026 and 2027 revenue targets were probable of being met, and an existing contract with a specific customer was probable of being renewed or extended on or before March 31, 2026. See Note 22 to our consolidated financial statements included within this report for more information on the cash paid to settle a portion of the Contingent Interactions Earnout Consideration due to the renewal of an existing contract subsequent to December 31, 2025.

See Note 12 to our consolidated financial statements for more information on the fair value measurement of Interactions Holdback Amount and Contingent Interactions Earnout Consideration.

Preliminary purchase price allocation

The preliminary purchase price allocation was performed as of September 3, 2025 and allocated to the assets acquired and liabilities assumed based on their respective fair values, as follows (in thousands):

	Preliminary: September 3, 2025
Cash paid	\$ 65,033
Deferred holdback consideration	1,150
Contingent earnout consideration	9,900
Purchase price	76,083
Assets acquired:	
Cash and cash equivalents	10,431
Accounts receivable	8,626
Other current assets	1,519
Contract assets and unbilled receivable, current, net	3,586
Property and equipment	1,722
Right-of-use assets	659
Contract assets and unbilled receivable, non-current, net	3,081
Other assets	176
Intangible assets	39,500
Total identified assets acquired	69,300

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATIONS (cont.)

	Preliminary: September 3, 2025
Liabilities assumed:	
Accounts payable	3,048
Accrued liabilities	3,508
Operating lease liability, current	241
Financing lease liability, current	298
Deferred revenue	4,155
Deferred revenue, non-current	2,300
Operating lease liability, non-current	478
Other liabilities, non-current	256
Total liabilities assumed	14,284
Fair value of identifiable net assets acquired	\$ 55,016
Goodwill acquired on acquisition	\$ 21,067

Goodwill recognized includes synergies expected to be achieved from the operations of the combined company and intangible assets that do not qualify for separate recognition. Expected synergies include both increased revenue opportunities and the cost savings from the planned integration of platform infrastructure, facilities, personnel, and systems. The transaction is considered a non-taxable business combination, and goodwill is not deductible for tax purposes.

The purchase accounting is not yet complete as of December 31, 2025 and as such, the final allocation among purchase consideration, intangible assets, net assets acquired and goodwill may be subject to change. Any adjustments to the preliminary purchase price allocation will be made in the periods in which the adjustments are determined, and the cumulative effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition date. The Company expects to finalize the purchase price allocation within 12 months from the acquisition date.

The following table summarizes the preliminary fair values of the identifiable intangible assets acquired (in thousands):

Intangible Assets:	Useful life (in years)	Preliminary fair value at acquisition
Customer relationships	5.0	\$ 26,700
Developed Technology	5.0	12,000
Trademark	2.0	800
		\$ 39,500

The fair values of all intangible assets were estimated using the income approach. Under the income approach, an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. Customer relationships was valued under the multi-period excess earnings method, which assumes that the value of intangible assets is equal to the present value of the incremental after-tax cash flows attributable specifically to the customer relationships. Developed technology and trade names were valued under the relief from royalty method, which assumes value to the extent that the acquired company is relieved of the obligation to pay royalties for the benefits received from them. The present value of projected cash flows included significant judgment and assumptions regarding (a) the projected revenues, attrition rate, and the discount rate for the certain customer contracts and related relationships, (b) the projected revenues, projected expenses, migration curve, contributory asset charges, and the discount rate for the developed technology, (c) the projected revenues, royalty rate, and the discount rate for the trade name.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATIONS (cont.)

The Company incurred \$5.0 million in acquisition related expenses during the year ended December 31, 2025 and recorded as general and administration expenses in its consolidated statements of operations and comprehensive loss.

Unaudited pro forma financial information

The financial results of SYNQ3, Amelia and Interactions are included in these consolidated financial statements from the date of the acquisition. SYNQ3 contributed revenue of \$12.0 million and net loss of \$7.5 million to the Company for the year ended December 31, 2024. Amelia contributed revenue of \$42.0 million and net loss of \$8.5 million to the Company for the year ended December 31, 2024. Interactions contributed revenue of \$23.1 million, and net income of \$2.7 million to the Company for the year ended December 31, 2025.

The following table includes unaudited pro forma financial information that presents combined results of the Company as if the SYNQ3 and Amelia acquisitions were completed on January 1, 2023, and the Interactions acquisition was completed on January 1, 2024, the beginning of the comparable prior annual reporting period.

	Unaudited		
	Years Ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Revenue	\$ 211,701	\$ 225,556	\$ 153,586
Net loss attributable to SoundHound AI, Inc.	\$ (8,624)	\$ (367,400)	\$ (158,339)

The unaudited pro forma financial information includes the combined historical operating results of the Company, SYNQ3, Amelia and Interactions prior to the acquisition, with adjustments to give effect for the acquisitions and related events. Pro forma adjustments have been made to reflect the incremental intangible asset amortization to be incurred based on the fair values and useful lives of each identifiable intangible asset, incremental stock-based compensation related to inducement equity awards, incremental transaction costs related to the acquisitions, adjustments to interest expense related to previously outstanding debt held by Amelia and Interactions, elimination of profit or loss from stock warrants issued by Interactions, reduction of interest income to reflect reduced average cash and equivalents after funding the Acquisitions with cash, removal of earnings attributable to non-controlling interest due to changes in Interactions ownership structure, and the related tax effects of pro forma adjustments for the period. These unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the combined company would have been if the acquisition had occurred at the beginning of the period presented, nor are they indicative of future results of operations. Given the paydown of Amelia Debt occurred in December 2024, which was shortly after the acquisition dates, and the paydown of Interaction Debt occurred at the Interaction Acquisition Date, the interest expenses from Amelia Debt and Interaction Debt were excluded from the unaudited pro forma financial information. The unaudited pro forma results are based on the preliminary purchase price allocation under Interactions Acquisition and will be updated to reflect the final amounts as the allocation is finalized during the measurement period.

The Company did not have any material nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings.

Other Acquisition

On June 14, 2024, the Company completed an immaterial acquisition for total purchase consideration of \$1.0 million. As part of the acquisition, the Company acquired net assets of \$2.2 million, including intangible assets of \$2.6 million, and recognized a gain on bargain purchase of \$1.2 million within other income, net in the consolidated statements of operations and comprehensive loss during the quarter of the acquisition, resulting from a favorable fair value of identifiable net assets acquired at the date of acquisition as compared with the Company's purchase price. The Company was able to negotiate a bargain purchase price as a result of the recurring losses and pre-filing bankruptcy status of the selling entity.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. BUSINESS COMBINATIONS (cont.)

The purchase price allocation was finalized as of March 31, 2025.

The following table summarizes the fair values of the identifiable intangible assets acquired (in thousands):

Intangible Assets:	Useful life (in years)	Fair value at acquisition
Developed technology.	3.0	\$ 1,530
Customer relationships	3.0	960
Tradename.	3.0	60
		<u>\$ 2,550</u>

The Company incurred \$0.1 million in acquisition related expenses during the year ended December 31, 2024, and recorded as general and administration expenses in its consolidated statements of operations and comprehensive loss.

The financial results of the acquired entity are included in these consolidated financial statements from the date of the acquisition, and are immaterial. The Company has not separately presented unaudited pro forma results of operations reflecting the acquisition as the impacts were not material to the consolidated financial statements.

NOTE 4. REVENUE RECOGNITION

Revenue Recognition

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues are generally recognized upon the transfer of control of promised products or services provided to customers, reflecting the amount of consideration the Company expects to receive for those products or services.

The Company’s arrangements with customers may contain multiple obligations. Individual services are accounted for separately if they are distinct — that is, if a customer can benefit from it on its own or with other resources that are readily available to the customer and if the service is separately identifiable from other items in the contract.

The Company derives its revenue primarily from the following performance obligations: (1) hosted services, (2) professional services, (3) monetization, and (4) licensing. Revenues are reported net of applicable sales and use taxes that are passed through to customers. The Company applies significant judgment in identifying and evaluating any terms and conditions in contracts which impact revenue recognition.

The Company has the following performance obligations in contracts with customers:

Hosted Services

Hosted services, along with non-distinct customization, integration, maintenance and support professional services, allow customers to access the Houndify, Amelia Software Platform, and Virtual Assistance applications over the contract period without taking possession of the software.

The Company has determined that the hosted services arrangements are a single performance obligation comprised of a series of distinct services, since each day of providing access to hosted services is substantially the same and the customer simultaneously receives and consumes the benefits as access is provided. These services are provided either on a usage basis (i.e., variable consideration) or on a fixed fee subscription basis. The Company recognizes revenue as each distinct service period is performed.

Hosted services may include implementation services to develop and/or customize the applications to each customer’s specification. Judgment is required to determine whether these professional services are distinct from the hosted services. In making this determination, factors such as the degree of integration, the significance

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. REVENUE RECOGNITION (cont.)

of enhancement to existing functionality, the customers' ability to start using the software prior to customization, the evaluation as to whether the services extend the economic life of the application, and the availability of these services from other independent vendors are considered.

In instances where the Company concluded that the implementation services are not distinct performance obligations, revenues for these activities are recognized over the period which the hosted services are expected to be provided and is included within hosted services revenue.

All revenues derived as a result of the SYNQ3 Acquisition, and substantial revenues derived as a result of the Amelia Acquisition and Interactions Acquisition are categorized as hosted services revenue.

Professional Services

Revenues from distinct professional services, such as non-integrated development services and other professional services, are either recognized over time based upon the progress towards completion of the project, or at a point in time at project completion. The Company assesses distinct professional services to determine whether the transfer of control is over-time or at a point in time. The Company considers three criteria in making their assessment including (1) the customer simultaneously receives and consumes the benefits; (2) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (3) the Company's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. If none of the criteria are met, revenues are determined to be recognized at a point in time.

For distinct professional services determined to be recognized over-time, measuring the stage of completion of a project requires significant judgment and estimates and is based on either input or output measures. During the year ended December 31, 2025, \$14.7 million of professional service revenue was recognized over time, with the remaining \$0.4 million recognized at a point in time when the performance obligation was fulfilled and control of the service was transferred to the customer. During the year ended December 31, 2024, \$9.4 million of professional service revenue was recognized over time, with the remaining \$0.1 million recognized at a point in time when the performance obligation was fulfilled and control of the service was transferred to the customer. During the year ended December 31, 2023, \$7.4 million of professional service revenue was recognized over time, with the remaining \$0.9 million recognized at a point in time when the performance obligation was fulfilled and control of the service was transferred to the customer.

Monetization

Monetization revenues are primarily derived from advertising payments associated with ad impressions placed on the SoundHound music identification application. The amount of revenue is based on actual monetization generated or usage, which represent a variable consideration with constrained estimates. Therefore, the Company recognizes the related revenues at a point in time when advertisements are placed, when commissions are paid or when the SoundHound application is downloaded. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as a principal or an agent in the transaction. The Company has determined that it does not act as the principal in monetization arrangements because it does not control the transfer of the service and it does not set the price. Based on these factors, the Company reports revenue on a net basis.

Licensing

The Company licenses Amelia's software solutions, Virtual Assistance applications, and other voice solutions that are embedded in customers' products or services. Licensing revenues are a distinct performance obligation that is recognized when control is transferred to the customer, which is at a point in time for non-customized solutions. For licenses with non-distinct customized solutions, revenues are recognized over time based on the progress towards completion of the customized solution. Revenues generated from licensing are on royalty

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. REVENUE RECOGNITION (cont.)

arrangements with a per unit pricing or on fixed considerations. The Company records licensing revenue relating to usage-based royalty arrangements in the same period in which the underlying usage occurs. Licensing revenue on fixed considerations including fixed fee and a minimum guarantee from royalty arrangements are recognized when the Company grants the customer the right to use and benefit from the license at the start of the licensing period. Licenses may include post-contract support, which is a distinct performance obligation and revenue from post-contract support is recognized ratably over the licensing period.

When a contract has multiple performance obligations, the transaction price is allocated to each performance obligation based on its relative estimated standalone selling price (“SSP”). Judgments are required to determine the SSP for each distinct performance obligation. SSP is determined by maximizing observable inputs from pricing of standalone sales, when possible. Since prices vary from customer to customer based on customer relationship, volume discount and contract type, in instances where the SSP is not directly observable, the Company estimates SSP by considering the following factors:

- Costs of developing and supplying each performance obligation;
- Industry standards;
- Major product groupings; and
- Gross margin objectives and pricing practices, such as contractually stated prices, discounts offered and applicable price lists.

These factors may vary over time, depending upon the unique facts and circumstances related to each deliverable. If the facts and circumstances underlying the factors considered change or should future facts and circumstances lead the Company to consider additional factors, the Company’s best estimate of SSP may also change. When such observable data is not available because there is a limited number of transactions or prices are highly variable, the Company will estimate the standalone selling price using the residual approach.

The Company’s long-term contracts generally do not have significant financing components, as there is normally payment and performance in each year of the contract. The Company has elected the practical expedient to not adjust promised amounts of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. If there is a period of one year or longer between the transfer of promised services and payment, it is generally for reasons other than financing, thus, the Company does not adjust the transaction price for financing components. In the limited cases where a significant financing component is present, the Company adjusts the promised consideration for the effects of a significant financing component and to recognize revenue to approximate an amount that reflects the cash selling price that a customer would have paid for the promised goods or services.

For the years ended December 31, 2025, 2024 and 2023, revenue under each performance obligation was as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Hosted services	\$ 108,255	\$ 57,246	\$ 18,364
Licensing	45,146	17,577	18,600
Professional services	15,059	9,488	8,275
Monetization	460	382	634
Total	<u>\$ 168,920</u>	<u>\$ 84,693</u>	<u>\$ 45,873</u>

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. REVENUE RECOGNITION (cont.)

For the years ended December 31, 2025, 2024 and 2023, the disaggregated revenue by geographic location* was as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
United States	\$ 108,387	\$ 46,751	\$ 6,769
Korea	10,336	12,289	22,962
France	7,307	8,756	4,090
Germany	360	196	5,950
Other	42,530	16,701	6,102
Total	\$ 168,920	\$ 84,693	\$ 45,873

* Revenue by geographic region is allocated to individual countries based on the billing location of the customer. The end customer location may be different than the customer's billing location. The 'Other' category is composed of geographic regions with sales less than 10% of the consolidated revenue.

For the years ended December 31, 2025, 2024 and 2023, the disaggregated revenue by recognition pattern was as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Over time revenue	\$ 125,887	\$ 67,789	\$ 25,757
Point-in-time	43,033	16,904	20,116
Total	\$ 168,920	\$ 84,693	\$ 45,873

The Company also disaggregates revenue by service type. This disaggregation consists of Product Royalties, Service Subscriptions and Monetization. Product Royalties revenues are derived from Houndified Products, which are voice-enabled tangible products across the automotive and consumer electronics industries. Revenues from Product Royalties are based on volume, usage, or life of the products, which are driven by number of devices, users, or unit of time. Service Subscription revenues are generated through Houndified Services, Amelia services, and Virtual Assistance applications, which include customer services, food ordering, content, appointments and voice commerce, autonomous business workflows, and IT systems analysis. Subscription revenues are derived from monthly fees based on fixed fees, usage-based revenue, revenue per query or revenue per user. Houndified Products, Houndified Services, Amelia services, and Virtual Assistance applications may include professional services that develop and customize the Houndify platform, Amelia Software Platform, and Virtual Assistance applications to fit customers' specific needs, and any post-contract support for on-premise solutions. Revenues from Monetization are generated from the SoundHound music identification app and are primarily attributable to user ad impression revenue.

For the years ended December 31, 2025, 2024 and 2023, the disaggregated revenue by service type was as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Service subscriptions	\$ 133,547	\$ 56,347	\$ 1,940
Product royalties	34,913	27,964	43,299
Monetization	460	382	634
Total	\$ 168,920	\$ 84,693	\$ 45,873

Contract Balances

The Company performs its obligations under a contract with a customer by providing access to software, licensing right to use software, or providing services in exchange for consideration from the customer. The timing of the Company's performance often differs from the timing of the customer's payment, which results in the recognition of a receivable, a contract asset or deferred revenue.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. REVENUE RECOGNITION (cont.)

As of January 1, 2024, accounts receivable, net of allowances, was \$4.1 million, contract assets were \$28.3 million and deferred revenue was \$9.2 million.

The contract asset and unbilled accounts receivable, net as of December 31, 2025 and December 31, 2024 consists of the following (in thousands):

	<u>Balance Sheet Presentation</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unbilled account receivables – current	Contract assets and unbilled receivables, net	\$ 17,728	\$ 13,441
Contract assets – current	Contract assets and unbilled receivables, net	20,461	13,204
Unbilled account receivables – non-current	Contract assets and unbilled receivables, non-current, net	12,988	922
Contract assets – non-current	Contract assets and unbilled receivables, non-current, net	16,918	11,957

The change in the Company’s unbilled accounts receivable and contract assets during the current period was primarily the result of new contracts, customer invoicing, and the performance of the Company’s contracts, respectively. The Company has not recorded any specific asset impairment charges related to contract assets during the periods presented in the consolidated financial statements.

Revenues recognized included in the balances of the deferred revenue at the beginning of the reporting period for the years ended December 31, 2025, 2024 and 2023 were \$24.1 million, \$5.1 million and \$7.9 million, respectively.

As of December 31, 2025, the aggregate amount of the transaction price allocated to the remaining performance obligations related to customer contracts that were unsatisfied or partially unsatisfied was \$79.5 million. Given the applicable contract terms, \$47.8 million is expected to be recognized as revenue within one year, \$30.1 million is expected to be recognized between 2 to 5 years and the remainder of \$1.6 million is expected to be recognized after 5 years. This amount does not include contracts to which the customer is not committed, contracts for which the Company recognizes revenue equal to the amount the Company has the right to invoice for services performed, or future sales-based or usage-based royalty payments in exchange for access to the Company’s hosted services. This amount is subject to change due to future revaluations of variable consideration, terminations, other contract modifications or currency adjustments. The estimated timing of the recognition of remaining unsatisfied performance obligations is subject to change and is affected by changes to scope, changes in timing of delivery of products and services, or contract modifications.

NOTE 5. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The change in the carrying value of goodwill including the effect of measurement period adjustments for the year ended December 31, 2025, was as follows (in thousands):

Balance as of December 31, 2023.	\$ —
Acquisition of SYNQ3	\$ 6,000
Acquisition of Amelia.	\$ 95,704
Balance as of December 31, 2024.	\$ 101,704
Acquisition of Interactions	21,067
Measurement period adjustment.	\$ (494)
Balance as of December 31, 2025.	<u>\$ 122,277</u>

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. GOODWILL AND INTANGIBLE ASSETS (cont.)

The Company has applied the acquisition method of accounting in accordance with ASC 805 and recognized assets acquired and liabilities assumed of SYNQ3, Amelia, and Interactions at their fair value as of the date of acquisition, with the excess purchase consideration recorded to goodwill. As the Company finalizes the estimation of the fair value of the assets acquired and liabilities assumed, additional adjustments to the amount of goodwill may be necessary. Refer to Note 3 for further information on the measurement period adjustments of Amelia Acquisition.

Intangible Assets

The gross carrying value, accumulated amortization and net carrying value of intangible assets consisted of the following (in thousands):

	December 31, 2025			
	Useful life (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Developed technology.	3.0 – 7.0	\$ 117,640	\$ 24,871	\$ 92,769
Customer relationships	3.0 – 7.0	101,060	18,422	82,638
Tradename.	2.0 – 5.0	9,270	3,538	5,732
Conversation data	2.5	1,285	1,029	256
Total		\$ 229,255	\$ 47,860	\$ 181,395

	December 31, 2024			
	Useful life (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Developed technology.	3.0 – 7.0	\$ 105,640	\$ 7,696	\$ 97,944
Customer relationships	3.0 – 7.0	74,360	5,322	69,038
Tradename.	2.0 – 5.0	8,470	1,280	7,190
Conversation data	2.5	1,285	514	771
Total		\$ 189,755	\$ 14,812	\$ 174,943

Amortization expense of intangible assets was \$33.0 million for the year ended December 31, 2025. This expense was recorded as \$17.2 million within cost of revenues for the year ended December 31, 2025. Amortization expense of intangible assets was \$14.8 million for the year ended December 31, 2024. This expense was recorded as \$7.7 million within cost of revenues for the year ended December 31, 2024. There was no amortization expense during the year ended December 31, 2023.

Future amortization expense of intangible assets held as of December 31, 2025, is as follows (in thousands):

Year ending December 31,	
2026.	\$ 37,512
2027.	34,930
2028.	33,138
2029.	32,501
Thereafter	43,314
Total	\$ 181,395

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. PROPERTY AND EQUIPMENT, NET AND CAPITALIZED SOFTWARE DEVELOPMENT COST

Property and equipment, net consisted of the following (in thousands):

	December 31, 2025	December 31, 2024
Computer equipment	\$ 17,441	\$ 19,480
Software and voice recordings	10,453	10,033
Leasehold improvements	4,618	3,871
Furniture and fixtures	962	1,154
Construction in progress	15	—
Total property and equipment, at cost.	33,489	34,537
Less: accumulated depreciation and amortization	(30,562)	(33,298)
Total property and equipment, net	\$ 2,928	\$ 1,239

As of December 31, 2025 and 2024, property and equipment, net includes assets under finance lease obligations (see Note 16 for additional information) with an aggregate cost of approximately \$0.6 million and \$0.6 million, respectively, and accumulated depreciation of approximately \$0.2 million and \$0.4 million, respectively. Depreciation and amortization expense in respect of capitalized property and equipment totaled approximately \$1.0 million, \$1.2 million and \$2.3 million for the years ended December 31, 2025, 2024 and 2023, respectively.

As of December 31, 2025 and 2024, capitalized software development costs were \$6.4 million and zero, respectively, and are included in other non-current assets in the accompanying consolidated balance sheets. Amortization expense for the years ended December 31, 2025, 2024 and 2023, was less than \$0.1 million, zero and zero, respectively.

NOTE 7. ACCRUED LIABILITIES

Accrued liabilities consisted of the following (in thousands):

	December 31, 2025	December 31, 2024
Accrued compensation expenses	\$ 13,949	\$ 15,850
Accrued vendor payables	8,682	8,141
Accrued litigation liabilities	3,045	1,750
Other accrued liabilities	649	551
	\$ 26,325	\$ 26,291

NOTE 8. COMMITMENTS AND CONTINGENCIES

Contracts

In August 2021, the Company entered into an exclusive agreement with a cloud service provider to host its voice artificial intelligence platform pursuant to which the Company committed to pay a minimum of \$98.0 million in cloud costs over a seven-year period subject to variable increases based on usage.

Aggregate non-cancelable future minimum payments were as follows as of December 31, 2025 (in thousands):

2026	16,000
2027	24,000
2028	24,000
Total	\$ 64,000

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. COMMITMENTS AND CONTINGENCIES (cont.)

Legal Proceedings

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues contingent liabilities when it is probable that future expenditures will be made, and such expenditures can be reasonably estimated. The Company's assessment may change over time as individual proceedings or claims progress.

VB Assets, LLC v. SoundHound

On November 21, 2024, VB Assets, LLC, a non-practicing entity, filed a complaint against the Company in the United States District Court for the District of Delaware alleging patent infringement under 35 U.S.C. § 271. The case is captioned as VB Assets, LLC v. SoundHound AI, Inc., Case No. 1:24-cv-1279-MN. In its complaint, VB Assets, LLC alleges the Company is infringing U.S. Patent Nos. 8,073,681, 11,222,626, 8,886,536, 9,269,097, 9,502,025, and 11,087,385. VB Assets, LLC subsequently amended its complaint adding allegations that the Company is also infringing U.S. Patent Nos. 10,755,699, 10,297,249, and 7,818,176. At the appropriate time, the Company will deny all infringement allegations and allege that VB Assets, LLC patents asserted against the Company are invalid and/or unenforceable. The Company intends to vigorously defend itself in all respects. As of December 31, 2025, no determination can be made as to the likelihood of a favorable or unfavorable outcome. In accordance with ASC 450, Contingencies, no reasonably possible loss or range of loss can be estimated and accrued as of December 31, 2025.

Securities Litigation

On March 28, 2025, a class action complaint was filed in the United States District Court for the Northern District of California, captioned Liles v. SoundHound AI, Inc., Case No. 3:25-cv-02915-RFL. The complaint names as defendants the Company, its CEO Keyvan Mohajer, and its CFO Nitesh Sharan. The complaint asserts, among other things, claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended. Plaintiff seeks to represent a putative class of stockholders who purchased or otherwise acquired SoundHound securities between March 1, 2024 and March 11, 2025, both dates inclusive. On July 14, 2025, Judge Rita Lin appointed the leading plaintiff in the litigation. On July 25, 2025, a new Scheduling Order was entered. On October 1, 2025, the Lead Plaintiff served their amended complaint. The Company filed a motion to dismiss on December 12, 2025. The Plaintiffs filed their opposition to the motion to dismiss on February 10, 2026. The Company plans to file its reply on or before March 19, 2026. The hearing is scheduled in April 2026. The Company intends to vigorously defend the claims and believes the complaint lacks merit. As of December 31, 2025, no determination can be made as to the likelihood of a favorable or unfavorable outcome. In accordance with ASC 450, Contingencies, no reasonably possible loss or range of loss can be estimated and accrued as of December 31, 2025.

Derivative Actions

On April 8, 2025, a purported shareholder derivative complaint was filed in the United States District Court for the Northern District of California, captioned Bishop v. Mohajer, Case No. 3:25-cv-03172-JD. The complaint purports to assert claims on behalf of the Company against its directors, CEO, and CFO for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment, waste of corporate assets, and for contribution against Mr. Mohajer and Mr. Sharan under Sections 10(b) and 21D of the Securities Exchange Act of 1934. On April 16, 2025, a similar purported shareholder derivative complaint was filed against the same defendants in the same forum, captioned Roy v. Mohajer, Case No. 5:25-cv-03363-NC. That complaint purports to assert claims on behalf of the Company against its directors, CEO, and CFO for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and for contribution against Mr. Mohajer and Mr. Sharan under Sections 10(b) and 21D of the Securities Exchange Act of 1934. All derivative actions have been stayed pending resolution of the Liles v. SoundHound AI et al securities class action litigation. As of December 31, 2025, no determination can be made as to the likelihood of a favorable or unfavorable outcome. In accordance with ASC 450, Contingencies, no reasonably possible loss or range of loss can be estimated and accrued as of December 31, 2025.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. COMMITMENTS AND CONTINGENCIES (cont.)

Other Matters

The Company continues to analyze potential sales tax exposure using a state-by-state assessment. In accordance with ASC 450, Contingencies, the Company estimated and recorded a liability of \$4.1 million and \$3.1 million as of December 31, 2025 and 2024.

NOTE 9. WARRANTS

Term Loan Warrants

In connection with the Credit Agreement (as defined in Note 10), the Company issued warrants to purchase up to 3,301,536 shares of the Company's Class A Common Stock to the lenders (the "Term Loan Warrants"). The Term Loan Warrants have a per share exercise price of \$2.59 and may be exercised, including on a cashless basis, by the holder at any time prior to the 10-year anniversary of the issue date. The Term Loan Warrants will be automatically cashless exercised immediately prior to a change in control of the Company. The Term Loan Warrants are indexed to the Company's stock and were classified as an equity instrument. On the Term Loan Closing Date, this resulted in the Company allocating the gross proceeds and issuance costs between the Term Loan and the Term Loan Warrants based on their relative fair values, resulting in the initial recognition of the Term Loan Warrant at \$4.1 million as additional paid-in-capital on the consolidated balance sheets.

In March 2024, the Company issued 2,269,982 shares of the Company's Class A Common Stock resulting from the cashless exercise in full of the Term Loan Warrants that were outstanding. As of December 31, 2024, all of the Term Loan Warrants had been exercised and no Term Loan Warrants are outstanding.

Warrants Related to the Business Combination

Public Warrants

On April 26, 2022 (the "Closing"), pursuant to a merger agreement dated as of November 15, 2021 by and among ATSP, ATSPC Merger Sub, Inc. and Legacy SoundHound, the parties consummated the merger of ATSPC Merger Sub, Inc. with and into Legacy SoundHound, with Legacy SoundHound continuing as the surviving corporation, as well as the other transactions contemplated by the Merger Agreement (the merger and such other transactions collectively referred to the "ATSP Merger").

Prior to the ATSP Merger, ATSP issued public warrants ("Public Warrants"). Each Public Warrant entitles the holder to the right to purchase one share of common stock at an exercise price of \$11.50 per share. No fractional shares were issued upon exercise of the Public Warrants. The Company may redeem the outstanding warrants, for \$0.01 per warrant, upon not less than 30 days' prior written notice of redemption, if the reported last sale price of the common stock equals or exceeds \$18.00 per share (as adjusted for stock dividends, sub-divisions, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period commencing after the warrants become exercisable and ending on the third trading day before the Company sends the notice of redemption to the warrant holders. Upon issuance of a redemption notice by the Company, the warrant holders may, at any time after the redemption notice, exercise the Public Warrants for cash, or on a cashless basis.

Subsequent to the closing of the ATSP Merger, the Company's Public Warrants continue to be classified as equity instruments, as they are indexed to the Company's stock.

Private Warrants

Prior to the ATSP Merger, ATSP issued private warrants ("Private Warrants"). The Private Warrants were initially issued in the same form as the Public Warrants with the exception that the Private Warrants: (i) would not be redeemable by the Company and (ii) may be exercised for cash or on a cashless basis, so long as they are held

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. WARRANTS (cont.)

by the initial purchasers or any of their permitted transferees. If the Private Warrants are held by holders other than the initial purchasers or any of their permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by the holders on the same basis as the Public Warrants.

The Private Warrants were initially classified as derivative liability instruments as they met the definition of a derivative and were not considered indexed in the Company's own stock as the settlement value could be dependent on who held the Private Warrants at the time of exercise. Upon the Closing of the ATSP Merger, the Company modified its Private Warrants to be identical to its Public Warrants. Therefore, the Private Warrants met requirements for classification as equity instruments, as they are indexed to the Company's stock.

As of December 31, 2025 and December 31, 2024, there were 3,654,115 and 3,663,955 Public Warrants and Private Warrants issued and outstanding, respectively. During the years ended December 31, 2025 and December 31, 2024, the Company issued 9,840 and 2,041 shares, respectively, of the Company's Class A Common Stock resulting from the exercise of Public Warrants and Private Warrants that were outstanding and raised \$0.1 million and less than \$0.1 million, respectively, in cash proceeds. There was no exercise during the years ended December 31, 2023.

NOTE 10. NOTE PAYABLE

SVB March 2021 Note

In March 2021, the Company entered into a loan and security agreement with a commercial bank to borrow \$30.0 million. The loan bore interest at an annual rate equal to the greater of 9.00% or 5.75% above the Prime Rate. During the year ended December 31, 2023, the interest rate was 13.75%. Payments were interest-only for the first twelve months and are now principal and interest through maturity. During the year ended December 31, 2023, the Company recorded less than \$0.1 million related to the amortization of the debt discount in interest expense.

Concurrently with the Company's entry into the Credit Agreement (as defined below), the Company used a portion of the proceeds to prepay in full all outstanding obligations under, and terminated, the SVB March 2021 Note. In connection with the SVB March 2021 Note prepayment, the Company paid a total of \$18.5 million on April 14, 2023, which consisted of (i) the remaining principal amount outstanding of \$18.1 million, (ii) a prepayment premium of \$0.3 million, (iii) accrued and unpaid interest of \$0.1 million and (iv) a nominal amount for transaction expenses, resulting in a loss on debt extinguishment of \$0.4 million.

SCI June 2021 Note

In June 2021, the Company entered into a loan and security agreement with a lender to obtain credit extensions to the Company. Extensions were available in \$5.0 million increments up to a total commitment amount of \$15.0 million. The Company drew an initial \$5.0 million on June 14, 2021 and the remaining \$10.0 million on December 1, 2021. The loan bore interest at an annual rate equal to the greater of 9.00% or 5.75% above the Prime Rate. During the year ended December 31, 2023, the interest rate was 13.75%. Payments were interest-only for the first twelve months and principal and interest through maturity. During the year ended December 31, 2023, the Company recorded less than \$0.1 million related to the amortization of the debt discounts in interest expense.

Concurrently with the Company's entry into the Credit Agreement (as defined below), the Company used a portion of the proceeds to prepay in full all outstanding obligations under, and terminated, the SCI June 2021 Note. In connection with the SCI June 2021 Note prepayment on April 14, 2023, the Company paid a total of approximately \$11.7 million, which consisted of (i) the remaining principal amount outstanding of approximately \$11.5 million, (ii) a prepayment premium of approximately \$0.2 million and (iii) a nominal amount for transaction expenses resulting in a loss on debt extinguishment of \$0.4 million.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. NOTE PAYABLE (cont.)

Term Loan

On April 14, 2023 (the “Term Loan Closing Date”), the Company entered into a Senior Secured Term Loan Credit Agreement (the “Credit Agreement”). The Credit Agreement provides for a term loan facility in an aggregate principal amount of up to \$100.0 million (the “Term Loan”). The Credit Agreement also permits the Company to request additional commitments of up to \$25.0 million in the aggregate, with funding of such commitments in the sole discretion of the lenders, under certain circumstances, which will be subject to the same terms as the Term Loan if funded. On the Term Loan closing date, the Company also entered into Guarantee and Collateral Agreement. In addition, the Company is obligated to pay incremental lender fees (the “Lender Fees”), beginning on the Term Loan closing date, initially at the rate of 3.50% of the principal amount of the Term Loans for the first 18 months paid semi-annually to provide a collateral protection insurance policy on behalf of the lenders. Such rate for the Lender Fees will decrease to 2.50% after the 18-month anniversary of the Term Loan Closing Date. As the lenders are the sole beneficiary of the insurance policy, the Lender Fees are deemed to be additional fees payable to the Lenders and is therefore being recognized as interest expense over the term of the Term Loan based on effective interest method.

The Company used the proceeds from the Term Loan to (i) repay outstanding amounts equal to approximately \$30.0 million under the Company’s existing loan facilities, (ii) fund an escrow account on the Term Loan Closing Date in the name of the Agent for an amount equal to the first four interest payments, (iii) pay certain fees and expenses incurred in connection with entering into the Credit Agreement, and (iv) fund the Lender Fees, together with related taxes, with the remaining proceeds to be used to fund growth investments and for general corporate purposes as permitted under the Credit Agreement.

The outstanding principal balance of the Term Loan bears interest at the applicable margin plus, at the Company’s election, either (i) the Term SOFR published by CME Group Benchmark Administration Limited for a one-month interest period plus 0.15% or (ii) the alternate base rate (“ABR”), which is a per annum rate equal to the greatest of (a) the Prime Rate (as defined in the Credit Agreement), (b) the NYFRB Rate (as defined in the Credit Agreement) plus 0.50% and (c) the Term SOFR plus 1.00%. The applicable margin under the Credit Agreement is 8.50% per annum with respect to SOFR loans, and 7.50% per annum with respect to ABR loans. As of June 30, 2024, the contractual interest rate was approximately 14.0%. The Company was amortizing the discounts on an effective interest basis over the period from issuance through April 14, 2027 (the “Maturity Date”). The effective interest rate was 25.18% for the quarter ended June 30, 2024. The Company incurred \$6.0 million in stated interest in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2024, and paid \$3.5 million for the period. During the year ended December 31, 2024, the Company recorded \$1.5 million in interest expense related to the debt discount.

On June 7, 2024, the Company entered into a letter agreement (the “Payoff Letter”) to prepay in full all indebtedness and other amounts outstanding and owing under the Credit Agreement. In connection with the Term Loan prepayment, the Company paid a total of \$105.6 million on June 7, 2024, which consisted of (i) the remaining principal amount outstanding of \$100.0 million, (ii) a prepayment premium of \$5.0 million, (iii) transaction expenses of \$0.6 million, resulting in a loss on debt extinguishment of \$15.6 million. Accordingly, the accrued and unpaid interest of \$2.6 million was waived under the Payoff Letter.

Amelia Debt

In connection with the Amelia Acquisition, the Company assumed the amended senior secured term loan facility from Amelia in an aggregate principal amount of \$121.5 million, which was issued pursuant to the existing Credit Agreement (the “Amelia Debt Credit Agreement”) of Amelia with Monroe Capital Management Advisors, LLC (“Monroe”), as administrative and collateral agent for certain affiliated funds of Monroe, as lenders. In accordance with the terms of the debt assumed, on August 7, 2024, the Company paid \$70.0 million in cash to pay down a portion of the outstanding principal balance and issued 2,943,917 shares of Class A common stock to settle certain fees associated with the Amelia Debt. The remaining outstanding balance of \$39.7 million has a maturity date of June 30, 2026 (the “Maturity Date”) and provides, at the Company’s election, for payment

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. NOTE PAYABLE (cont.)

of a portion of interest in cash or in kind (“PIK”), in which case interest will be capitalized and added to the outstanding principal amount, with principal and accrued interest due at the Maturity Date. The Amelia Debt may be prepaid at any time and must be prepaid, along with the applicable prepayment premium and exit fee, upon the occurrence of certain future events. The Amelia Debt will accrue interest at an annual rate equal to the sum of (a) Adjusted Term SOFR and (b)(i) an applicable margin of 9.00% for the portion of interest paid in cash, and (ii) an additional 1.00% for the portion of interest paid in kind. Upon an event of default, the interest rate will automatically increase by an additional 2.00% per annum, and may result in the declaration that all outstanding principal and interest under the Amelia Debt be immediately due and payable in whole or in part. During the year ended December 31, 2024, the Company recorded and paid \$2.0 million in interest expense, of which \$0.1 million was paid to settle the PIK that was capitalized and added to the outstanding principal amount.

On December 3, 2024, the Company entered into a letter agreement (the “Amelia Debt Payoff Letter”) to prepay in full all indebtedness and other amounts outstanding and owing under the Amelia Debt Credit Agreement. In connection with the Amelia Debt prepayment, the Company paid a total of \$39.8 million on December 4, 2024, which consisted of the remaining principal amount outstanding of \$39.8 million and transaction expenses of an immaterial amount, resulting in a loss on debt extinguishment of an immaterial amount.

NOTE 11. RESTRUCTURING

In January 2023, the Company announced a restructuring plan (the “Restructuring Plan”) intended to reduce operating costs, improve operating margins, improve cash flows and accelerate the Company’s path to profitability. The Restructuring Plan included a reduction of the Company’s then-current workforce by approximately 40% or 180 positions globally.

Costs associated with the Restructuring Plan consist of employee severance payments, employee benefits and share-based compensation. The costs associated with the Restructuring Plan were recorded to the restructuring expense line item within our consolidated statements of operations as incurred. During the year ended December 31, 2023, we recorded \$4.6 million of restructuring expenses in connection with the Restructuring Plan, of which \$1.4 million were cash payments. The Restructuring Plan was substantially complete as of December 31, 2023.

NOTE 12. FAIR VALUE MEASUREMENT

The following table presents the fair value of the Company’s financial instruments that are measured or disclosed at fair value on a recurring basis (in thousands):

	December 31, 2025		
	Level 1	Level 2	Level 3
Assets:			
Cash equivalents:			
Treasury bills	\$ 39,920	\$ —	\$ —
Money market funds	21,334	\$ —	\$ —
Other non-current assets			
Derivative	\$ —	\$ —	\$ 4,786
Total assets	<u>\$ 61,254</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:			
Contingent acquisition liabilities (Current)			
Contingent earnout consideration	\$ —	\$ —	\$ 4,400
Contingent acquisition liabilities (Non-current)			
Contingent earnout consideration	\$ —	\$ —	\$ 129,227
Total liabilities.	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 133,627</u>

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. FAIR VALUE MEASUREMENT (cont.)

	December 31, 2024		
	Level 1	Level 2	Level 3
Assets:			
Cash equivalents:			
Treasury bills	\$ 38,070	\$ —	\$ —
Money market funds	131,767	\$ —	\$ —
Total assets	\$ 169,837	\$ —	\$ —
Liabilities:			
Other current liabilities			
Contingent holdback consideration	\$ —	\$ —	\$ 4,076
Contingent acquisition liabilities			
Contingent earnout consideration	\$ —	\$ —	\$ 286,898
Total liabilities	\$ —	\$ —	\$ 290,974

Equity Line of Credit

	Equity Line of Credit
Liabilities:	
December 31, 2022	1,075
Change in fair value	1,901
Settlements	(2,976)
December 31, 2023	\$ —

The Company estimated the Level 3 fair value of the liability related to the ELOC using contractual inputs of the commitment shares and reimbursement fees prior to the settlement. The Company determined that the ELOC was not indexed to the Company's own common stock and, therefore, should be accounted for in accordance with ASC 815: Derivatives. Accordingly, the Company recorded a derivative liability with an initial fair value of \$1.1 million based on the upfront commitment fee and the reimbursement amount to the investor as consideration for its irrevocable commitment to purchase up to 25,000,000 shares of the Company's common stock.

Subsequent changes in the fair value of the derivative liability are dependent upon, among other things, changes in the closing share price of the Company's common stock, the quantity and purchase price of shares purchased during the reporting period, the unused capacity under the ELOC as of the balance sheet date and the cost of raising other forms of capital. The Company adjusts the previous fair value estimate of the committed equity facility at each reporting period based on changes in the weighted average purchase price of shares purchased during the period, the unused capacity available under the ELOC, expected stock price volatility and other macroeconomic factors which impact the cost of raising comparable forms of capital.

The changes in the fair value of the committed equity facility were an increase of \$1.9 million for the year ended December 31, 2023, which is included in other (income) expense, net on the consolidated statements of operations and comprehensive income (loss). The fair value of the liability then is remeasured as of the settlement date equal to the difference between the volume weighted average price at a 3% discount compared to the fair value of the common stock.

Term Loan and Term Loan Warrant

The fair value of the Company's variable rate Term Loan approximates aggregate principal amount as the interest rate of the loan approximates market rates.

The Company issued a Class A Common Stock warrant in connection with the Term Loan (see Note 9 for additional information). The warrant was recorded based on the allocation of its relative fair value of the debt proceeds of \$4.1 million. The warrants were classified as equity instruments at inception with a corresponding

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. FAIR VALUE MEASUREMENT (cont.)

discount recorded at issuance against the outstanding note payable in connection with the Term Loan. The common stock warrant is not subject to remeasurement at each subsequent balance sheet date due to its classification as an equity instrument as it is considered indexed to the Company's stock. The Term Loan warrant expires in April 2033.

The Company determined the fair value of the Term Loan common stock warrant at issuance using the Black-Scholes option-pricing model using the following assumptions:

Expected dividend rate	—%
Risk-free interest rate	3.60%
Expected volatility	52%
Expected term (in years)	5

All of the Term Loan Warrants had been exercised during the year ended December 31, 2024. No Term Loan Warrants had been exercised during the year ended December 31, 2023.

Escrow Consideration

Derivative

The reconciliation of the Company's derivative measured at fair value on a recurring basis using unobservable inputs (Level 3) is as follows:

Balance as of December 31, 2024.	\$ 110
Change in the fair value of derivative	<u>4,676</u>
Balance as of December 31, 2025.	<u>\$ 4,786</u>

The Company accounted for the Escrow Consideration under Amelia acquisition as equity-classified shares issued as part of the consideration transferred. Upon the settlement of any valid indemnification claims against the selling shareholders, the escrow agent will return a number of shares to the Company equal to the dollar value of the indemnified loss divided by the reference price of \$5.35 as stipulated in the purchase agreement. The Company concluded that this variability in settlement value is a derivative that is required to be remeasured to fair value due to changes in stock price. During the year ended December 31, 2025, the Company recognized a gain of \$4.7 million related to the change in fair value of derivative under other income in the consolidated statement of operations and comprehensive loss.

Contingent Acquisition Liabilities

Contingent Holdback Consideration

The reconciliation of the Company's Contingent SYNQ3 Holdback Consideration measured at fair value, including the effect of measurement period adjustments, on a recurring basis using unobservable inputs (Level 3) is as follows:

Balance as of December 31, 2023.	\$ —
Acquisition of SYNQ3	981
Change in the fair value of liability	3,712
Measurement period adjustments	(411)
Settlement	<u>(206)</u>
Balance as of December 31, 2024.	4,076
Change in the fair value of liability	44
Settlement	<u>(4,120)</u>
Balance as of December 31, 2025.	<u>—</u>

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. FAIR VALUE MEASUREMENT (cont.)

The fair value of the cash portion of the Contingent Holdback Consideration was estimated based upon the holdback period of 15 months, and discounted using the risk-free interest rate based on the U.S. Treasury zero-coupon yield curve on the valuation date for a maturity similar to the 15-month holdback period. The fair value of the equity portion of the Contingent SYNQ3 Holdback Consideration was estimated based upon the value of the Company's Class A Common Stock price. The fair value of the Contingent SYNQ3 Holdback Consideration was initially measured on January 3, 2024, the date on which the Company completed the acquisition of SYNQ3. For the years ended December 31, 2025 and 2024, the Company recognized a loss of less than \$0.1 million and a loss of \$3.7 million related to the Contingent SYNQ3 Holdback Consideration, respectively.

The fair value of the Contingent Holdback Consideration has been estimated as of the Closing Date and December 31, 2024 under the following assumptions:

	January 3, 2024	December 31, 2024
Risk-free interest rate	4.6%	4.0%
Holdback period	1.25 years	0.25 years

Contingent Earnout Consideration

The reconciliation of the Company's contingent earnout consideration measured at fair value on a recurring basis using unobservable inputs (Level 3) is as follows:

Balance as of December 31, 2023.	\$ —
Acquisition of SYNQ3	1,676
Acquisition of Amelia.	66,269
Change in the fair value of liability*	218,953
Balance as of December 31, 2024.	286,898
Acquisition of Interactions	9,900
Change in the fair value of liability*	(163,171)
Balance as of December 31, 2025.	133,627

* Changes in the Company's year-end stock price resulted in adjustments to the fair value of contingent acquisition liabilities where future Contingent Earnout Consideration is marked-to-market on a quarterly basis, significantly impacting net loss and net loss per share during the years ended December 31, 2025 and 2024. The fluctuation is non-operating and non-cash in nature.

For the years ended December 31, 2025 and 2024, the Company recognized a gain of \$163.2 million and a loss of \$219.0 million related to the contingent earnout consideration, respectively, reflected in the change in fair value of contingent acquisition liabilities in the consolidated statement of operations and comprehensive loss.

The Company utilizes a Monte Carlo simulation to value the contingent earnout consideration. The Company selected this model as it believes it is reflective of all significant assumptions that market participants would likely consider in negotiating the transfer of the contingent earnout consideration. Such assumptions include, among other inputs, expected stock price volatility, risk-free rates, and change in control assumptions. The Company estimates the expected volatility of its common stock based on historical volatility of a peer group, considering the remaining term of the contingent earnout consideration. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the valuation date for a maturity similar to the expected remaining life of the contingent earnout consideration. The expected life of the contingent earnout consideration is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. FAIR VALUE MEASUREMENT (cont.)

The fair value of the Contingent SYNQ3 Earnout Consideration acquired from the SYNQ3 Acquisition has been estimated as of the Closing Date, December 31, 2024, and December 31, 2025, with the following assumptions for the unobservable inputs:

	<u>January 3, 2024</u>	<u>December 31, 2024</u>	<u>December 31, 2025</u>
Discount rate	12.6%	12.9%	13.1%
Expected stock price volatility	115.3%	130.0%	115.0%
Risk-free interest rate	4.2%	4.2%	3.5%
Expected dividend yield	0.0%	0.0%	0.0%
Expected life	0.5 – 2.5 years	0.50 – 1.50 years	1 year

The fair value of the Contingent Amelia Earnout Consideration acquired from the Amelia Acquisition has been estimated as of the Closing Date, December 31, 2024, and December 31, 2025, with the following assumptions for the unobservable inputs:

	<u>August 6, 2024</u>	<u>December 31, 2024</u>	<u>December 31, 2025</u>
Metric specific discount rate	8.0%	9.5%	8.5%
Earnout payment discount rate	3.8%	4.2%	3.4%
Expected stock price volatility	73.0%	68.0%	98.0%
Expected metric volatility	11.0%	12.0%	15.0%
Risk-free interest rate for target revenue	4.0%	4.2%	3.6%
Risk-free interest rate for stock price	3.8%	4.2%	3.5%
Expected dividend yield	—%	—%	—%
Expected life	1.4 – 2.4 years	1.0 – 2.0 years	1.0 year

The fair value of the Contingent Interactions Earnout Consideration acquired from the Interactions Acquisition has been estimated as of the Closing Date and December 31, 2025, with the following assumptions for the unobservable inputs:

	<u>September 3, 2025</u>	<u>December 31, 2025</u>
Metric specific discount rate	8.0%	8.0%
Risk-free interest rate for target revenue	3.5%	3.4%
Expected metric volatility	15.0%	20.0%
Earnout payment discount rate	6.8%	6.2%
Expected life	1.3 – 2.3 years	1.0 – 2.0 years

There were no transfers of financial instruments between Level 1, Level 2 and Level 3 during the years ended December 31, 2025 and 2024.

NOTE 13. PREFERRED STOCK

Series A Preferred Stock

Between January 18, 2023 and January 20, 2023, the Company entered into Preferred Stock Purchase Agreements (the “Purchase Agreements”) with certain investors (the “Investors”), pursuant to which the Company issued and sold to the Investors an aggregate of 835,011 shares of its newly designated Series A Convertible Preferred Stock for issuance price of \$30.00 per share, raising an aggregate of approximately \$25.0 million in cash proceeds. As of December 31, 2025 and December 31, 2024, all the Series A Preferred Stock have been converted to Class A Common Stock.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. PREFERRED STOCK (cont.)

Liquidation Preference

The Liquidation Preference per share of Preferred Stock was initially equal to \$30.00, the original issue price per share. On January 1, 2024, the Company's Series A Preferred Stock holders received their latest dividends paid-in-kind as an increase in Liquidation Preference, thereby increasing the Liquidation Preference per share to approximately \$34.13.

Redemption

The Series A Preferred Stock is not mandatorily redeemable.

Conversion

Each share of Series A Preferred Stock is convertible, at the option of the holder, into such number of shares of Class A Common Stock equal to the Liquidation Preference per share at the time of conversion divided by \$1.00 (the "Conversion Price"). In addition, each share of Series A Preferred Stock will automatically convert into shares of Class A Common Stock at the Conversion Price on or after January 20, 2024 if and when the daily volume-weighted average closing price per share of Class A Common Stock is at least 2.5 times the Conversion Price for each of any 90 trading days during any 120 consecutive trading day period, which 120-trading day period may commence (but may not end) prior to January 20, 2024. As of December 31, 2024, the condition of automatic conversion was met and all the remaining Series A Preferred Stock were automatically converted.

During the year ended December 31, 2024, 475,005 shares of preferred stock were converted into 16,624,215 shares of Class A Common Stock. The conversion was pursuant to the original terms of the agreement and therefore the carrying value of Series A Preferred Stock was converted into Class A Common Stock with no gain or loss upon conversion. There were no conversions during the year ended December 31, 2025.

Voting Rights

The Investors do not have voting rights, except with respect to certain protective provisions and as required by the Delaware General Corporation Law. However, as long as the Series A Preferred Stock are outstanding, the Company may not take certain actions that may materially and adversely impact the powers, preferences, or rights of the Investors without the consent of at least a majority of the Investors.

NOTE 14. COMMON STOCK

At the 2025 Annual Meeting of Stockholders held on May 23, 2025, the Company's stockholders approved to increase the number of authorized shares of Class A Common Stock from 455,000,000 to 755,000,000. As of December 31, 2025, the Company is authorized to issue 800,000,000 shares of capital stock, consisting of (a) 755,000,000 shares of Class A Common Stock with a par value of \$0.0001 per share, (b) 44,000,000 shares of Class B Common Stock with a par value of \$0.0001 per share, and (c) 1,000,000 shares of preferred stock with a par value of \$0.0001 per share. The outstanding shares of the Company's common stock are fully paid and non-assessable.

On all matters to be voted upon, subject to the rights of any holders of any series of preferred stock, holders of shares of Class A Common Stock and Class B Common Stock will vote together as a single class on all matters submitted to the stockholders for their vote or approval. Holders of Class A and B Common Stock are entitled to one vote and ten votes per share respectively on all matters submitted to the stockholders for their vote or approval.

Each share of Class B Common Stock shall convert into one fully paid and nonassessable share of Class A Common Stock upon mandatory or optional conversion. Shares of Class B Common Stock will be automatically converted into shares of Class A Common Stock upon the occurrence of certain future events, generally including transfers, subject to limited exceptions set forth in the amended charter. The conversion of Class B Common

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. COMMON STOCK (cont.)

Stock to Class A Common Stock will have the effect, over time, of increasing the relative voting power of those holders of Class B Common Stock who retain their shares in the long term. As a result, it is possible that one or more of the persons or entities holding our Class B Common Stock could gain significant voting control as other holders of Class B Common Stock sell or otherwise convert their shares into Class A Common Stock.

During the year ended December 31, 2024, certain holders of Class B Common Stock optionally converted 4,950,000 shares of Class B Common Stock into the same number of shares of Class A Common Stock. There was no conversion of Class B Common Stock during the year ended December 31, 2025.

Equity Line of Credit (“ELOC”)

On August 16, 2022, the Company entered into a common stock purchase agreement (“Common Stock Purchase Agreement”) and related registration rights agreement (the “CFPI Registration Rights Agreement”) with CF Principal Investments LLC (the “Counterparty”). Pursuant to the Common Stock Purchase Agreement, the Company had the right, but not the obligation, to direct the Counterparty to purchase up to 25,000,000 shares of Class A Common Stock, subject to certain limitations and conditions (the “ELOC Program”) at a purchase price equal to 97% of the volume weighted average stock price for a given purchase date. In connection with the execution of the Common Stock Purchase Agreement and the side letter on February 14, 2023, the Company issued 250,000 shares of Common Stock (the “Initial Commitment Shares”) and additional cash commitment fee of \$0.3 million.

The Company recorded Common Stock Purchase Agreement as a derivative liability with an initial fair value of \$1.1 million based on the upfront commitment fee in the form of proceeds from future issuance of commitment shares to the Counterparty plus certain fees and expenses as specified in the Purchase Agreement.

The Company recorded losses on changes in the fair value of the derivative liability associated with the ELOC Program of \$1.9 million for the year ended December 31, 2023 as other income, net on its consolidated statements of operations and comprehensive loss. The Company incurred third-party costs of \$0.2 million related to the execution of the Common Stock Purchase Agreement which were recorded as general and administrative expenses in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2023.

During the year ended December 31, 2023, the Company sold the entirety of the 25,000,000 shares for aggregate proceeds of approximately \$71.7 million, with the volume weighted average stock price of shares purchased by the Counterparty ranging from \$1.75 to \$4.26 per share.

Sales Agreement

On July 28, 2023, the Company entered into a Controlled Equity Offering Sales Agreement (the “Sales Agreement”) with Cantor Fitzgerald & Co., H.C. Wainwright & Co., LLC, and D.A. Davidson & Co. (each a “Sales Agent” and collectively, the “Sales Agents”), pursuant to which the Company may offer and sell up to \$150.0 million of shares of our Class A Common Stock from time to time through or to the Sales Agents acting as agent or principal. Sales of our Class A Common Stock under the Sales Agreement were made at market prices by any method that is deemed to be an “at the market offering” as defined in Rule 415 under the Securities Act. The Sales Agents were entitled to aggregate compensation at a fixed commission rate of 2.5% of the gross sales price per share sold under the Sales Agreement. We also agreed to reimburse the Sales Agents for certain specified expenses, including the reasonable and documented fees and disbursements of its legal counsel in an amount of \$0.1 million in the aggregate in connection with the execution of the Sales Agreement.

As of December 31, 2024, the Company sold 37,907,219 shares of our Class A common stock under the Sales Agreement, at a weighted-average price of \$3.62 per share and raised \$137.3 million of gross proceeds, which resulted in complete utilization of the Sales Agreement. After deducting approximately \$3.4 million of

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. COMMON STOCK (cont.)

commissions and offering costs incurred by the Company, the net proceeds from sales of Class A common stock was \$133.8 million. As of December 31, 2024, the Company had no remaining capacity to sell the Company's Class A common stock under the Sales Agreement.

Equity Distribution Agreement

On April 9, 2024, the Company entered into an Equity Distribution Agreement (the "Equity Distribution Agreement") with Citigroup Global Markets Inc., Barclays Capital Inc., Wedbush Securities Inc., Northland Securities, Inc. and Ladenburg Thalmann & Co. Inc. (the "Managers") with respect to an at-the-market equity program. Under this program, the Company was able to offer and sell up to \$150.0 million of shares of its Class A Common Stock from time to time through the Managers. Sales of Class A Common Stock under the Equity Distribution Agreement will be made at market prices by any method that is deemed to be an "at the market offering" as defined in Rule 415 under the Securities Act. The Managers were entitled to commission at a fixed rate of 2.5% of the gross sales price per share for their services in acting as agent in the sale of the Company's Class A Common Stock.

During the year ended December 31, 2024, the Company sold a total of 31,694,198 shares of our Class A common stock under the Equity Distribution Agreement, at a weighted-average price of \$4.73 per share and raised \$150.0 million of gross proceeds. After deducting approximately \$3.7 million of commissions and offering costs incurred by the Company, the net proceeds from sales of Class A common stock was \$146.2 million during the year ended December 31, 2024. As of December 31, 2024, the Company had no remaining capacity to sell the Company's Class A common stock under the Equity Distribution Agreement.

Execute Equity Distribution Agreement

On November 12, 2024, the Company entered into an Execute Equity Distribution Agreement (the "Execute Equity Distribution Agreement") with Barclays Capital Inc., Piper Sandler & Co., D.A. Davidson & Co., H.C. Wainwright & Co., LLC, and Joseph Gunnar & Co., LLC, (each, an "Agent," and, collectively, the "Agents") with respect to an at-the-market equity program. Under this program, the Company was able to offer and sell up to \$120.0 million of shares of its Class A Common Stock from time to time through the Agents. Sales of Class A Common Stock under the Execute Equity Distribution Agreement were made at market prices by any method that is deemed to be an "at the market offering" as defined in Rule 415 under the Securities Act. The Agents were entitled to commission at a fixed rate of 2.5% of the gross sales price per share for their services in acting as agent in the sale of the Company's Class A Common Stock.

During the year ended December 31, 2024, the Company sold a total of 16,224,989 shares of our Class A common stock under the Execute Equity Distribution Agreement, at a weighted-average price of \$7.40 per share and raised \$120.0 million of gross proceeds. After deducting approximately \$3.0 million of commissions and offering costs incurred by the Company, the net proceeds from sales of Class A common stock was \$117.0 million during the year ended December 31, 2024. As of December 31, 2024, the Company had no remaining capacity to sell the Company's Class A common stock under the Execute Equity Distribution Agreement.

Second Equity Distribution Agreement

On January 24, 2025, the Company entered into the Second Equity Distribution Agreement with Cantor Fitzgerald & Co., Guggenheim Securities, LLC, Oppenheimer & Co. Inc., Wedbush Securities Inc., Ladenburg Thalmann & Co. Inc. and Northland Securities, Inc. (each, an "Sales Manager," and, collectively, the "Sales Managers") with respect to an at-the-market equity program. Under this program, the Company may offer and sell up to \$250.0 million of shares of its Class A Common Stock from time to time through the Sales Managers. Sales of our Class A Common Stock, if any, under the Second Equity Distribution Agreement will be made at market prices by any method that is deemed to be an "at the market offering" as defined in Rule 415 under the Securities Act. The Sales Managers will be entitled to commission at a fixed rate of 2.0% of the gross sales price per share for their services in acting as agent in the sale of the Company's Class A Common Stock.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. COMMON STOCK (cont.)

During the year ended December 31, 2025, the Company sold 13,913,014 shares of its common stock under the Second Equity Distribution Agreement, at an average price of \$14.48 per share and raised \$201.5 million of gross proceeds, respectively. The commissions and offering costs borne by us were approximately \$4.0 million. As of December 31, 2025, the Company had a remaining capacity to sell up to an additional \$48.5 million of its common stock under the Second Equity Distribution Agreement.

NOTE 15. STOCK INCENTIVE PLANS

2016 Equity Incentive Plan

In April 2016, we adopted the 2016 Equity Incentive Plan (the “2016 Plan”) as a successor and continuation of the 2006 Plan. Under the 2016 Plan, the Company was permitted to grant awards of stock options and Restricted Stock Units (“RSUs”), as well as stock appreciation rights and other stock awards. The Company no longer has shares available for issuance under the 2016 Plan.

2022 Incentive Award Plan

The Company adopted the 2022 Incentive Award Plan (the “2022 Incentive Plan,” collectively, with the 2006 Plan and the 2016 Plan, the “Plans”), effective April 26, 2022. The Company reserved 19,650,371 shares of Class A Common Stock for the issuance of awards under the 2022 Incentive Plan (“the Initial Limit”). The Initial Limit represents 10% of the aggregate number of shares of the Company’s common stock outstanding immediately after the Closing and is subject to increase each year over a ten-year period. As of December 31, 2025, the Company had 9,967,757 shares remaining for issuance under the 2022 Incentive Plan.

2022 Employee Stock Purchase Plan

The Company adopted the 2022 Employee Stock Purchase Plan (the “ESPP”) effective April 26, 2022. An aggregate of 3,930,074 shares of the Company’s Class A Common Stock has been reserved for issuance or transfer pursuant to rights granted under the ESPP (“Aggregate Number”). The Aggregate Number represents 2% of the aggregate number of shares of the Company’s common stock outstanding immediately after the Closing and is subject to increase each year over a ten-year period. The ESPP provides eligible employees with an opportunity to purchase common stock from the Company at a discount through accumulated payroll deductions. The ESPP is being implemented through a series of offerings of purchase rights to eligible employees. Under the ESPP, the Company’s Board of Directors may specify offerings but generally provides for a duration of 27 months. The purchase price will be specified pursuant to the offering, but cannot, under the terms of the ESPP, be less than 85% of the lower of the fair market value per share of the Company’s common stock on either the offering date or on the purchase date. The ESPP also includes a six-month look-back provision for the purchase price if the stock price on the purchase date is less than the stock price on the offering date. The first offering period under the ESPP began on November 1, 2022. As of December 31, 2025, 1,216,324 shares of Class A Common Stock were issued under the ESPP.

2024 Employment Inducement Incentive Award Plan

The Company adopted 2024 Employment Inducement Incentive Award Plan (the “2024 Inducement Plan,” collectively, with the 2016 Plan and the 2022 Incentive Plan, the “Plans”) effective August 6, 2024. The Company reserved 6,000,000 shares of Class A Common Stock for the issuance of awards under the 2024 Inducement Plan. As of December 31, 2025, 2,569,834 shares remaining for issuance under the 2024 Inducement Plan.

Stock Options Activity

Options granted generally have a maximum term of 10 years from grant date, are exercisable upon vesting unless otherwise designated for early exercise by the Board of Directors at the time of grant, and generally vest over a four-year period, with a 25% cliff vesting after one year and then ratably on a monthly basis for the remaining three years.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. STOCK INCENTIVE PLANS (cont.)

Stock option activity under the Plans was as follows for the years ended December 31, 2025, 2024 and 2023:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in Thousands)
Outstanding, December 31, 2022	25,420,425	\$ 3.74	6.32	\$ 1,448
Exercised	(3,585,829)	2.37		5,207
Forfeited or cancelled	(4,993,229)	5.24		
Outstanding, December 31, 2023	16,841,367	\$ 3.59	4.77	\$ 1,392
Exercised	(9,806,309)	2.91		72,806
Forfeited or cancelled	(1,109,147)	4.76		
Outstanding, December 31, 2024	5,925,911	\$ 4.44	5.08	\$ 91,268
Exercised	(2,036,995)	4.22		22,034
Forfeited or cancelled	(5,503)	7.51		
Outstanding, December 31, 2025	3,883,413	\$ 4.55	4.51	\$ 21,051
Exercisable, December 31, 2025	3,877,860	4.55	4.50	21,026

Options exercised early are subject to the vesting provisions mentioned above, and any unvested shares are subject to repurchase at the original price upon termination of employment, death, or disability. There were no option exercises during the years ended December 31, 2025, 2024 and 2023 that were subject to repurchase.

There were no options granted during the years ended December 31, 2025, 2024, and 2023. The total fair value of options vested was approximately \$1.5 million, \$3.0 million and \$4.5 million during the years ended December 31, 2025, 2024 and 2023, respectively. The Company recorded stock-based compensation expense related to options of \$1.3 million, \$3.0 million and \$4.0 million for the years ended December 31, 2025, 2024 and 2023.

As of December 31, 2025, the total unrecognized stock-based compensation expense related to the unvested stock options was less than \$0.1 million, which we expect to recognize over a weighted-average period of 0.53 years.

For the purpose of determining the estimated fair value of share-based payment awards issued in the form of stock options, the Company uses the Black-Scholes option-pricing model. The assumptions under the Black-Scholes option-pricing model during the year ended December 31, 2022 were as follows for option awards:

	2022
Dividend yield	0%
Expected volatility	51%
Expected term (years)	5.88
Risk free interest rate	2.58%

Restricted Stock Units Activity

RSUs granted generally vest over a four-year period, with 25% cliff vesting after one year and then ratably on a monthly basis for the remaining three years. Besides RSUs with vesting condition tied to requisite service period, the Company also issues RSUs with vesting conditions tied to certain market conditions (“Market-Based RSUs”) and RSUs with vesting conditions tied to certain performance criteria (“Performance-Based RSUs”).

In connection with the SYNQ3 Acquisition, the Company granted 1,434,978 RSUs (the “Retention Pool”), 25% of which is subject to service conditions that vest at the end of each of the upcoming three fiscal years and 75% of which is subject to both service and performance-based vesting conditions at the end of each of the upcoming three fiscal years, respectively.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. STOCK INCENTIVE PLANS (cont.)

The performance level for each of the fiscal years 2024, 2025 and 2026 is based on tiered annual revenue targets, subject to a floor of \$9.0 million, \$21.0 million and \$30.0 million, respectively, with vesting ranging from 50% to 100% of the RSUs granted depending on the level of achievement of the specified revenue target in each year.

The Company assesses the probability of vesting of the above performance-based awards from the Retention Pool every reporting period. As of December 31, 2025, the 2024 performance target was not met, but the 2025 performance target was met. The Company assessed the 2026 performance target as probable of being met.

The Company also granted 3,533,500 RSUs that vest over a four-year requisite service period to Amelia employees during the year ended December 31, 2025. Additionally, the Company granted 10,045,389 RSUs to other employees of the Company during the year ended December 31, 2025. As a result, the Company granted total of 13,578,889 RSUs during the year ended December 31, 2025.

The activity for unvested Restricted Stock Units under the Plans was as follows for the years ended December 31, 2025, 2024 and 2023:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested, December 31, 2023	16,343,591	3.39
Granted	14,009,111	4.14
Vested	(7,322,556)	3.44
Forfeited	(1,239,891)	3.15
Unvested, December 31, 2024	21,790,255	3.87
Granted	13,628,889	12.34
Vested	(12,093,741)	5.66
Forfeited	(1,722,039)	5.41
Unvested, December 31, 2025	<u>21,603,364</u>	<u>8.09</u>

The Company recorded stock-based compensation expense of \$4.0 million, \$1.1 million and \$1.3 million related to Performance-Based RSUs during the years ended December 31, 2025, 2024, and 2023, respectively. As of December 31, 2025, the total unrecognized stock-based compensation expense related to the unvested Performance-based RSUs was approximately \$3.9 million. There were 50,000 Performance-Based RSUs granted during the year ended December 31, 2025.

The Company recorded less than \$0.1 million, \$0.6 million and \$1.5 million in stock-based compensation expense related to Market-Based RSUs during the year ended December 31, 2025, 2024 and 2023, respectively. As of December 31, 2025, there was no unrecognized stock-based compensation expense related to the unvested Market-Based RSUs.

To derive the fair value of Market-Based RSUs, the Company applies a Monte Carlo simulation to determine the grant date fair value. The Company did not grant Market-Based RSUs during the years ended December 31, 2025, 2024, and 2023.

During the years ended December 31, 2025, 2024 and 2023, the fair value of RSUs that vested was \$66.1 million, \$24.1 million, and \$25.5 million. During the years ended December 31, 2025, 2024, and 2023, the Company recorded \$70.6 million, \$27.2 million, and \$20.4 million of stock-based compensation related to RSUs. As of December 31, 2025, the total unrecognized stock-based compensation expense related to the unvested RSUs with service conditions was approximately \$157.7 million.

The total unrecognized stock-based compensation related to unvested RSUs is \$161.6 million and this will vest over a weighted average period of 2.48 years.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. STOCK INCENTIVE PLANS (cont.)

Restricted Stock Awards Activity

In connection with the SYNQ3 Acquisition, a total of 2,033,156 unvested restricted Class A Common Stock shares (“RSAs”) were issued, 25% of which are subject to service conditions that vest at the end of each of the upcoming three fiscal years in three tranches, and 75% of which is subject to both service and performance-based vesting conditions in three tranches. As of December 31, 2025, 465,349 RSAs were vested and 508,289 RSAs were forfeited as a result of the targets not met or not probable of being met.

The performance level for each of the fiscal years 2024, 2025 and 2026 is based on tiered annual revenue targets, subject to a floor of \$9.0 million, \$21.0 million and \$30.0 million, respectively, with vesting ranging from 50% to 100% of the RSAs granted depending on the level of achievement of the specified revenue target in each year.

The Company assesses the probability of vesting of the above performance-based awards every reporting period. As of December 31, 2025, the 2024 performance target was not met, but the 2025 performance target was met. The Company assessed the 2026 performance target as probable of being met.

The activity for unvested Restricted Stock Awards was as follows for the year ended December 31, 2025:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested, December 31, 2023	—	—
Granted	2,033,156	1.98
Vested	(169,430)	1.98
Forfeited	—	—
Unvested, December 31, 2024	1,863,726	1.98
Granted	—	—
Vested	(295,919)	1.98
Forfeited	(508,289)	1.98
Unvested, December 31, 2025	<u>1,059,518</u>	<u>1.98</u>

The Company recorded stock-based compensation expense of \$5.7 million and \$0.8 million related to RSAs during the years ended December 31, 2025 and 2024, respectively.

As of December 31, 2025, the total unrecognized stock-based compensation expense related to the unvested RSAs subject to service-based vesting condition and unvested RSAs subject to performance-based vesting condition was approximately \$0.1 million and \$0.3 million, respectively, over a weighted average period of 1.00 years. Refer to Note 3 for further information on the SYNQ3 Acquisition.

ESPP Activity

For the purpose of determining the estimated fair value of ESPP shares, the Company uses the Black-Scholes option-pricing model. The assumptions under the Black-Scholes option-pricing model during the years ended December 31, 2025, 2024, and 2023 were as follows for ESPP awards:

	Year Ended December 31, 2025	Year Ended December 31, 2024	Year Ended December 31, 2023
Dividend yield	0%	0%	0%
Expected volatility	96%	84%	56%
Expected term (years)	0.50	0.50	0.49
Risk free interest rate	3.74%	4.40%	5.26%

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. STOCK INCENTIVE PLANS (cont.)

During the years ended December 31, 2025, 2024 and 2023, the Company recorded \$1.4 million, \$0.5 million and \$0.4 million of stock-based compensation related to its ESPP. There was \$0.6 million of unrecognized stock-based compensation expense for the year ended December 31, 2025, related to the ESPP that is expected to be recognized over an average vesting period of 0.36 years.

Equity Award Modifications

In connection with the Restructuring Plan (as defined in Note 11), the Company entered into severance arrangements with 166 affected employees. Pursuant to these arrangements, these employees received acceleration of vesting of RSUs and extensions of the post-termination exercise period of stock option awards. All award modifications related to restructuring activities were expensed in the year ended December 31, 2023. The total incremental compensation cost resulting from these modifications is \$3.2 million. There were no significant modifications during the years ended December 31, 2025 and 2024.

Stock-Based Compensation

Stock-based compensation is classified in the following expense accounts on the consolidated statements of operations and comprehensive loss for the years ended December 31, 2025, 2024 and 2023 (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Cost of revenues	\$ 8,899	\$ 458	\$ 412
Sales and marketing	15,990	4,818	3,601
Research and development	35,270	16,203	11,992
General and administrative	22,892	11,666	8,784
Restructuring costs	—	—	3,142
Less: Capitalized software development costs	(2,431)	—	—
Total	\$ 80,620	\$ 33,145	\$ 27,931

NOTE 16. LEASES

The Company leases certain facilities under non-cancelable operating leases that expire at various dates through 2030. Some leases include renewal options, which would permit extensions of the expiration dates at rates approximating fair market rental values. The Company also enters into certain finance leases for computer equipment. The finance leases are collateralized by the financed assets.

Aggregate non-cancelable future minimum lease payments under operating and finance leases were as follows as of December 31, 2025 (in thousands):

	Operating Lease	Finance Lease
Year Ending December 31:		
2026	\$ 2,037	\$ 377
2027	797	119
2028	580	40
2029	501	—
2030	334	—
Thereafter	—	—
Total	4,249	536
Less: imputed interest	(386)	(58)
Present value of lease liabilities	3,863	478
Less: current portion	(1,812)	(332)
Add: immaterial difference	\$ 18	\$ —
Lease liabilities, net of current portion	\$ 2,069	\$ 146

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16. LEASES (cont.)

The components of lease cost were as follows during the years ended December 31, 2025, 2024 and 2023 (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Operating lease cost	\$ 2,703	\$ 2,628	\$ 3,177
Short-term lease cost.	\$ 957	\$ 972	\$ 1,298
Finance lease cost:			
Amortization of finance leased assets	\$ 149	\$ 134	\$ 161
Interest on lease liabilities.	\$ 29	\$ 11	\$ 23

The table below presents additional information related to our leases as of December 31, 2025:

	Operating Lease	Finance Lease
Weighted average remaining lease term (years)	2.53	0.92
Weighted average discount rate.	10.67%	14.00%

The Company's rent expense totaled approximately \$4.0 million, \$4.5 million and \$5.3 million during the years ended December 31, 2025, 2024 and 2023, respectively.

NOTE 17. OTHER INCOME, NET

Other income, net on the consolidated statements of operations and comprehensive loss is comprised of the following for the years ended December 31, 2025, 2024 and 2023 (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Other income, net:			
Interest income	\$ 9,799	\$ 8,370	\$ 2,866
Change in fair value of derivative.	4,676	—	—
Loss on change in fair value of ELOC program.	—	—	(1,901)
Gain on bargain purchase	—	1,223	—
Other income (expense), net	193	(371)	190
Total other income, net	<u>\$ 14,668</u>	<u>\$ 9,222</u>	<u>\$ 1,155</u>

NOTE 18. NET LOSS PER SHARE

The following table presents the calculation of basic and diluted net loss per share attributable to common stockholders for the years ended December 31, 2025, 2024 and 2023:

	Year Ended December 31,		
	2025	2024	2023
Numerator:			
Net loss	\$ (14,006)	\$ (350,681)	\$ (88,937)
Cumulative dividends attributable to Series A Preferred Stock	—	(416)	(2,774)
Net loss attributable to common stockholders – basic	<u>\$ (14,006)</u>	<u>\$ (351,097)</u>	<u>\$ (91,711)</u>
Net loss	\$ (14,006)	\$ (350,681)	\$ (88,937)
Effect of potentially dilutive equivalent shares to net loss . .	(99,512)	—	—
Cumulative dividends attributable to Series A Preferred Stock	—	(416)	(2,774)
Net loss attributable to common stockholders – diluted.	<u>\$ (113,518)</u>	<u>\$ (351,097)</u>	<u>\$ (91,711)</u>

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18. NET LOSS PER SHARE (cont.)

	Year Ended December 31,		
	2025	2024	2023
Denominator:			
Weighted average shares outstanding – basic	405,421,412	338,462,574	229,264,904
Effect of potentially dilutive equivalent shares	4,034,930	—	—
Weighted average shares outstanding – diluted	<u>409,456,342</u>	<u>338,462,574</u>	<u>229,264,904</u>
Basic net loss per share	\$ (0.03)	\$ (1.04)	\$ (0.40)
Diluted net loss per share	\$ (0.28)	\$ (1.04)	\$ (0.40)

For the years ended December 31, 2024 and 2023, the diluted net loss per share is equal to the basic earnings per share as the effect of potentially dilutive securities would have been antidilutive.

The following table summarizes the outstanding shares of potentially dilutive securities that were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive for the years ended December 31, 2025, 2024 and 2023:

	Year Ended December 31,		
	2025	2024	2023
Stock-based awards	20,336,025	24,918,197	33,484,074
Unvested restricted share awards	551,229	338,859	—
Common stock warrants	3,654,115	3,663,955	6,967,532
Contingently issuable shares	119,096	—	—
Series A Preferred Stock	—	—	16,226,645
Total	<u>24,660,465</u>	<u>28,921,011</u>	<u>56,678,251</u>

The table above does not include: (i) 1,755,078, 4,342,570, and zero shares of unvested stock-based awards and restricted stock awards, respectively, and (ii) 6,085,802, 18,257,365 and zero shares of contingently issuable earnout shares, respectively; outstanding as of December 31, 2025, 2024 and 2023, as these awards are subject to performance conditions that were not met as of those dates. The table also excludes 274,191 and zero shares associated with the Contingent SYNQ3 Holdback Consideration in connection with the SYNQ3 Acquisition, respectively, as these shares are subject to contingencies that were not met as of December 31, 2024 and 2023.

The shares issued and held in escrow for the Amelia Acquisition are participating securities that contractually entitle the holders of such shares to participate in the combined entity's earnings but do not contractually require the holders of such shares to participate in the combined entity's losses. The weighted average shares outstanding used to calculate basic net loss per share attributable to common stockholders for the years ended December 31, 2025 and 2024 excludes the 1,918,969 and 2,149,530 shares, respectively, of the Company's Class A Common Stock held in escrow as they are considered contingently returnable shares until the indemnifications subject to escrow have been resolved.

NOTE 19. INCOME TAXES

The following is a geographical breakdown of income (loss) before income taxes (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Domestic	\$ (15,244)	\$ (363,347)	\$ (86,724)
Foreign	5,970	3,419	1,701
	<u>\$ (9,274)</u>	<u>\$ (359,928)</u>	<u>\$ (85,023)</u>

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19. INCOME TAXES (cont.)

The provision (benefit) for income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Current provision:			
Federal	\$ —	\$ —	\$ —
State	—	2	3
Foreign	3,394	2,934	3,881
Total current provision	<u>\$ 3,394</u>	<u>\$ 2,936</u>	<u>\$ 3,884</u>
Deferred provision:			
Federal	\$ —	\$ (10,492)	\$ —
State	—	(1,701)	—
Foreign	1,338	10	30
Total deferred provision	<u>\$ 1,338</u>	<u>\$ (12,183)</u>	<u>\$ 30</u>
Total provision (benefit) for income taxes	<u>\$ 4,732</u>	<u>\$ (9,247)</u>	<u>\$ 3,914</u>
Effective tax rate	<u>(51.0)%</u>	<u>2.6%</u>	<u>(4.6)%</u>

The Company has incurred net pre-tax losses in the United States only for all periods presented. The Company recorded an income tax expense (benefit) of \$4.7 million, \$(9.2) million, and \$3.9 million for the years ended December 31, 2025, 2024, and 2023, respectively. The 2024 tax benefit relates to tax benefits from acquisitions, partially offset by withholding tax paid for sales to customers in foreign jurisdictions and income tax related to foreign subsidiaries. The 2023 and 2025 tax expense relates to withholding tax paid for sales to customers in foreign jurisdictions and income tax related to foreign subsidiaries.

The following table is a reconciliation of the U.S. federal statutory tax rate of 21% to the Company's effective tax rate and the provision for (benefit from) income taxes for the years ended December 31, 2025, 2024, and 2023 after adoption of ASU 2023-09 (in thousands):

	Year Ended December 31,					
	2025		2024		2023	
	Total	%	Total	%	Total	%
Tax at the U.S. federal statutory rate	(1,948)	21.0%	(75,585)	21.0%	(17,855)	21.0%
State and local income taxes, net of federal income tax effects	—	—%	2	—%	3	—%
Foreign tax effects:						
South Korea						
Withholding tax	1,600	(17.3)%	1,851	(0.5)%	3,689	(4.3)%
Other	(4)	—%	(4)	—%	(7)	—%
China						
Other	485	(5.2)%	(84)	—%	(21)	—%
Peru						
Withholding tax	1,121	(12.1)%	501	(0.1)%	—	—%
Other	(62)	0.7%	(1)	—%	—	—%
Netherlands						
Unrealized FX gain/loss	565	(6.1)%	—	—%	—	—%
Other	(308)	3.3%	(24)	—%	—	—%
Other foreign jurisdictions	81	(0.9)%	(16)	—%	(108)	0.1%
Tax credits:						
Research & development tax credits	(4,061)	43.8%	(4,881)	1.4%	(2,302)	2.7%
Changes in valuation allowance	43,550	(469.6)%	39,083	(10.9)%	18,604	(21.9)%

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19. INCOME TAXES (cont.)

	Year Ended December 31,					
	2025		2024		2023	
	Total	%	Total	%	Total	%
Nontaxable or nondeductible items:						
Stock based compensation	(12,233)	131.9%	(15,224)	4.2%	2,289	(2.7)%
Sec. 162(m) disallowance	8,461	(91.2)%	9,457	(2.6)%	270	(0.3)%
Change in fair value of contingent acquisition liabilities	(34,257)	369.4%	46,761	(13.0)%	—	—%
Withholding tax deduction	(348)	3.8%	(441)	0.1%	(775)	0.9%
Transaction costs	590	(6.4)%	1,451	(0.4)%	(733)	0.9%
Remeasurement gain/loss	(968)	10.4%	11	—%	—	—%
Other	80	(0.9)%	159	—%	799	(0.9)%
Changes in unrecognized tax benefits . . .	8	(0.1)%	(7)	—%	197	(0.2)%
Other adjustments:						
Acquisition	2,158	(23.3)%	(12,189)	3.4%	—	—%
Other deferred adjustments	222	(2.4)%	(67)	—%	(136)	0.2%
Effective tax rate	<u>\$ 4,732</u>	(51.0)%	<u>\$ (9,247)</u>	2.6%	<u>\$ 3,914</u>	(4.6)%

The components of our deferred tax assets and liabilities were as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Deferred tax assets:		
Net operating loss carryforwards	\$ 210,500	\$ 127,680
Research and development credits	29,476	23,934
Property and equipment	1,955	1,936
Deferred revenue	4,873	5,260
Interest expense	3,485	5,484
Stock-based compensation	3,497	2,704
Operating lease liabilities	958	1,014
Section 174 research and development capitalization	41,922	40,648
Accruals and reserves	2,530	2,780
Other	—	2
Total deferred tax assets	<u>299,196</u>	<u>211,442</u>
Valuation allowance	<u>(260,164)</u>	<u>(170,219)</u>
Total deferred tax assets, net	<u>39,032</u>	<u>41,223</u>
Deferred tax liabilities:		
Right-of-use assets	(936)	(1,017)
Intangible assets	(39,430)	(40,202)
Total deferred tax liabilities	<u>(40,366)</u>	<u>(41,219)</u>
Net deferred tax assets	<u>\$ (1,334)</u>	<u>\$ 4</u>

Based on available objective evidence, management believes it is more-likely-than-not that the domestic federal and state deferred tax assets; and excess Canadian SR&ED tax credits will not be fully realized due to the Company's cumulative losses arising in the United States, and its inability to utilize excess tax credits in Canada. Accordingly, the Company has recorded a valuation allowance on deferred tax assets in excess of deferred tax liabilities against its federal and state deferred tax assets and excess Canadian SR&ED tax credits as of December 31, 2025 and 2024. The valuation allowance increased by \$90.0 million from the year ended December 31, 2024 to December 31, 2025.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19. INCOME TAXES (cont.)

The Company has not provided U.S. income or foreign withholding taxes on the undistributed earnings of its foreign subsidiaries as of December 31, 2025 because it intends to indefinitely reinvest such earnings outside of the U.S. If these foreign earnings were to be repatriated in the future, the related U.S. tax liability will not be material.

As of December 31, 2025, the Company had net operating loss carryforwards of \$892.9 million of U.S. federal and \$379.7 million of state net operating loss carryforwards available to reduce future taxable income. The federal and state net operating loss carryforwards will start to expire in 2026 with the exception of \$691.0 million federal net operating loss carryforwards and \$18.5 million state net operating loss carryforwards, which can be carried forward indefinitely.

The Company had federal and state research and development credit carryforwards of \$27.2 million and \$15.4 million, respectively, as of December 31, 2025. The federal credits will expire starting in 2029 if not utilized. The state credits can be carried forward indefinitely. The Company also had Canadian SR&ED tax credits of \$1.9 million, which will expire starting in 2039 if not utilized.

Under Sections 382 and 383 of the Internal Revenue Code of 1986 and similar state tax laws, utilization of net operating loss carryforwards and tax credits may be subject to annual limitations due to certain ownership changes. The Company's net operating loss carryforwards and tax credits could expire before utilization if subject to annual limitations.

The Company files U.S. federal income tax returns as well as income tax returns in many U.S. states and foreign jurisdictions. As of December 31, 2025, the tax years 2005 through the current period remain open to examination by the major jurisdictions in which the Company is subject to tax. Fiscal years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years, which have been carried forward and may be audited in subsequent years when utilized.

Changes in gross unrecognized tax benefits during the periods presented were as follows (in thousands):

Balance as of December 31, 2022.	\$	6,130
Increase for tax positions of prior years		370
Increase for tax positions of current year		1,095
Balance as of December 31, 2023.	\$	7,595
Increase for tax positions of prior years		877
Decrease for tax positions of prior years		(4)
Increase for tax positions of current year		2,784
Balance as of December 31, 2024.	\$	11,252
Increase for tax positions of prior years		408
Decrease for tax positions of prior years		(708)
Increase for tax positions of current year		2,402
Balance as of December 31, 2025.	\$	<u>13,354</u>

\$0.6 million of the unrecognized tax benefits, if recognized, would affect the effective tax rate. \$12.8 million of the unrecognized tax benefits, if recognized, would not affect the effective tax rate and would be offset by the reversal of related deferred tax assets which are subject to a full valuation allowance. As of December 31, 2025, the Company has accrued \$0.1 million interest and penalties related to unrecognized tax benefits.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19. INCOME TAXES (cont.)

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the United States. Included in this legislation are provisions that allow for the immediate expensing of domestic United States research and development expenses and acceleration of tax deductions for qualified capital expenditures acquired and placed into service after January 19, 2025, and other changes to the U.S. taxation of profits derived from foreign operations. The legislation has multiple effective dates, with various effective dates between 2025 and 2027. The Company evaluated the OBBBA and included its impact within our consolidated financial statements. The Company will continue to assess the full impact of these legislative changes as additional guidance becomes available.

The amount of cash paid for income taxes, net of refunds, is as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
U.S. federal	\$ —	\$ —	\$ —
State and local	—	15	3
Total U.S.	\$ —	\$ 15	\$ 3
Foreign			
South Korea	\$ 2,262	\$ 1,628	\$ 1,694
Peru	712	523	—
Netherlands	687	—	—
Germany	*	*	404
India	*	332	—
France	*	*	226
Japan	—	140	*
Other	709	79	29
Total foreign	\$ 4,370	\$ 2,702	\$ 2,353
Total income taxes paid, net of refunds.	\$ 4,370	\$ 2,717	\$ 2,356

* Income taxes paid, net of refunds do not meet the disaggregation threshold in years 2025, 2024 and 2023. Such amounts are not presented as comparative disclosures because such disclosures are not required.

NOTE 20. RELATED PARTY TRANSACTIONS

On January 24, 2025, the Company entered into an Equity Distribution Agreement with Guggenheim Securities, LLC and other Sales Managers with respect to an at-the-market equity program. Under this program, the Company may offer and sell up to \$250.0 million of shares of its Class A Common Stock from time to time through the Sales Managers. Refer to Note 14 to the consolidated financial statements for more information.

The brother of one of our Board of Directors is a Senior Advisor to Guggenheim Securities, LLC and a member of the Guggenheim Securities investment banking team. Our board member did not participate in the Company’s decision to engage Guggenheim Securities, LLC to sell the Company’s Class A Common Stock under at-the-market equity program and disclosed the fact that his brother would be involved in the services to be provided by Guggenheim Securities, LLC to the Company in advance of the determination by the Company to engage Guggenheim Securities, LLC. During the year ended December 31, 2025, the Company paid commissions of \$0.4 million to Guggenheim Securities, LLC for the Class A Common Stock sold through it as a Sales Manager.

SOUNDHOUND AI, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21. SEGMENT INFORMATION

The Company organized its operations into a single reportable segment, managed on a consolidated basis. The Company has determined that the Chief Executive Officer is its chief operating decision maker (“CODM”). The CODM assesses performance for the segment and decides how to allocate resources based on net loss that also is reported on the income statement as consolidated net loss. The CODM compares net loss from budget to actual result to assess segment performance and adjust resource allocations as necessary.

The personnel-related costs are the significant segment expenses included in the net loss that are regularly provided to the CODM. Personnel-related costs were \$204.4 million, \$114.1 million and \$73.1 million, respectively, and represented 63.4%, 60.5% and 66.5%, respectively, of total operating expenses during the years ended December 31, 2025, 2024, and 2023.

NOTE 22. SUBSEQUENT EVENTS

On January 23, 2026, the Company paid \$4.7 million to the selling shareholders under Interaction Acquisition to settle a portion of the Contingent Interactions Earnout Consideration due to the achievement of the target through the renewal of an existing contract with a specific customer.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of December 31, 2025 due to the material weaknesses in the Company's internal control over financial reporting described below. However, after giving full consideration to the material weaknesses described below, and the additional analyses and other procedures management performed to ensure that its consolidated financial statements included in this Annual Report were prepared in accordance with U.S. GAAP, the Company's management has concluded that its consolidated financial statements present fairly, in all material respects, its financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. GAAP.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In making this assessment, our management used the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements may not be prevented or detected on a timely basis.

The Company did not maintain an effective control environment as it lacked sufficient oversight of activities related to its internal control over financial reporting due to a lack of an appropriate level of experience and training commensurate with its financial reporting requirements. Further, due to rapid business growth, changes to existing controls or the implementation of new controls have not been sufficient to respond to changes to the risks of material misstatement to financial reporting, which resulted in the Company not designing and maintaining effective controls related to substantially all accounts and disclosures. These material weaknesses contributed to the following additional material weaknesses as of December 31, 2025:

- The Company did not design and maintain effective controls related to the identification of and accounting for certain non-routine, unusual or complex transactions, including the accounting for complex financing transactions.
- The Company did not design and maintain effective controls to verify appropriate segregation of duties, including assessment of incompatible duties, identification of instances where incompatible duties were assigned to an individual, and addressing conflicts on a timely basis.

The material weaknesses related to the control environment, risk assessment and the accounting for certain non-routine, unusual or complex transactions resulted in the revision of the consolidated financial statements as of and for the periods ended September 30, 2022, December 31, 2022, March 31, 2023, June 30, 2023, and immaterial errors in various accounts during the interim and annual periods during 2023, 2024 and 2025. The material weakness related to segregation of duties did not result in a misstatement to our annual or interim consolidated financial statements.

Additionally, the material weaknesses could result in misstatements to substantially all of our accounts and disclosures that would result in a material misstatement of the annual or interim consolidated financial statements that would not be prevented or detected.

Because of these material weaknesses, management concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2025.

We excluded Interactions Corporation from our assessment of internal control over financial reporting as of December 31, 2025, because it was acquired by the Company in a purchase business combination during the third quarter of 2025. The total assets and total revenues of Interactions Corporation, which is a wholly-owned subsidiary, excluded from management's assessment represent approximately 5% and 14%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2025.

The effectiveness of our internal control over financial reporting as of December 31, 2025, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears under Item 8.

Management's Plan to Remediate the Material Weaknesses

The following remediation actions are currently being implemented and are in process:

- Conducting an updated annual Segregation of Duties assessment identifying key conflicts and mitigating controls.
- Designing and implementing controls related to the review and approval of complex or unusual transactions.
- Designing and implementing new control activities and enhancing existing control activities across business processes.

The following remediation actions were completed during the quarter ended December 31, 2025:

- Implemented a Segregation of Duties automated tool for our Enterprise Resource Planning (ERP) system.
- Completed a risk assessment that includes the identification and walkthrough of key business processes.
- Designed and implemented new control activities and enhanced the design of existing control activities related to the revenue and financial reporting processes.

The material weaknesses will not be considered remediated until management completes the design and implementation of the necessary controls, the controls operate for a sufficient period of time, and management has concluded, through testing, that the enhanced controls are operating effectively.

Remediation of Previously Identified Material Weaknesses

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024, and in the subsequent quarterly reports on Form 10-Q for 2025, management concluded the following material weaknesses existed in the Company's internal control over financial reporting:

- The Company did not design and maintain effective controls over certain information technology (IT) general controls over information systems that are relevant to the preparation of the Company's financial statements. Specifically, the Company did not design and maintain: (i) user access controls to ensure appropriate segregation of duties and to adequately restrict user and privileged access to appropriate personnel; (ii) program change management controls to ensure that program and data changes are identified, tested, authorized and implemented appropriately; and (iii) computer operations controls to ensure that processing and transfer of data, and data backups and recovery are monitored.
- The Company did not design and maintain effective controls related to the accounting for acquisitions.

The Company's actions and measures designed to remediate the control deficiencies that led to the material weaknesses included:

- Redesigned and enhanced existing controls related to IT general controls.
- Redesigned and enhanced existing controls related to the accounting for acquisitions.

Management has completed its evaluation of the design and operating effectiveness of the redesigned and enhanced control activities and determined that, as of December 31, 2025, these control activities have been appropriately designed and implemented, and have operated effectively for a sufficient period of time to conclude that these previously identified material weaknesses have been remediated.

Changes in Internal Control over Financial Reporting

As noted above under Management's Plan to Remediate the Material Weaknesses, there were changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarterly period ended December 31, 2025 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

Insider Trading Arrangements

During the fiscal quarter ended December 31, 2025, the following Section 16 officers and directors adopted, modified or terminated a "Rule 10b5-1 trading arrangement" (as defined in Item 408 of Regulation S-K of the Exchange Act):

- Dr. Keyvan Mohajer, Chief Executive Officer and Director, adopted a new trading plan on November 24, 2025 (with the first trade under the new plan not to be made prior to March 2, 2026). The trading plan will be effective until June 15, 2026 and provides for the sale of up to 2,400,000 shares of Dr. Mohajer's 14,139,064 shares of Class B Common Stock and up to 931,899 shares of Class A Common Stock issuable upon vesting and settlement of certain RSUs and PSUs, provided that certain conditions are met.
- Nitesh Sharan, Chief Financial Officer, adopted a new trading plan on November 20, 2025 (with the first trade under the new plan not to be made prior to March 2, 2026). The trading plan will be effective until December 31, 2026 and provides for the sale of up to 120,000 shares of Class A Common Stock issuable upon exercise of outstanding options and up to 140,754 shares of Class A Common Stock, provided that certain conditions are met.
- James M. Hom, Chief Product Officer and Director, adopted a new trading plan on November 19, 2025 (with the first trade under the new plan not to be made prior to April 1, 2026). The trading plan will be effective until June 30, 2026 and provides for the sale of up to 750,000 shares of Mr. Hom's 1,812,588 shares of Class B Common Stock, up to 239,932 shares of Class A Common Stock issuable upon vesting and settlement of certain RSUs, provided that certain conditions are met.

There were no "non-Rule 10b5-1 trading arrangements" (as defined in Item 408 of Regulation S-K of the Exchange Act) adopted, modified or terminated during the fiscal quarter ended December 31, 2025 by our directors and Section 16 officers. Each of the Rule 10b5-1 trading arrangements are in accordance with our Insider Trading Policy and actual sale transactions made pursuant to such trading arrangements will be disclosed publicly in Section 16 filings with the SEC in accordance with applicable securities laws, rules and regulations.

Additional Information

The Company's 2026 Annual Meeting of Stockholders will be held on May 22, 2026.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Current Directors and Executive Officers

Listed below are the names of the current directors and executive officers of the Company, the names, ages, and certain other information as of December 31, 2025 for each director and each executive officer are set forth below.

<u>Name</u>	<u>Age</u>	<u>Position with the Company</u>
Dr. Keyvan Mohajer	48	Director, Chief Executive Officer
James Hom	42	Director, Chief Product Officer
Larry Marcus	60	Director
Diana Sroka	53	Director
Dr. Eric Ball	62	Director
Dr. Majid Emami	49	Chief Science Officer and Senior Vice President of Engineering
Nitesh Sharan	51	Chief Financial Officer
Michael Zagorsek	51	Chief Operating Officer

To the best of the Company's knowledge, there are no other arrangements or understandings currently existing between any director or executive officer and any other person pursuant to which any person was selected as a director or executive officer. There are no family relationships between any of the Company's directors or executive officers.

To the Company's knowledge there have been no material legal proceedings as described in instruction 4 to Item 103 of Regulation S-K or Item 401(f) of Regulation S-K during the last ten years that are material to an evaluation of the ability or integrity of any of the Company's directors or executive officers.

Background of Current Directors and Executive Officers

The following sets forth the biographical background information for all of our current directors and executive officers:

Dr. Keyvan Mohajer. Dr. Keyvan Mohajer has been our Chief Executive Officer and a member of the Board since the consummation of the Company's merger with SoundHound, Inc. in April 2022 (the "Business Combination"). Dr. Mohajer has served as the Chief Executive Officer and a member of the Board of Directors of SoundHound, Inc. since 2005, when he cofounded SoundHound. Dr. Mohajer is a technical founder and visionary entrepreneur with over 20 years of experience scaling multiple companies. Dr. Mohajer is a key contributor to SoundHound's core technologies, with over 90 patents granted or pending. In 2017, Dr. Mohajer was named a "Top 40 Under 40" business leader by Silicon Valley Business Journal. Dr. Mohajer received his Bachelor of Science degree in Electrical Engineering from the University of Toronto in 2000, his Master of Science from Stanford University in 2002 and his Ph.D. in Electrical Engineering from Stanford University in 2007. We believe that Dr. Mohajer, as a founder of the company, is well qualified to serve as a member of the Board because of his extensive knowledge of the Company's business and technologies.

James Hom. James Hom has been a member of the Board and Chief Product Officer since the consummation of the Business Combination in April 2022. Mr. Hom, one of SoundHound's co-founders, has served as Vice President of Products and the Chief Product Officer and a member of the SoundHound, Inc. board since 2006. As Chief Product Officer, Mr. Hom leads product development and advancement of SoundHound's Voice AI platform and multiple business-to-consumer products. Mr. Hom earned his Bachelor of Science Degree in Computer Science from Stanford University in 2005. We believe that Mr. Hom, as a founder of the company, is well qualified to serve as a member of the Board because of his extensive knowledge of the Company's business and technologies.

Larry Marcus. Larry Marcus has been a member of the Board since the consummation of the Business Combination in April 2022. Prior to that, Mr. Marcus served as a member of the SoundHound, Inc. board since 2009. He was a Co-founder and Managing Director of Marcy Venture Partners from February 2018 until April 2025. Since June 2000, Mr. Marcus has also been a Managing Director at Walden Venture Capital. Previously, Mr. Marcus was a digital media sell-side equity research analyst at Deutsche Bank Alex Brown from 1995 to 2000. Mr. Marcus currently serves, and in the past has served, on the boards of directors of a number of private companies, some of which have gone on to become public companies. Mr. Marcus received his Bachelor of Arts in Political Economy of Industrial

Societies in 1987 and his Master of Business Administration in 1993, both from the University of California, Berkeley. We believe that Mr. Marcus is well qualified to serve as a member of the Board because he has extensive knowledge of the Company's business, and also because of this significant venture capital and finance experience.

Diana Sroka. Diana Sroka has been a member of the Board since the consummation of the Business Combination in April 2022. In 2001, Ms. Sroka joined HP Inc. ("HP") (f/k/a Hewlett-Packard Company) (NYSE:HPQ), a global technology company based in Palo Alto, California, and has held various leadership roles in finance and business functions within HP. Starting May 2023, Ms. Sroka is serving as the global product leader for HP's new Consumer Services Business, expanding her prior role leading consumer print services. Prior to these assignments, from March 2017 to November 2020, Ms. Sroka served as HP's Chief Executive Officer's Chief of Staff, where she was responsible for regular review and approval of internal Sarbanes-Oxley Act controls related to matters managed by the Executive Leadership Team. Prior to serving as Chief of Staff, Ms. Sroka served as an Investor Relations Officer on HP's Investor Relations team commencing in June 2014. From November 2015 through March 2017, she served as HP's Head of Investor Relations. Prior to her employment at HP, Ms. Sroka was a Business Planning Analyst for Visteon Corporation and a Product Engineer with Ford Motor Company. Ms. Sroka was elected to the Board of Professional Business Women of California in November 2022, was elected as the Treasurer of the Executive Committee in July 2023 and elected as President and Chair in September 2024. Ms. Sroka earned her Bachelor of Science Degree in Mechanical Engineering from Pennsylvania State University in 1995 and her Master of Business Administration Degree from the University of Michigan in 2000. We believe that Ms. Sroka is well qualified to serve as a member of the Board because she has extensive background in accounting, financial management and internal accounting controls.

Dr. Eric R. Ball. Dr. Eric R. Ball has been a member of our Board since the Company's initial public offering in March 2021 and remained on the Board following the Business Combination. He has served as chairman of the board of Archimedes Tech SPAC II (Nasdaq: ATIIU), a special purpose acquisition company, since February 2025. Since 2016, Dr. Ball has been the General Partner of Impact Venture Capital, a Silicon Valley based venture firm investing in early-stage applied-AI start-up companies. From 2015 until 2016, Dr. Ball served as the Chief Financial Officer for C3 AI, an enterprise AI software provider. From 2005 to 2015, Dr. Ball served as Senior Vice President and Treasurer for Oracle. Prior to 2005, Dr. Ball served in a variety of finance roles at Flextronics International, Cisco Systems, Avery Dennison, and AT&T. Dr. Ball has served as the Chairman of the Board of CapConnect+, a start-up company that is focused on linking corporate bond issuers to their institutional buyers, since 2020. Dr. Ball also served as an advisor to Kyriba, a private treasury management software provider from 2017 until November 2022. Dr. Ball also served as a board member and Audit Chairman of Glu Mobile Inc, a developer and publisher of mobile games from 2013 until April 2021. Dr. Ball received his Ph.D. in management at the Drucker-Ito School of Claremont Graduate University. Dr. Ball received his MBA in finance and MA in economics at the University of Rochester. Dr. Ball graduated with honors from the University of Michigan with a Bachelor of Arts degree in Economics. Dr. Ball is also the co-author of the book "Unlocking the Ivory Tower". We believe that Dr. Ball is well-qualified to serve as a director of the company given his extensive finance, mergers and acquisitions, investing and public company experience in the technology industry.

Dr. Majid Emami. Dr. Majid Emami has been Vice President of Engineering of the Company since the consummation of the Business Combination in April 2022. Dr. Emami is a co-founder of SoundHound and has served as Vice President of Engineering since 2006. Dr. Emami leads SoundHound's research and development efforts related to speech recognition and machine learning and holds 16 patents related to Voice AI technology. Dr. Emami received a Bachelor of Science in Electrical Engineering in 2000 from the University of Toronto and a Masters and a Ph.D. in Electrical Engineering, with a focus in wireless communications, in 2007, both from Stanford University.

Nitesh Sharan. Nitesh Sharan has been Chief Financial Officer of the Company since the consummation of the Business Combination in April 2022. Mr. Sharan has served as the Chief Financial Officer at SoundHound since September 2021. In this capacity, Mr. Sharan oversees SoundHound's accounting, financial planning, investor relations, treasury and capital planning functions. Prior to joining SoundHound, between May 2016 and September 2021, Mr. Sharan held several executive roles at Nike, Inc. including Treasurer, Head of Investor Relations and Chief Financial Officer of Global Operations. Prior to Nike Inc., Mr. Sharan was in various financial leadership roles as the Vice President and Assistant Treasurer at Hewlett-Packard Inc., from June 2001 to April 2016, and was a Senior Consultant at Accenture plc from 1996 to 2000. Mr. Sharan received a Bachelor of Science in Management from Case Western Reserve University in 1996 and a Master of Business Administration from Northwestern University in 2001. He is a CFA® charterholder.

Michael Zagorsek. Michael Zagorsek has been Chief Operating Officer of the Company since the consummation of the Business Combination in April 2022. Mr. Zagorsek has served as SoundHound's Chief Operating Officer since November 2020, where Mr. Zagorsek is principally responsible for company operations, oversight of

business workflow, company planning, reporting, goal-setting, and strategy. Prior to assuming that role, Mr. Zagorsek was SoundHound's Vice President of Product Marketing, from July 2016 to November 2020, in which capacity he was responsible for SoundHound's marketing activities, including demand generation, product marketing, content marketing, public relations and design. Prior to SoundHound, Mr. Zagorsek was the Head of Product Marketing for Core Products at Square, Inc. from October 2014 to July 2016 and the Vice President of Product Marketing at Leap Motion Inc., from October 2012 to March 2014. From 2007 to 2012, Mr. Zagorsek was Director of Marketing Communications at Apple Inc., overseeing apple.com, email marketing, Apple Online Store and retail digital marketing communications. Mr. Zagorsek received a Bachelor of Commerce from Carleton University in 1998 and a Masters of Arts in International Business from Bradford University in 1998.

Board of Directors and Corporate Governance

General

Our Board oversees the activities of our management in the handling of the business and affairs of our company. Our Class A Common Stock trades on the Nasdaq Global Market and we are subject to listing requirements which include the requirement that our Board be comprised of a majority of "independent" directors. Mr. Marcus, Ms. Sroka and Dr. Ball currently meet the definition of "independent" as defined by the SEC. The Board has separately designated audit, compensation and nominating and governance committees.

Role of Board in Risk Oversight Process

We face a number of risks, including those described under the section titled "Risk Factors" in this Annual Report. Our Board believes that risk management is an important part of establishing, updating and executing on our business strategy. Our Board has oversight responsibility relating to risks that could affect the corporate strategy, business objectives, compliance, operations, and the financial condition and performance of our company. Our Board focuses its oversight on the most significant risks facing us and on our processes to identify, prioritize, assess, manage and mitigate those risks. Our Board receives regular reports from members of our senior management on areas of material risk to us, including strategic, operational, financial, legal and regulatory risks. While our Board has an oversight role, management is principally tasked with direct responsibility for management and assessment of risks and the implementation of processes and controls to mitigate their effects on us.

Committees of the Board

The standing committees of our Board consist of an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The composition of each committee is set forth below. Committee charters are available on our investor relations website.

Audit Committee

Our Board has established an Audit Committee, composed of Dr. Ball, Mr. Marcus and Ms. Sroka, each of whom are independent directors as defined in accordance with section Rule 10A-3 of the Exchange Act and the rules of Nasdaq. Dr. Ball is the chair of the Audit Committee. Our Board has determined that Dr. Ball qualifies as an "audit committee financial expert," as defined under the rules and regulations of the SEC. Our Audit Committee oversees our corporate accounting, financial reporting practices and the audits of financial statements. For this purpose, the Audit Committee has a charter (which is reviewed annually) and performs several functions. The Audit Committee:

- evaluates the independence and performance of, and assesses the qualifications of, our independent auditor and engages such independent auditor;
- approves the plan and fees for the annual audit, quarterly reviews, tax and other audit-related services and approves in advance any non-audit service and fees therefor to be provided by the independent auditor;
- monitors the independence of the independent auditor and the rotation of partners of the independent auditor on our engagement team as required by law;
- reviews the financial statements to be included in our annual reports on Form 10-K and quarterly reports on Form 10-Q and reviews with management and the independent auditors the results of the annual audit and reviews of our quarterly financial statements;

- oversees all aspects of our systems of internal accounting and financial reporting control and corporate governance functions on behalf of the board; and
- provides oversight assistance in connection with legal, ethical and risk management compliance programs established by management and the board, including compliance with requirements of Sarbanes-Oxley and makes recommendations to the Board regarding corporate governance issues and policy decisions.

The Audit Committee also oversees risks from cybersecurity threats as part of its broader risk oversight responsibilities. The Board recognizes the importance of cybersecurity in safeguarding the Company's assets and operations.

Nominating and Corporate Governance Committee

Our Board has established a Nominating and Corporate Governance Committee composed of Mr. Marcus and Dr. Ball, each of whom is independent in accordance with rules of Nasdaq. Mr. Marcus is the chair of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for overseeing the selection of persons to be nominated to serve on the Board and to serve on the standing committees of the Board. The Nominating and Corporate Governance Committee considers persons identified by its members, management, stockholders, investment bankers and others. The Nominating and Corporate Governance Committee considers several qualifications relating to management and leadership experience, background and integrity and professionalism in evaluating a person's candidacy for membership on the Board. The Nominating and Corporate Governance Committee may require certain skills or attributes, such as financial or accounting experience, to meet specific board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of board members. The Nominating and Corporate Governance Committee does not distinguish between nominees recommended by stockholders and other persons.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee is or has been an officer or employee of our Company. None of our executive officers currently serves, or in the past year has served, as a member of the Compensation Committee (or other Board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our Board or Compensation Committee. See the section titled "Certain Relationships and Related Transactions, and Director Independence" for information about related party transactions involving members of our Compensation Committee or their affiliates.

Code of Ethics

We have adopted a formal code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. We will provide a copy of our code of ethics to any person without charge, upon request. For a copy of our code of ethics write to Compliance Officer, SoundHound AI, Inc., 5400 Betsy Ross Drive, Santa Clara, CA 95054. A current copy of our code of ethics is also available on the SEC's website at <http://www.sec.gov>.

Insider Trading Policy

We have adopted a formal policy against insider trading which provides guidelines to all of our directors, officers, employees, and consultants with respect to trading in our securities, as well as the securities of publicly traded companies with whom we have a business relationship. This policy has been designed to prevent insider trading or even allegations of insider trading.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and ten percent stockholders to file initial reports of ownership and reports of changes in ownership of our Common Stock with the SEC. Directors, executive officers and ten percent stockholders are also required to furnish us with copies of all Section 16(a) forms that they file. Based upon a review of these filings, the Company believes that all required Section 16(a) filings were made on a timely basis during fiscal year 2025.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Our compensation discussion and analysis (“CD&A”) describes our executive-compensation philosophy and program as reported in the executive compensation tables that follow, which provide information relating primarily to compensation decisions for the following 2025 named executive officers (“NEOs”) of the Company:

<u>Name</u>	<u>Position with the Company</u>
Dr. Keyvan Mohajer, CEO	Director, Chief Executive Officer
Nitesh Sharan, CFO	Chief Financial Officer
Michael Zagorsek, COO	Chief Operating Officer
Dr. Majid Emami, CSO	Chief Science Officer and Senior Vice President of Engineering
James Hom, CPO	Director, Chief Product Officer

Compensation Philosophy

We have designed our executive compensation programs to support the goals below:

- Attract and retain talent that can help us scale as a newly public company and beyond;
- Directly and substantially link rewards to measurable corporate and individual performance;
- Reinforce alignment of executives with the goal of creating long-term shareholder value; and
- Start low and grow in progressing overall compensation package value to market.

Our executives’ total compensation packages emphasize long-term incentives. The Company believes that the compensation of its executive officers should align the executive officers’ interests with those of our shareholders and focus executive officer behavior on achieving both near-term corporate goals and long-term business and strategies. The Compensation Committee reviews and approves all components of the Company’s executive officer compensation, and equity incentive compensation being weighted over 50% of their total compensation ensures that its executive officers are motivated over the long term to respond to the Company’s business challenges and opportunities as owners, thereby aligning the executive officers’ interests with those of our shareholders.

The Compensation Committee determined that the structure of our executive compensation policies continues to be appropriately aligned to the achievement of Company goals and objectives and the best interests of shareholders. Corporate performance is taken into account in setting compensation policies and making decisions, which include, but are not limited to, revenue, and profitability.

Compensation Governance and Best Practices

We are committed to including strong governance standards in our compensation programs. Our key compensation practices include the following:

<u>What We do</u>	<u>What We Do Not Do</u>
✓ Prioritize performance-based, at-risk compensation	☒ Provide significant perquisites
✓ Emphasize equity compensation to promote executive retention	☒ Permit hedging or pledging of our stock
✓ Engage an independent compensation consultant	☒ Provide single-trigger cash payments upon a change in control
✓ Grant compensation that aligns executives with our goal of creating long-term shareholder value	☒ Provide tax-gross ups

Stockholder Advisory Vote on Executive Compensation

Our Compensation Committee reviewed the results of our most recent Say-on-Pay vote in 2025 and determined that the strong support the proposal received was reflective of shareholders' approval of our compensation program for our NEOs. As such, we have maintained our compensation program in substantially the same form as approved by our shareholders.

Determination of Executive Compensation

Role of the Compensation Committee

Our Compensation Committee is responsible for establishing and overseeing our executive compensation programs, and annually reviewing and determining the compensation to be provided to our NEOs.

In setting executive compensation, the Compensation Committee considers a number of factors, including the recommendations of our Chief Executive Officer (other than with respect to his own compensation), current and past total compensation, market compensation data provided by an independent compensation consultant, our financial and operational performance in the most recent fiscal year, and each executive's impact on our performance. Our Chief Executive Officer makes recommendations based on his evaluation of each executive's performance, of which he has direct knowledge.

Role of Management

Our executives consulted with the Compensation Committee in 2025 and provided valuable insights into the Company's operations and future expectations. The Compensation Committee also sought and received feedback from executives regarding how compensation plans should be structured to provide the maximum benefit to the Company. The Compensation Committee met in executive session to discuss, deliberate, and decide executive compensation.

Role of Compensation Consultant

Our Compensation Committee has engaged Compensia ("Compensia" or the "Compensation Consultant"), most recently in July 2025, to provide executive compensation consulting services. At this time, Compensia provided services related to the review of our compensation levels, our equity awards, the structure of our incentive compensation plans, equity ownership, regulatory developments, and our compensation peer group. Compensia did not provide any services to the Company other than its engagement by the Compensation Committee. The Compensation Committee reviewed Compensia's independence under NASDAQ and SEC rules and concluded that its work has not raised any conflict of interest.

Compensia previously developed the below peer group prior to July 2025, which was used to inform our executive compensation programs at the beginning of the year, except for our equity compensation program. Specifically, we use peer group data to obtain compensation benchmarks for our named executive officers, specifically with technology companies, with a focus on software companies, with revenue below \$500M and market cap between \$500M to \$3B.

- Agilysys
- Amplitude
- Appian
- Braze
- C3.ai
- Fastly
- iLearningEngines
- Intapp
- JFrog
- nCino
- Olo
- PagerDuty
- PROS Holdings
- Riot Platforms
- Semrush Holdings
- Sprout Social
- Yext
- Zuora

The current executive compensation packages are benchmarked conservatively to be reflective of a newly public company, but also competitive enough to attract and retain the right talent. Our executive compensation decisions are informed by competitive market data in addition to the reviews of individual roles and performance.

We review our compensation levels annually against our peer group and assess executives based on their individual performance and overall company performance. Compensia developed the new peer group below in July 2025, which was utilized by our Compensation Committee in the compensation review in August 2025 and used to inform our 2025 equity grants to our NEOs. The new peer group data was used to obtain compensation benchmarks for our named executive officers. The new peer group is comprised of technology companies, with a focus on software companies, with revenue below \$1B and market cap between \$1B to \$8B.

- Agilysys
- Amplitude
- AppFolio
- Appian
- Asna
- Braze
- C3.ai
- Freshworks
- Intapp
- InterDigital
- JFrog
- nCino
- Olo
- One Stream
- PagerDuty
- Riot Platforms
- Semrush Holdings
- Sprinklr
- Sprout Social

The Compensation Committee, comprised entirely of independent directors, receives and reviews the recommendations from Compensia, considers any relevant guidance from Compensia, and makes the final decision on compensation for our named executive officers.

Elements of Compensation

Our NEO compensation consists primarily of a base salary, an annual incentive award, and equity incentive compensation. Base salaries are intended to provide our NEOs with certain, regular payments that align with the market and consider the scope of their role. Annual incentives are intended to align our NEOs with our short-term financial and operational performance goals, and equity compensation is intended to retain NEOs over the long term and align the interests of our NEOs with those of our shareholders. Both annual incentives and equity compensation is considered at-risk, and as such, may not be earned if the NEOs' and/or the Company's performance does not attain the desired outcomes. Our Compensation Committee annually reviews each element of the NEOs' compensation on a holistic basis, and awards compensation to our NEOs, allocating between long-term and short-term compensation and cash and non-cash compensation based on market competitive practices and the advice of our Compensation Consultant. Additionally, our NEOs' compensation may be subject to clawback, as discussed below.

Base Salary

Base salary represents the fixed portion of an executive officer's compensation and is intended to provide compensation for day-to-day performance. Effective August 1, 2025, the NEOs' base salaries were adjusted to align with market standards based on a market study conducted by our Compensation Consultant. The amount of the adjustments for each NEO is reflected in the table below. As of December 31, 2025, our NEOs' annualized base salaries were as follows:

Name	Annualized Base Salary prior to Aug 1, 2025	Annualized Base Salary as of December 31, 2025
Dr. Keyvan Mohajer, CEO	\$ 530,000	\$ 565,000
Nitesh Sharan, CFO	\$ 442,000	\$ 465,000
Michael Zagorsek, COO	\$ 434,000	\$ 465,000
Dr. Majid Emami, CSO	\$ 365,000	\$ 385,000
James Hom, CPO	\$ 365,000	\$ 385,000

Annual incentive compensation plan

In 2025, as part of their employment agreements, executives were eligible for annual incentives, as approved by the Compensation Committee and the Board, with pre-established goals and weightings, which were designed to reward achievements based upon quantitative & qualitative Company performance (the "Company Objectives"), and to incentivize and reward NEOs for achieving performance goals that drive Company performance, align pay and performance, and support the long-term growth of the Company.

All incentive payouts are calculated based solely on Company Objectives to closely align compensation with the Company's performance. The Compensation Committee set thresholds, target, and maximum performance goals, and related payout levels, considering annual cash incentive compensation levels for comparable positions within our peer group. An NEO could earn between 0% and 150% of the NEOs' Target Award for achievement of Company Objectives, dependent upon the level of achieved performance. Additionally, our Compensation Committee retains the discretion to increase or reduce the amount of any payout. Our 2025 annual bonus compensation plan included the following goals and weightings:

Metric ⁽¹⁾	Weight	2025 Performance Achievement (earned %)
Revenue	25%	100%
Adjusted EBITDA	25%	—%
Individual Performance ⁽²⁾	50%	100%

- (1) We have not disclosed our Revenue or profitability goals because such disclosure could cause us competitive harm. The Compensation Committee set these goals at levels that we believe to be achievable in connection with strong performance.
- (2) Individual Performance is evaluated based on the NEO's role-specific initiatives and goals established at the beginning of the performance period, and are reviewed as a holistic assessment of individual contributions towards strategic goals.

Based on the Company's 2025 performance, the following amounts were earned under our annual bonus compensation plan:

Name	Target Bonus	2025 Bonus Formulaic Earnings	2025 Bonus Earned
Dr. Keyvan Mohajer, CEO	\$ 546,333	\$ 409,750	—
Nitesh Sharan, CFO	\$ 293,529	\$ 220,147	—
Michael Zagorsek, COO	\$ 290,496	\$ 217,872	—
Dr. Majid Emami, CSO	\$ 186,667	\$ 140,000	—
James Hom, CPO	\$ 186,667	\$ 140,000	—

Bonuses earned were based on our 2025 fiscal year performance. Even though revenue and individual performance targets were met, based on recommendation from the Company's CEO and CFO, the Compensation Committee reviewed the overall achievement and considered other performance measures of the Company and determined that 0% pay-out on targets was more aligned with our financial goals. Accordingly, the Compensation Committee exercised its discretion to reduce payouts to 0% of the target amount for each of our NEOs.

Equity Incentive Compensation

The Compensation Committee believes that equity incentives in the form of service-based vesting restricted stock awards are effective instruments for long-term compensation. Restricted stock awards align individual and team performance with the achievement of the Company's strategic and financial goals, long-term value creation, and shareholders' interests. Restricted stock awards are impacted by all stock price changes, so the value to the executive officers is affected by both increases and decreases in stock price from the market price at the date of grant. In determining the NEOs' restricted stock awards, the Compensation Committee did not consider any compensation amounts previously granted that may have become realizable by our NEOs.

In benchmarking against companies in the same industry that are similar in size, value, and market cap, equity incentive awards for 2025 in the form of Restricted Stock Awards were determined by targeting between the 50th and 75th percentile of our peer group. Total Compensation packages are highly leveraged on equity to provide overall packages that are both competitive to the market, while aligning our status as a newly public company on the path to profitability.

Following the Compensation Committee’s benchmarking and considering the equity awards granted to our NEOs in 2022 in connection with their entering into new employment agreements, the Compensation Committee determined to grant service-based-vesting restricted stock to our NEOs in 2025 to enhance retention. The details of the grants made to each NEO in 2025 are shown in the table below. The awards vest in 36 monthly increments beginning in September 2025 subject to each NEOs continued employment with the Company through the applicable vesting date.

Name	Number of Restricted Stock Awards Received in 2025	Value of Restricted Stock Awards Received ⁽¹⁾
Dr. Keyvan Mohajer, CEO	850,000	\$ 8,780,500
Nitesh Sharan, CFO	450,000	\$ 4,648,500
Michael Zagorsek, COO	450,000	\$ 4,648,500
Dr. Majid Emami, CSO	250,000	\$ 2,582,500
James Hom, CPO	250,000	\$ 2,582,500

(1) The amounts disclosed represent the aggregate grant date fair value of the restricted stock awards granted to our named executive officers during the fiscal year ended December 31, 2025 under our 2022 Incentive Plan, calculated in accordance with Financial Accounting Standards Board ASC Topic 718.

Retirement Savings, Health, and Welfare Benefits

All full-time employees, including the executive officers, are eligible to participate in the health benefits programs, including medical, dental and vision care coverage, disability and life insurance and the Company’s 401(k) plan.

Other Employee Benefits

We generally do not provide perquisites to our NEOs, and we do not view perquisites or other personal benefits as a significant component of our executive compensation program.

Severance and Change in Control Arrangements

Payments to our NEOs upon a termination of employment are described under the “Potential Payments Upon a Termination or Change in Control” table below. These compensation arrangements are contained in each NEO’s employment agreement and are not a factor in the Compensation Committee’s determination of current-year compensation. These arrangements are the result of arm’s length negotiations.

Other Compensation Policies and Considerations

Derivatives Trading, Hedging, and Pledging Policies

Our insider trading policy prohibits our executive officers and directors from (i) using any strategies or products (including derivative securities, such as put or call options, or short-selling techniques) to hedge against potential changes in the value of our stock and (ii) holding our stock in margin accounts or pledging our stock as collateral for a loan.

Tax and Accounting Considerations

The Compensation Committee considers the tax and accounting consequences of our compensation programs, including the impact of Section 162(m) of the Internal Revenue Code, which generally limits the tax deductibility of compensation paid by public companies to certain executive officers of public companies to \$1,000,000. Our Compensation Committee may exercise business judgment in accordance with its compensation philosophy to award compensation that is not tax deductible if it determines that such award is in the best interests of the Company and our stockholders.

Award Timing

The Compensation Committee does not grant equity awards in anticipation of the release of material nonpublic information. Similarly, we do not time the release of material nonpublic information based on equity award grant dates. Our 2025 equity awards were made in July following our Compensation Consultant's market analysis of our peer group.

Accounting for Share-Based Compensation

We follow Financial Accounting Standard Board Accounting Standards Codification Topic 718, ("ASC Topic 718"), for our share-based compensation awards. ASC Topic 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors based on the grant date fair value of these awards. ASC Topic 718 also requires companies to recognize the compensation cost of their share-based compensation awards in their income statements over the period that an executive officer is required to render service in exchange for the option or other award.

Clawback Policy

For information on our Executive Compensation Clawback Policy, see section below entitled "Compensation Recovery and Clawback Policy."

Executive Compensation

The following table sets forth certain information for the fiscal years ended December 31, 2025, 2024 and 2023, with respect to compensation awarded to, earned by or paid to our named executive officers.

Summary of Compensation Table

Name	Fiscal Year	Salary	Bonus	Stock Awards ⁽¹⁾	Option Awards	Non-Equity Incentive Plan Compensation ⁽²⁾	All Other Compensation	Total
Dr. Keyvan Mohajer, CEO	2025	\$ 546,333	\$ —	\$ 8,780,500 ⁽³⁾	\$ —	\$ —	\$ —	\$ 9,326,833
	2024	\$ 484,583	\$ —	\$ 6,990,000	\$ —	\$ 242,292	\$ —	\$ 7,716,875
	2023	\$ 421,875	\$ —	\$ 1,326,000	\$ —	\$ 116,103	\$ —	\$ 1,863,978
Nitesh Sharan, CFO	2025	\$ 451,583	\$ —	\$ 4,648,500 ⁽⁴⁾	\$ —	\$ —	\$ —	\$ 5,100,083
	2024	\$ 388,333	\$ —	\$ 3,495,000	\$ —	\$ 126,208	\$ —	\$ 4,009,541
	2023	\$ 350,000	\$ —	\$ 773,500	\$ —	\$ 54,181	\$ —	\$ 1,177,681
Michael Zagorsek, COO	2025	\$ 446,917	\$ —	\$ 4,648,500 ⁽⁵⁾	\$ —	\$ —	\$ —	\$ 5,095,417
	2024	\$ 385,000	\$ —	\$ 3,495,000	\$ —	\$ 125,125	\$ —	\$ 4,005,125
	2023	\$ 350,000	\$ —	\$ 773,500	\$ —	\$ 54,181	\$ —	\$ 1,177,681
Dr. Majid Emami, CSO	2025	\$ 373,333	\$ —	\$ 2,582,500 ⁽⁶⁾	\$ —	\$ —	\$ —	\$ 2,955,833
	2024	\$ 347,500	\$ —	\$ 1,864,000	\$ —	\$ 86,875	\$ —	\$ 2,298,375
	2023	\$ 335,000	\$ —	\$ 493,141	\$ —	\$ 43,216	\$ —	\$ 871,357
James Hom, CPO	2025	\$ 373,333	\$ —	\$ 2,582,500 ⁽⁷⁾	\$ —	\$ —	\$ —	\$ 2,955,833
	2024	\$ 347,500	\$ —	\$ 1,864,000	\$ —	\$ 86,875	\$ —	\$ 2,298,375
	2023	\$ 335,000	\$ —	\$ 442,000	\$ —	\$ 43,216	\$ —	\$ 820,216

- (1) The amounts disclosed represent the aggregate grant date fair value of stock awards granted to our named executive officers during the fiscal year ended December 31, 2025 under our 2022 Incentive Plan, calculated in accordance with Financial Accounting Standards Board ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock awards are set forth in the notes to our audited financial statements included elsewhere in this Annual Report. This amount does not reflect the actual economic value that may be realized by the named executive officer.
- (2) Although our NEOs demonstrated strong performance in 2025 and attained some of the goals under our annual bonus program, our compensation committee used its discretion to reduce bonus payouts for our NEOs to zero. For further information, please see our CD&A.

- (3) Represents fair value of 850,000 service-based vesting restricted stock granted on July 31, 2025 as part of the company wide annual compensation review. The restricted stock award will vest as to 1/36th of the underlying shares in substantially equal increments on a monthly schedule beginning on September 1, 2025 with the remainder vesting over 3 years.
- (4) Represents fair value of 450,000 service-based vesting restricted stock granted on July 31, 2025 as part of the company wide annual compensation review. The restricted stock award will vest as to 1/36th of the underlying shares in substantially equal increments on a monthly schedule beginning on September 1, 2025 with the remainder vesting over 3 years.
- (5) Represents fair value of 450,000 service-based vesting restricted stock granted on July 31, 2025 as part of the company wide annual compensation review. The restricted stock award will vest as to 1/36th of the underlying shares in substantially equal increments on a monthly schedule beginning on September 1, 2025 with the remainder vesting over 3 years.
- (6) Represents fair value of 250,000 service-based vesting restricted stock granted on July 31, 2025 as part of the company wide annual compensation review. The restricted stock award will vest as to 1/36th of the underlying shares in substantially equal increments on a monthly schedule beginning on September 1, 2025 with the remainder vesting over 3 years.
- (7) Represents fair value of 250,000 service-based vesting restricted stock granted on July 31, 2025 as part of the company wide annual compensation review. The restricted stock award will vest as to 1/36th of the underlying shares in substantially equal increments on a monthly schedule beginning on September 1, 2025 with the remainder vesting over 3 years.

Grants of Plan-Based Awards

The following table sets forth certain information regarding each grant of plan-based awards made to a named executive officer in the last completed fiscal year under any plan, including awards that subsequently have been transferred.

Name	Grant date	Estimated future payouts under non-equity incentive plan awards⁽²⁾			All other stock awards: Number of shares of stock or units (#)⁽¹⁾	Grant date fair value of stock and option awards
		Threshold (\$)	Target (\$)	Maximum (\$)		
Dr. Keyvan Mohajer, CEO	July 31, 2025	\$ —	\$ 546,333	\$ 819,500	850,000	\$ 8,780,500
Nitesh Sharan, CFO	July 31, 2025	\$ —	\$ 293,529	\$ 440,294	450,000	\$ 4,648,500
Michael Zagorsek, COO	July 31, 2025	\$ —	\$ 290,496	\$ 435,744	450,000	\$ 4,648,500
Dr. Majid Emami, CSO	July 31, 2025	\$ —	\$ 186,667	\$ 280,000	250,000	\$ 2,582,500
James Hom, CPO	July 31, 2025	\$ —	\$ 186,667	\$ 280,000	250,000	\$ 2,582,500

- (1) Service vesting-based restricted stock granted on July 31, 2025 as part of the company wide annual compensation review. The service vesting-based restricted stock award will vest 1/36 on a monthly schedule on September 1, 2025 with the remainder vesting over 3 years.
- (2) Amounts refer to target and maximum cash payments available to NEOs under the annual incentive compensation plan. Prorated salary changes effective August 1, 2025 were used for full year targets and maximum payouts.

Narrative Disclosure to Summary Compensation Table

Agreements with the Company's Named Executive Officers as of December 31, 2025

On June 2, 2022, our Compensation Committee and full Board approved certain compensation adjustments for its named executive officers. The Company also entered into new employment letter agreements with Dr. Keyvan Mohajer, the Company's Chief Executive Officer; Mr. Nitesh Sharan, the Company's Chief Financial Officer, Mr. Michael Zagorsek, the Company's Chief Operating Officer, Mr. Timothy Stonehocker, the Company's Chief Technology Officer, and Mr. James Hom, the Company's Chief Product Officer, which employment agreements replaced and superseded all prior employment agreements with such named executive officers.

Employment Agreement with Keyvan Mohajer, Chief Executive Officer

Under Dr. Mohajer's employment agreement (the "June 2022 CEO Employment Agreement"), Dr. Mohajer is entitled to receive a base salary of \$450,000 (currently, \$565,000). In addition, Dr. Mohajer is eligible to earn an annual incentive bonus, with a target equal to 100% of his annual base salary as then in effect, with a maximum payout at 150% of his annual base salary as then in effect. The annual bonus will be determined by the Company in its sole discretion based upon achievement of performance objectives to be determined by the Company.

The June 2022 CEO Employment Agreement provides for the grant to Dr. Mohajer of 720,000 restricted stock units (the "RSUs") under the SoundHound AI, Inc. 2022 Incentive Award Plan (the "2022 Incentive Award Plan"), which grant became effective upon the filing of the Company's Registration Statement on Form S-8 (the "Form S-8") filed with the SEC on July 20, 2022 to register shares under the 2022 Incentive Award Plan. The RSUs have a 4-year vesting period, vesting in equal quarterly installments with vesting measured from the vesting commencement date of May 1, 2022, subject to continued employment with the Company through each vesting date. In August 2022, Dr. Mohajer was granted an additional 450,000 RSUs under the 2022 Incentive Award Plan. The RSUs have a 3-year vesting period, vesting in equal monthly installments with vesting measured from the vesting commencement date of August 1, 2022, subject to continued employment with the Company through each vesting date.

Dr. Mohajer was also granted 480,000 RSUs that are subject to performance-based vesting (the "PSUs") under the Incentive Award Plan, which became effective upon the filing of the Form S-8 with the SEC. The PSUs have a four-year performance period and are subject to the following vesting schedule: (i) 25% if the Company achieves \$100 million of GAAP revenue in a trailing 12 months; (ii) 25% if the Company is cashflow positive in a trailing 12 months; (iii) 25% if the Company's stock price reaches a 90-day average of \$15; and (iv) 25% if the Company's stock price reaches a 90-day average of \$20.

In addition, Dr. Mohajer is eligible to participate in the standard benefit plans offered to similarly situated employees by the Company from time to time.

The June 2022 CEO Employment Agreement specifies certain compensation following termination of employment, including potential severance payments of three months of Dr. Mohajer's then current base salary and payment for three months of any COBRA premiums if Dr. Mohajer's employment is terminated by the Company without "Cause" (as defined in the 2022 Incentive Award Plan) or if the executive resigns his employment for "Good Reason" (as defined in the employment agreement). If such a qualified termination occurs within three months prior to, or one year after, a Change in Control (as defined the 2022 Incentive Award Plan), the severance period is increased to 12 months of then current base salary and 12 months of COBRA premiums, and vesting will be accelerated for any stock options that have time-based vesting and for the RSUs. The Company may accelerate the vesting of the PSUs in connection with the negotiation of any Change in Control transaction. Any severance is subject to the executive timely delivering a release of claims in favor of the Company.

Dr. Mohajer has also entered into the Company's standard form of confidential information and inventions assignment agreement.

Employment Agreement with Nitesh Sharan, Chief Financial Officer

Under Mr. Sharan's employment agreement (the "June 2022 CFO Employment Agreement"), Mr. Sharan is entitled to receive a base salary of \$350,000 (currently \$465,000). In addition, Mr. Sharan is eligible to earn an annual incentive bonus, with a target equal to 60% of his annual base salary as then in effect, with a maximum payout at 150% of his annual base salary as then in effect. The annual bonus will be determined by the Company in its sole discretion, based upon achievement of performance objectives to be determined by the Company.

The June 2022 CFO Employment Agreement provides for a grant to Mr. Sharan of 300,000 RSUs under the 2022 Incentive Award Plan, which grant became effective upon the filing of the Form S-8 with the SEC. The RSUs have a 4-year vesting period vesting in equal quarterly installments with vesting measured from the vesting commencement date of September 15, 2021, subject to continued employment with the Company through each vesting date. In August 2022, Mr. Sharan was granted an additional 225,000 RSUs under the 2022 Incentive Award Plan. The RSUs have a 3-year vesting period, vesting in equal monthly installments with vesting measured from the vesting commencement date of August 1, 2022, subject to continued employment with the Company through each vesting date.

Mr. Sharan was also granted 200,000 PSUs under the 2022 Incentive Award Plan, which grant became effective upon the filing of the Form S-8 with the SEC. The PSUs have a four-year performance period and are subject to the following vesting schedule: (i) 25% if the Company achieves \$100 million of GAAP revenue in a trailing 12 months; (ii) 25% if the Company is cash-flow positive in a trailing 12 months; (iii) 25% if the Company's stock price reaches a 90-day average of \$15; and (iv) 25% if the Company's stock price reaches a 90-day average of \$20.

In addition, Mr. Sharan is eligible to participate in the standard benefit plans offered to similarly-situated employees by the Company from time to time.

The June 2022 CFO Employment Agreement specifies certain compensation following termination of employment, including potential severance payments of three months of Mr. Sharan's then current base salary and payment for three months of any COBRA premiums if Mr. Sharan's employment is terminated by the Company without "Cause" (as defined in the 2022 Incentive Award Plan) or if the executive resigns his employment for "Good Reason" (as defined in the employment agreement). If such a qualified termination occurs within three months prior to, or one year after, a Change in Control (as defined the 2022 Incentive Award Plan), the severance period is increased to 12 months of then current base salary and 12 months of COBRA premiums, and vesting will be accelerated for any stock options that have time-based vesting and for the RSUs. The Company may accelerate the vesting of the PSUs in connection with the negotiation of any Change in Control transaction. Any severance is subject to the executive timely delivering a release of claims in favor of the Company.

Mr. Sharan has also entered into the Company's standard form of confidential information and inventions assignment agreement.

Employment Agreement with Michael Zagorsek, Chief Operating Officer

Under Mr. Zagorsek's employment agreement (the "June 2022 COO Employment Agreement"), Mr. Zagorsek is entitled to receive a base salary of \$350,000 (currently, \$465,000). In addition, Mr. Zagorsek is eligible to earn an annual incentive bonus, with a target equal to 65% of his annual base salary as then in effect, with a maximum payout at 150% of his annual base salary as then in effect. The annual bonus will be determined by the Company in its sole discretion, based upon achievement of performance objectives to be determined by the Company.

The June 2022 COO Employment Agreement provides for a grant to Mr. Zagorsek of 300,000 RSUs under the 2022 Incentive Award Plan, which became effective upon the filing of the Form S-8 with the SEC. The RSUs have a 4-year vesting period vesting in equal quarterly installments with vesting measured from the vesting commencement date of May 1, 2022, subject to continued employment with the Company through each vesting date. In August 2022, Mr. Zagorsek was granted an additional 225,000 RSUs under the 2022 Incentive Award Plan. The RSUs have a 3-year vesting period, vesting in equal monthly installments with vesting measured from the vesting commencement date of August 1, 2022, subject to continued employment with the Company through each vesting date.

Mr. Zagorsek was also granted 200,000 PSUs under the 2022 Incentive Award Plan, which grant became effective upon the filing of the Form S-8 with the SEC. The PSUs have a four-year performance period and are subject to the following vesting schedule: (i) 25% if the Company achieves \$100 million of GAAP revenue in a trailing 12 months; (ii) 25% if the Company is cash-flow positive in a trailing 12 months; (iii) 25% if the Company's stock price reaches a 90-day average of \$15; and (iv) 25% if the Company's stock price reaches a 90-day average of \$20.

In addition, Mr. Zagorsek is eligible to participate in the standard benefit plans offered to similarly-situated employees by the Company from time to time.

The June 2022 COO Employment Agreement specifies certain compensation following termination of employment, including potential severance payments of three months of Mr. Zagorsek's then current base salary and payment for three months of any COBRA premiums if Mr. Zagorsek's employment is terminated by the Company without "Cause" (as defined in the 2022 Incentive Award Plan) or if the executive resigns his employment for "Good Reason" (as defined in the employment agreement). If such a qualified termination occurs within three months prior to, or one year after, a Change in Control (as defined the 2022 Incentive Award Plan), the severance period is increased to 12 months of then current base salary and 12 months of COBRA premiums, and vesting will be accelerated for any

stock options that have time-based vesting and for the RSUs. The Company may accelerate the vesting of the PSUs in connection with the negotiation of any Change in Control transaction. Any severance is subject to the executive timely delivering a release of claims in favor of the Company.

Mr. Zagorsek has also entered into the Company's standard form of confidential information and inventions assignment agreement.

Employment Agreement with Seyed Majid Emami, Chief Science Officer & Senior Vice President Engineering

Under Mr. Emami's employment agreement (the "May 2022 CSO Employment Agreement"), Mr. Emami is entitled to receive a base salary of \$335,000 (currently, \$385,000). In addition, Mr. Emami is eligible to earn an annual incentive bonus, with a target equal to 50% of his annual base salary as then in effect, with a maximum payout at 150% of his annual base salary as then in effect. The annual bonus will be determined by the Company in its sole discretion, based upon achievement of performance objectives to be determined by the Company.

The May 2022 CSO Employment Agreement provides for a grant to Mr. Emami of 240,000 RSUs under the 2022 Incentive Award Plan, which became effective upon the filing of the Form S-8 with the SEC. The RSUs have a 4-year vesting period vesting in equal quarterly installments with vesting measured from the vesting commencement date of May 1, 2022, subject to continued employment with the Company through each vesting date. In August 2022, Mr. Emami was granted an additional 175,000 RSUs under the 2022 Incentive Award Plan. The RSUs have a 3-year vesting period, vesting in equal monthly installments with vesting measured from the vesting commencement date of August 1, 2022, subject to continued employment with the Company through each vesting date.

Mr. Emami was also granted 160,000 PSUs under the 2022 Incentive Award Plan, which grant became effective upon the filing of the Form S-8 with the SEC. The PSUs have a four-year performance period and are subject to the following vesting schedule: (i) 25% if the Company achieves \$100 million of GAAP revenue in a trailing 12 months; (ii) 25% if the Company is cash-flow positive in a trailing 12 months; (iii) 25% if the Company's stock price reaches a 90-day average of \$15; and (iv) 25% if the Company's stock price reaches a 90-day average of \$20.

In addition, Mr. Emami is eligible to participate in the standard benefit plans offered to similarly-situated employees by the Company from time to time.

The May 2022 CSO Employment Agreement specifies certain compensation following termination of employment, including potential severance payments of three months of Mr. Emami's then current base salary and payment for three months of any COBRA premiums if Mr. Emami's employment is terminated by the Company without "Cause" (as defined in the 2022 Incentive Award Plan) or if the executive resigns his employment for "Good Reason" (as defined in the employment agreement). If such a qualified termination occurs within three months prior to, or one year after, a Change in Control (as defined the 2022 Incentive Award Plan), the severance period is increased to 12 months of then current base salary and 12 months of COBRA premiums, and vesting will be accelerated for any stock options that have time-based vesting and for the RSUs. The Company may accelerate the vesting of the PSUs in connection with the negotiation of any Change in Control transaction. Any severance is subject to the executive timely delivering a release of claims in favor of the Company.

Mr. Emami has also entered into the Company's standard form of confidential information and inventions assignment agreement.

Employment Agreement with James Hom, Chief Product Officer

Under Mr. Hom's employment agreement (the "June 2022 CPO Employment Agreement"), Mr. Hom is entitled to receive a base salary of \$335,000 (currently, \$385,000). In addition, Mr. Hom is eligible to earn an annual incentive bonus, with a target equal to 50% of his annual base salary as then in effect, with a maximum payout at 150% of his annual base salary as then in effect. The annual bonus will be determined by the Company in its sole discretion, based upon achievement of performance objectives to be determined by the Company.

The June 2022 CPO Employment Agreement provides for a grant to Mr. Hom of 240,000 RSUs under the 2022 Incentive Award Plan, which became effective upon the filing of the Form S-8 with the SEC. The RSUs have a 4-year vesting period vesting in equal quarterly installments with vesting measured from the vesting commencement

date of May 1, 2022, subject to continued employment with the Company through each vesting date. In August 2022, Mr. Hom was granted an additional 175,000 RSUs under the 2022 Incentive Award Plan. The RSUs have a 3-year vesting period, vesting in equal monthly installments with vesting measured from the vesting commencement date of August 1, 2022, subject to continued employment with the Company through each vesting date.

Mr. Hom was also granted 160,000 PSUs under the 2022 Incentive Award Plan, which grant became effective upon the filing of the Form S-8 with the SEC. The PSUs have a four-year performance period and are subject to the following vesting schedule: (i) 25% if the Company achieves \$100 million of GAAP revenue in a trailing 12 months; (ii) 25% if the Company is cash-flow positive in a trailing 12 months; (iii) 25% if the Company's stock price reaches a 90-day average of \$15; and (iv) 25% if the Company's stock price reaches a 90-day average of \$20.

In addition, Mr. Hom is eligible to participate in the standard benefit plans offered to similarly-situated employees by the Company from time to time.

The June 2022 CPO Employment Agreement specifies certain compensation following termination of employment, including potential severance payments of three months of Mr. Hom's then current base salary and payment for three months of any COBRA premiums if Mr. Hom's employment is terminated by the Company without "Cause" (as defined in the 2022 Incentive Award Plan) or if the executive resigns his employment for "Good Reason" (as defined in the employment agreement). If such a qualified termination occurs within three months prior to, or one year after, a Change in Control (as defined the 2022 Incentive Award Plan), the severance period is increased to 12 months of then current base salary and 12 months of COBRA premiums, and vesting will be accelerated for any stock options that have time-based vesting and for the RSUs. The Company may accelerate the vesting of the PSUs in connection with the negotiation of any Change in Control transaction. Any severance is subject to the executive timely delivering a release of claims in favor of the Company.

Mr. Hom has also entered into the Company's standard form of confidential information and inventions assignment agreement.

Outstanding Equity Awards at 2025 Fiscal Year End

The following table presents information regarding outstanding equity awards held by the Company's named executive officers as of December 31, 2025.

Name (a)	Option awards				
	Number of securities underlying unexercised options (#) exercisable ⁽¹⁾ (b)	Number of securities underlying unexercised options (#) unexercisable (c)	Equity incentive plan awards: number of securities underlying unexercised unearned options (#) (d)	Option exercise price (\$) (e)	Option expiration date (f)
Dr. Keyvan Mohajer, CEO	—	—	—	\$ —	—
Nitesh Sharan, CFO	248,677	—	—	\$ 7.51	9/26/2031
Michael Zagorsek, COO	115,753	—	—	\$ 2.18	9/6/2027
	64,136	—	—	\$ 2.90	8/15/2029
	408,250	—	—	\$ 3.67	10/26/2030
Dr. Majid Emami, CSO	—	—	—	\$ —	—
James Hom, CPO	—	—	—	\$ —	—

(1) Awards are fully vested.

Stock Awards

Name (a)	Grant Date	Number of shares or units of stock that have not vested (g)	Market value of shares or units of stock that have not vested ⁽²⁾ (h)	Equity incentive plan awards:	Equity incentive plan awards:
				number of unearned shares, units or other rights that have not vested ⁽¹⁾ (i)	market or payout value of unearned shares, units or other rights that have not vested (\$) ⁽²⁾ (j)
Dr. Keyvan Mohajer, CEO	7/20/2022 ⁽³⁾	75,000	\$ 747,750	240,000	\$ 2,392,800
	08/03/2023 ⁽⁴⁾	133,333	\$ 1,329,330	—	\$ —
	08/01/2024 ⁽⁴⁾	833,333	\$ 8,308,330	—	\$ —
	07/31/2025 ⁽⁴⁾	755,556	\$ 7,532,893	—	\$ —
Nitesh Sharan, CFO	7/20/2022	—	\$ —	100,000	\$ 997,000
	08/03/2023 ⁽⁴⁾	77,778	\$ 775,447	—	\$ —
	08/01/2024 ⁽⁴⁾	416,667	\$ 4,154,170	—	\$ —
	07/31/2025 ⁽⁴⁾	400,000	\$ 3,988,000	—	\$ —
Michael Zagorsek, COO	08/04/2022 ⁽³⁾	31,250	\$ 311,563	100,000	\$ 997,000
	08/03/2023 ⁽⁴⁾	77,778	\$ 775,447	—	\$ —
	08/01/2024 ⁽⁴⁾	416,667	\$ 4,154,170	—	\$ —
	07/31/2025 ⁽⁴⁾	400,000	\$ 3,988,000	—	\$ —
Dr. Majid Emami, CSO	08/04/2022 ⁽³⁾	25,000	\$ 249,250	80,000	\$ 797,600
	08/03/2023 ⁽⁴⁾	44,444	\$ 443,107	—	\$ —
	08/01/2024 ⁽⁴⁾	222,222	\$ 2,215,553	—	\$ —
	07/31/2025 ⁽⁴⁾	222,222	\$ 2,215,553	—	\$ —
James Hom, CPO	08/04/2022 ⁽³⁾	25,000	\$ 249,250	80,000	\$ 797,600
	08/03/2023 ⁽⁴⁾	44,444	\$ 443,107	—	\$ —
	08/01/2024 ⁽⁴⁾	222,222	\$ 2,215,553	—	\$ —
	07/31/2025 ⁽⁴⁾	222,222	\$ 2,215,553	—	\$ —

- (1) PSU awards with performance goals not currently expected to be achieved but are reported above in accordance with SEC rules. The PSUs have a four-year performance period and are subject to the following vesting schedule: (i) 25% if the Company achieves \$100 million of GAAP revenue in a trailing 12 months; (ii) 25% if the Company is cash-flow positive in a trailing 12 months; (iii) 25% if the Company's stock price reaches a 90-day average of \$15; and (iv) 25% if the Company's stock price reaches a 90-day average of \$20.
- (2) The dollar amounts shown in columns (h) and (j) are determined by multiplying the number of shares or units shown in column (c) or (e), as applicable, by \$9.97, the closing price of our common stock on December 31, 2025.
- (3) Vesting in equal monthly installments over 4 years (48 months) from the grant date listed.
- (4) Vesting in equal monthly installments over 3 years (36 months) from the grant date listed.

Option Exercises and Stock Vested at 2025 Fiscal Year End

The following Option Exercises and Stock Vested table sets forth certain information regarding each exercise of stock options and each vesting of restricted stock during the last completed year for each of the named executive officers on an aggregated basis.

Name	Option awards		Stock awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$) ⁽¹⁾	Number of shares acquired on vesting (#)	Value realized on vesting (\$)
Dr. Keyvan Mohajer, CEO	—	\$ —	1,314,444	\$ 14,792,733
Nitesh Sharan, CFO	60,000	\$ 701,760	622,916	\$ 7,054,974
Michael Zagorsek, COO	134,172	\$ 1,318,776	641,666	\$ 7,261,599
Dr. Majid Emami, CSO	—	\$ —	406,668	\$ 4,560,148
James Hom, CPO	—	\$ —	406,668	\$ 4,560,148

- (1) Dollar value realized on exercise equals the difference between the fair market value at the exercise date less the exercise price of the option.

Pension Benefits

The Company has no defined benefit plans or other supplemental retirement plans for the named executive officers.

Nonqualified Deferred Compensation

The Company has no nonqualified defined contribution plans or other nonqualified deferred compensation plans for the named executive officers.

Potential Payments Upon a Termination or Change in Control

Payments to our NEOs upon a termination of employment are described under the “Potential Payments Upon a Termination or Change in Control” table below. The benefits payable upon termination were determined through arm’s length negotiations in connection with each NEO entering into an employment letter agreement with the Company. Any amounts that could be received upon termination or change in control are subject to a full release of claims in favor of the Company. No NEO is entitled to payments upon a voluntary termination of employment.

Name	Base salary continuation (\$)⁽¹⁾	Annual cash bonus continuation (\$)	Accrued annual cash bonus (\$)	Acceleration/continued vesting & excitability of unvested stock options (\$)	Acceleration/continued vesting of unvested stock units (\$)⁽²⁾	Health benefit continuation (\$)⁽³⁾	Total (\$)
Dr. Keyvan Mohajer, CEO							
Without Cause/With Good							
Reason	\$ 141,250	\$ —	\$ 565,000	\$ —	\$ —	\$ —	\$ 706,250
Change in Control ⁽⁴⁾	\$ 565,000	\$ —	\$ 565,000	\$ —	\$ 20,311,103	\$ 10,993	\$ 21,452,096
Nitesh Sharan, CFO							
Without Cause/With Good							
Reason	\$ 116,250	\$ —	\$ 302,250	\$ —	\$ —	\$ —	\$ 418,500
Change in Control ⁽⁴⁾	\$ 465,000	\$ —	\$ 302,250	\$ —	\$ 9,914,617	\$ 6,340	\$ 10,688,207
Michael Zagorsek, COO							
Without Cause/With Good							
Reason	\$ 116,250	\$ —	\$ 302,250	\$ —	\$ —	\$ —	\$ 418,500
Change in Control ⁽⁴⁾	\$ 465,000	\$ —	\$ 302,250	\$ —	\$ 10,226,179	\$ 7,641	\$ 11,001,070
Dr. Majid Emami, CSO							
Without Cause/With Good							
Reason	\$ 96,250	\$ —	\$ 192,500	\$ —	\$ —	\$ —	\$ 288,750
Change in Control ⁽⁴⁾	\$ 385,000	\$ —	\$ 192,500	\$ —	\$ 5,921,063	\$ 10,859	\$ 6,509,422
James Hom, CPO							
Without Cause/With Good							
Reason	\$ 96,250	\$ —	\$ 192,500	\$ —	\$ —	\$ —	\$ 288,750
Change in Control ⁽⁴⁾	\$ 385,000	\$ —	\$ 192,500	\$ —	\$ 5,921,063	\$ 9,548	\$ 6,508,111

- (1) The Company will pay an amount equal to 3 months of the NEOs’ then current base salary
- (2) The Company will accelerate the vesting of any awards that have time-based vesting such that they will be deemed vested as of the date of employment terminates. The Company may accelerate the vesting of PSUs in connection with the negotiation of any Change in Control transaction, the value of which are included in the table.
- (3) The Company will pay the entire COBRA premiums necessary to continue health insurance coverage in effect for the executive and eligible dependents on the termination date until the earliest of (A) the close of the 3 months period following the termination of employment, (B) the expiration of eligibility for the continuation coverage under COBRA, and (C) the date the executive becomes eligible for substantially equivalent health insurance coverage in connection with new employment.
- (4) NEOs Change in Control potential payments assume the double trigger of qualifying termination of employment following a change in control.

CEO Pay Ratio

Pursuant to a mandate of the Dodd-Frank Act, the SEC adopted a rule requiring that we annually disclose the ratio of our median employee's total annual compensation to the total annual compensation of our CEO, Keyvan Mohajer, who is also our principal executive officer (the "CEO Pay Ratio").

The Company's compensation and benefits philosophy and the overall structure of the compensation and benefit programs are broadly similar across the organization and aim to encourage and reward all employees who contribute to the Company's success. The Company strives to ensure the pay of every employee reflects the level of his or her job impact and responsibilities and is competitive within the Company's peer group. Compensation rates are benchmarked and are generally set to be market-competitive in the country in which the jobs are performed. The Company's ongoing commitment to pay equity is critical to successfully supporting a diverse workforce with opportunities for all employees to grow, develop, and contribute.

In determining the pay ratio calculation, we used the methodology, assumptions, and estimates set forth below in determining the median employee:

We selected December 31, 2025, which is within the last three months of 2025, as the date upon which we would identify the median employee. We determined that, as of December 31, 2025, our global employee population consisted of approximately 809 individuals, which includes the individuals acquired as part of the [Amelia] transaction. For purposes of measuring the compensation of our employee population, we selected base salary and cash bonus compensation, as reported on our tax and payroll records. We measured base salary and cash bonus compensation included in the calculation over the 12-month period ended December 31, 2025. We gathered our base salary and cash bonus compensation information for the 12-month period ended December 31, 2025 from the tax and payroll records of each of our business units and applied this compensation measure consistently to all of our employees included in the calculation. We annualized the base salary and cash bonus compensation of permanent employees hired during the year. We did not make any other annualizing adjustments, and we did not make any cost-of-living adjustments in identifying the median employee. Once we identified the median employee, we identified and calculated the elements of such employee's compensation for 2025 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$322,475.

Dr. Keyvan Mohajer's, the Company's CEO, total compensation in 2025 per our Summary Compensation Table was \$9,326,833 and our median employee's total compensation in 2025 was \$322,475. Therefore, the Company's 2025 CEO Pay Ratio was 28 :1.

Director Compensation

The Compensation Committee most recently engaged Compensia in July 2025 to provide compensation consulting services. At this time, Compensia provided services related to the review of our compensation levels and equity awards against peer practices and provided perspectives on board compensation trends, particularly with respect to the Company's peer group. Compensia did not provide any services to the Company other than its engagement by the Compensation Committee.

On July 31, 2025, our Board revised and approved a director compensation policy, which provides to each of the non-employee directors (i) an annual retainer of \$35,000, payable quarterly (ii) additional annual cash retainers, payable quarterly, for committee service as follows: (A) Chair of the Audit Committee: \$20,000; (B) member of the Audit Committee: \$10,000; (C) Chair of the Compensation Committee: \$14,500; (D) member of the Compensation Committee: \$7,300; (E) Chair of the Nominating and Corporate Governance Committee: \$7,500; and (F) member of the Nominating and Corporate Governance Committee: \$3,800; (iii) an annual grant of restricted stock units having a grant day value of \$171,472 which shall vest over four quarters; and (iv) travel expense reimbursement. Prior to July 31, 2025, our Board remained on the previous director compensation policy, where the annual grant of restrictive stock had a grant day value of \$177,500, while everything else remained the same. In the event of a Change in Control (as defined in the 2022 Incentive Award Plan), any then-unvested initial grant or annual RSU grant will fully vest (and become exercisable, in the case of an option) as of immediately prior to the effective time of such transaction, subject to the outside director's continuous board service through the effective date of such transaction.

The following table sets forth information regarding compensation earned by our non-employee directors for the year ended December 31, 2025.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$)	Total (\$)
Eric Ball	\$ 66,100	\$ 171,472 ⁽²⁾	\$ —	\$ 237,572
Larry Marcus	\$ 67,000	\$ 171,472 ⁽³⁾	\$ —	\$ 238,472
Diana Sroka	\$ 45,000	\$ 171,472 ⁽⁴⁾	\$ —	\$ 216,472

- (1) The values reported here are the aggregate grant date fair values of such awards computed in accordance with FASB ASC Topic 718.
- (2) Eric Ball has 8,949 Restricted Stock Awards unvested outstanding as of the end of the Company’s most recently completed fiscal year.
- (3) Lawrence Marcus has 8,949 Restricted Stock Awards unvested outstanding as of the end of the Company’s most recently completed fiscal year.
- (4) Diana Sroka has 8,949 Restricted Stock Awards unvested outstanding as of the end of the Company’s most recently completed fiscal year.

Compensation Recovery and Clawback Policy

Under the Sarbanes-Oxley Act, in the event of misconduct that results in a financial restatement that would have reduced a previously paid incentive amount, we can recoup those improper payments from our executive officers. The SEC also recently adopted rules which direct national stock exchanges to require listed companies to implement policies intended to recoup bonuses paid to executives if the company is found to have misstated its financial results.

On November 2, 2023, our board of directors approved the adoption of the Executive Compensation Clawback Policy (the “Clawback Policy”), in order to comply with the final clawback rules adopted by the SEC under Rule 10D-1 under the Exchange Act and the listing standards, as set forth in the Nasdaq Listing Rule 5608 (the “Final Clawback Rules”).

The Clawback Policy provides for the mandatory recovery of erroneously awarded incentive-based compensation from our current and former executive officers as defined in Rule 10D-1 (“Covered Officers”) in the event that we are required to prepare an accounting restatement, in accordance with the Final Clawback Rules. The recovery of such compensation applies regardless of whether a Covered Officer engaged in misconduct or otherwise caused or contributed to the requirement of an accounting restatement. Under the Clawback Policy, our Board may recoup from the Covered Officers erroneously awarded incentive compensation received within a lookback period of the three completed fiscal years preceding the date on which we are required to prepare an accounting restatement.

In fiscal year 2023, certain restatements of the Company’s financial statements were made to the Company’s condensed consolidated financial statements as of and for the three and nine months ended September 30, 2022, as of and for the year ended December 31, 2022, and as of and for the three months ended March 31, 2023 and the three and six months ended June 30, 2023. In accordance with the Clawback Policy, a recovery analysis of incentive-based compensation received by any of the Company’s executive officers during the period from and after October 2, 2023 was required. The Company conducted a recovery analysis and concluded that the incentive-based compensation received during the recovery period did not trigger a recovery.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters.

Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

The following table sets forth information known to the Company regarding beneficial ownership of shares of the Company’s Class A Common Stock and Class B Common Stock as of December 31, 2025 by:

- each person known by the Company to be the beneficial owner of more than 5% of the Company’s outstanding Class A Common Stock and Class B Common Stock;
- each of the Company’s named executive officers and directors; and
- all executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options, warrants and certain other derivative securities that are currently exercisable or will become exercisable within 60 days.

The percentage of beneficial ownership is based on 422,452,597 shares of Common Stock issued and outstanding as of December 31, 2025, which calculation includes (i) 389,917,189 shares of the Company's Class A Common Stock and (ii) 32,535,408 shares of the Company's Class B Common Stock. Voting power represents the combined voting power of shares of Class A Common Stock and Class B Common Stock owned beneficially by such person. On all matters to be voted upon, subject to the rights of any holders of any series of preferred stock, holders of shares of Class A Common Stock and Class B Common Stock will vote together as a single class on all matters submitted to the stockholders for their vote or approval. Holders of Class A Common Stock are entitled to one vote per share on all matters submitted to the stockholders for their vote or approval. Holders of Class B Common Stock are entitled to ten votes per share on all matters submitted to stockholders for their vote or approval. Accordingly, as of December 31, 2025, a total of 715,271,269 votes may be cast at any meeting of stockholders.

In accordance with SEC rules, shares of our Class A Common Stock which may be acquired upon exercise of stock options or warrants which are currently exercisable or which become exercisable within 60 days after December 31, 2025 are deemed beneficially owned by the holders of such options and warrants and are deemed outstanding for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage of ownership of any other person. Unless otherwise indicated, the business address of each of the entities, directors and executives in this table is 5400 Betsy Ross Drive, Santa Clara, CA 95054.

Unless otherwise indicated and subject to community property laws and similar laws, the Company believes that all parties named in the table below have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them.

Beneficial Ownership Table					
Name of Beneficial Owners	Number of Shares of Class A Common Stock	% Class	Number of Shares of Class B Common Stock	% Class	% of Total Voting Power
Directors and Executive Officers⁽⁷⁾					
Dr. Keyvan Mohajer ⁽¹⁾	691,899	*	14,139,064	43.46%	20%
James Hom ⁽²⁾	375,327	*	1,812,588	5.57%	3%
Larry Marcus ⁽³⁾	195,579	*	—	—	*
Diana Sroka ⁽⁴⁾	231,473	*	—	—	*
Dr. Eric R. Ball ⁽⁵⁾	539,266	*	—	—	*
Dr. Seyed Majid Emami ⁽⁶⁾	104,789	*	16,583,756	50.97%	23%
Timothy Stonehocker ⁽⁷⁾	515,126	*	—	—	*
Nitesh Sharan ⁽⁸⁾	1,188,547	*	—	—	*
Michael Zagorsek ⁽⁹⁾	1,597,820	*	—	—	*
All directors and executive officers as a group (10 individuals)	5,439,826	1.40%	32,535,408	100.00%	46%
5% Holders					
The Vanguard Group, Inc. ⁽¹⁰⁾	38,814,254	9.95%	—	—	5%
BlackRock Institutional Trust Company, N.A. ⁽¹¹⁾	28,182,491	7.23%	—	—	4%

- (1) Includes 290,834 shares of Class A Common Stock issuable upon vesting of outstanding RSUs that vest within 60 days of December 31, 2025.
- (2) Includes 85,832 shares of Class A Common Stock issuable upon vesting of outstanding RSUs that vest within 60 days of December 31, 2025.

- (3) Includes 4,474 shares of Class A Common Stock issuable upon vesting of outstanding RSUs that vest within 60 days of December 31, 2025 and 108,117 shares of Class A Common Stock held by Marcus Family Trust, dated 7/8/04, of which Larry Marcus is a co-trustee. Mr. Marcus disclaims beneficial ownership of the shares held by the trust except to the extent of any pecuniary interest he may have therein. Does not include securities held of record by Walden Sprout Opportunities Fund-A, LLC because Mr. Marcus is one of three managing members of such fund, he is not deemed to be a beneficial owner of the securities held by such fund. Mr. Marcus's business address is 2105 Woodside Rd, Woodside, CA 94062.
- (4) Includes 84,685 shares of Class A Common Stock that are issuable upon exercise of stock options which are exercisable within 60 days of December 31, 2025 and 4,474 shares of Class A Common Stock issuable upon vesting of outstanding RSUs that vest within 60 days of December 31, 2025.
- (5) Includes 84,685 shares of Class A Common Stock that are issuable upon exercise of stock options which are exercisable within 60 days of December 31, 2025 and 4,474 shares of Class A Common Stock issuable upon vesting of outstanding RSUs that vest within 60 days of December 31, 2025.
- (6) Includes 85,832 shares of Class A Common Stock issuable upon vesting of outstanding RSUs that vest within 60 days of December 31, 2025.
- (7) Includes 103,127 shares of Class A Common Stock, 166,688 shares of Class A Common Stock that are issuable upon exercise of stock options that are currently exercisable or exercisable within 60 days of December 31, 2025 and 63,124 shares of Class A Common Stock issuable upon vesting of outstanding RSUs that vest within 60 days of December 31, 2025.
- (8) Includes 248,677 shares of Class A Common Stock that are issuable upon exercise of stock options which are currently exercisable or exercisable within 60 days of December 31, 2025 and 129,167 shares of Class A Common Stock issuable upon vesting of outstanding RSUs that vest within 60 days of December 31, 2025.
- (9) Consists of 588,139 shares of Class A Common Stock that are issuable upon exercise of stock options which are currently exercisable or exercisable within 60 days of December 31, 2025 and 147,917 shares of Class A Common Stock issuable upon vesting of outstanding RSUs that vest within 60 days of December 31, 2025.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain Relationships and Related Transactions, and Director Independence

The following is a description of each transaction since January 1, 2025 and each currently proposed transaction in which:

- SoundHound has been or is to be a participant;
- the amount involved exceeded or exceeds \$120,000; and
- any of SoundHound's directors, executive officers or holders of more than 5% of its capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest.

See Note 20 to our consolidated financial statements included within this Annual Report for related-party transactions for the year ended December 31, 2025.

Policies and Procedures for Related Party Transactions

In April 2022, SoundHound adopted a written related person transaction policy that sets forth the following policies and procedures for the identification, review, consideration and approval or ratification of related person transactions. SoundHound's policies and procedures are designed to minimize potential conflicts of interest arising from any dealings it may have with its affiliates and to provide appropriate procedures for the disclosure of any real or potential conflicts of interest that may exist from time to time.

A "Related Person Transaction" is a transaction, arrangement or relationship in which SoundHound or any of its subsidiaries was, is or will be a participant, the amount of which involved exceeds the lesser of \$120,000 or one percent of the average of SoundHound's total assets at year-end for the last two completed fiscal years, and in which any related person had, has or will have a direct or indirect material interest. Transactions involving compensation for services provided to SoundHound as an employee or director are not covered by this policy. A "Related Person" means:

- any person who is, or at any time during the applicable period was, one of SoundHound's officers or one of SoundHound's directors;
- any person who is known by SoundHound to be the beneficial owner of more than five percent (5%) of its voting stock;

- any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, daughter-in-law, brother-in-law or sister-in-law of a director, officer or a beneficial owner of more than five percent (5%) of its voting stock, and any person (other than a tenant or employee) sharing the household of such director, officer or beneficial owner of more than five percent (5%) of its voting stock; and
- any firm, corporation or other entity in which any of the foregoing persons is a partner or principal or in a similar position or in which such person has a ten percent (10%) or greater beneficial ownership interest.

Under the policy, if a transaction has been identified as a related person transaction, including any transaction that was not a related person transaction when originally consummated or any transaction that was not initially identified as a related person transaction prior to consummation, SoundHound's management must present information regarding the related person transaction to the Audit Committee, or, if Audit Committee approval would be inappropriate, to another independent body of the Board, for review, consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related persons, the benefits to SoundHound of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the policy, SoundHound will collect information that SoundHound deems reasonably necessary from each director, executive officer and, to the extent feasible, significant stockholder to enable SoundHound to identify any existing or potential related-person transactions and to effectuate the terms of the policy. In addition, under SoundHound's Code of Conduct, SoundHound's employees and directors have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest. In considering related person transactions, the Audit Committee, or other independent body of the Board, will take into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to SoundHound;
- the impact on a director's independence in the event that the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from employees generally.

The policy requires that, in determining whether to approve, ratify or reject a related person transaction, the Audit Committee, or other independent body of the Board, must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, SoundHound's best interests and those of SoundHound's stockholders, as the Audit Committee, or other independent body of the Board, determines in the good faith exercise of its discretion.

Certain of the foregoing disclosures are summaries of certain provisions of our related party agreements, and are qualified in their entirety by reference to all of the provisions of such agreements. Because these descriptions are only summaries of the applicable agreements, they do not necessarily contain all of the information that you may find useful. Copies of certain of the agreements (or forms of the agreements) have been filed as exhibits to the registration statement of which this prospectus is a part, and are available electronically on the website of the SEC at www.sec.gov.

Director Independence

Our Board is responsible for determining the independence of our directors. For purposes of determining director independence, our Board has applied the definitions set forth in Nasdaq Listing Rule 5605(a)(2) and the related rules of the SEC. Based upon its evaluation, our Board has affirmatively determined that the following directors meet the standards of independence: Dr Eric Ball, Larry Marcus and Diana Sroka.

Item 14. Principal Accounting Fees and Services

Appointment of Independent Registered Public Accounting Firm

The Audit Committee appoints our independent registered public accounting firm. In this regard, the Audit Committee evaluates the qualifications, performance and independence of our independent registered public accounting firm and determines whether to re-engage our current firm. As part of its evaluation, the Audit Committee considers, among other factors, the quality and efficiency of the services provided by the firm, including the performance, technical expertise, industry knowledge and experience of the lead audit partner and the audit team assigned to our account; the overall strength and reputation of the firm; the firm's capabilities relative to our business; and the firm's knowledge of our operations. PricewaterhouseCoopers LLP has served as our independent registered public accounting firm since 2023. Neither the accounting firm nor any of its members has any direct or indirect financial interest in or any connection with us in any capacity other than as our auditors and providing audit and permissible non-audit related services. Prior to the appointment of PricewaterhouseCoopers LLP, Armanino LLP served as the Company's independent registered public accounting firm from 2020 through 2023.

Audit, Audit-Related and All Other Fees

Audit Fees

Audit fees consist of fees billed for professional services rendered for the audit of our consolidated financial statements, including business combination activities during the year, the audit of our internal control over financial reporting, reviews of our quarterly financial statements, and reviews of SEC registration statements and related consents and comfort letters. The aggregate fees billed by PricewaterhouseCoopers LLP for audit fees, inclusive of required filings with the SEC for the years ended December 31, 2025 and 2024 totaled \$3,800,000 and \$4,999,000, respectively.

Audit-Related Fees

Audit-related fees consist of fees billed for assurance and related services that are reasonably related to performance of the audit or review of our year-end financial statements and are not reported under "Audit Fees." There were no audit-related fees billed by PricewaterhouseCoopers LLP for the years ended December 31, 2025 and 2024.

Tax Fees

Tax fees consist of fees billed for professional services relating to tax compliance, tax planning and tax advice. There were no tax fees billed by PricewaterhouseCoopers LLP for the years ended December 31, 2025 and 2024.

All Other Fees

An aggregate of \$2,000 and \$2,000 was billed by PricewaterhouseCoopers LLP as other fees for the years ended December 31, 2025 and 2024, respectively.

Pre-Approval Policy

Since the formation of our Audit Committee, and on a going-forward basis, the Audit Committee has and will pre-approve all auditing services and permitted non-audit services to be performed for us by our auditors, including the fees and terms thereof (subject to the de minimis exceptions for non-audit services described in the Exchange Act which are approved by the Audit Committee prior to the completion of the audit).

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this Annual Report on Form 10-K:

1. *Financial Statements*: See Index to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.
2. *Financial Statement Schedules*: All schedules have been omitted as the requested information is not applicable or the information is presented in the consolidated financial statements or related notes included in this Form 10-K.
3. *Exhibits*: See Item 15(b) of this Form 10-K below.

(b) Exhibits.

Exhibit Number	Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
2.1+	Agreement and Plan of Merger, dated December 6, 2023, by and among SoundHound AI, Inc., Black Knights Merger Sub I, Inc., a Delaware corporation, Black Knight Merger Sub II, LLC, a Delaware limited liability company and Synq3, Inc.	8-K	2.1	12/07/23
2.2	Firehorse Merger Sub, LLC Stock Purchase Agreement	8-K	2.1	08/06/24
2.3	Amelia Holding II, LLC Credit Agreement	8-K	10.1	08/06/24
2.4+	Agreement and Plan of Merger, dated September 3, 2025, by and among SoundHound, Inc., Iris Merger Sub, Inc., Shareholder Representative Services LLC, Interactions Corporation and SoundHound AI, Inc.	8-K	2.1	09/09/25
3.1	Restated Certificate of Incorporation	8-K	3.1	05/30/25
3.2	Amended and Restated Bylaws of SoundHound AI, Inc.	8-K	3.2	05/02/22
4.1	Amended and Restated Warrant Agreement.	8-K	4.1	05/02/22
4.2	Form of Specimen Class A Common Stock Certificate.	S-1	4.2	05/16/22
4.3	Form of Specimen Warrant Certificate.	S-1	4.3	05/16/22
4.4	Amended and Restated Warrant Agreement.	8-K	4.1	05/02/22
4.5	Form of Class A Common Stock Purchase Warrant	10-Q	4.1	05/12/23
4.6	Description of Securities	10-K	4.5	03/28/23
10.1#	SoundHound AI, Inc. 2022 Incentive Award Plan.	Proxy Statement	Annex D	04/08/22
10.2#	SoundHound AI, Inc. 2022 Employee Stock Purchase Plan.	Proxy Statement	Annex E	04/08/22
10.3#	Form of Restricted Stock Unit Agreement.	8-K	10.8	05/02/22
10.4#	Form of Stock Option Award Agreement.	8-K	10.9	05/02/22
10.5	Form of Indemnity Agreement.	8-K	10.10	05/02/22
10.6#	Employment Agreement with Keyvan Mohajer, Chief Executive Officer, dated June 2, 2022.	8-K	10.1	06/08/22
10.7#	Employment Agreement with Nitesh Sharan, Chief Financial Officer, dated June 2, 2022.	8-K	10.2	06/08/22
10.8#	Employment Agreement with Timothy Stonehocker, Chief Technology Officer, dated June 2, 2022.	8-K	10.3	06/08/22
10.9#	Non-Employee Director Compensation Policy.	8-K	10.4	06/08/22
10.10	Form of Controlled Equity Offering Sales Agreement	S-3	10.1	07/24/23
10.11#	SoundHound AI, Inc. 2024 Employment Inducement Incentive Award Plan	S-8	4.1	11/04/24
10.12#	Form of Restricted Stock Unit Agreement.	S-8	4.2	11/04/24
10.13#	Form of Stock Option Award Agreement.	S-8	4.3	11/04/24
10.14	Form of Equity Distribution Agreement, dated January 27, 2025	S-3	10.1	01/28/25

Exhibit Number	Description	Incorporated by Reference		
		Form	Exhibit	Filing Date
19.1	Insider Trading Policy	10-K	19.1	03/01/24
21.1*	Subsidiaries of the Company			
23.1*	Consent of PricewaterhouseCoopers LLP			
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
99.1*	Executive Compensation Clawback Policy			
101.INS	Inline XBRL Instance Document.			
101.SCH	Inline XBRL Taxonomy Extension Schema Document.			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

* Filed herewith.

** Furnished herewith.

+ The Company agrees to furnish supplementally to the SEC a copy of any omitted schedule or exhibit upon the request of the SEC in accordance with Item 601(b)(2) of Regulation S-K.

Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SoundHound AI, Inc.

Date: March 2, 2026

/s/ Dr. Keyvan Mohajer

Name: Dr. Keyvan Mohajer

Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<u>Name</u>	<u>Position</u>	<u>Date</u>
<u>/s/ Dr. Keyvan Mohajer</u> Dr. Keyvan Mohajer	Chief Executive Officer and Director (Principal Executive Officer)	March 2, 2026
<u>/s/ Nitesh Sharan</u> Nitesh Sharan	Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2026
<u>/s/ James Hom</u> James Hom	Director	March 2, 2026
<u>/s/ Dr. Eric Ball</u> Dr. Eric Ball	Director	March 2, 2026
<u>/s/ Larry Marcus</u> Larry Marcus	Director	March 2, 2026
<u>/s/ Diana Sroka</u> Diana Sroka	Director	March 2, 2026