UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from________to________

Commission File No. 001-40193

SOUNDHOUND AI, INC.

(Exact name of registrant as specified in its charter)

Delaware	**86-1286799**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5400 Betsy Ross Drive, Santa Clara, CA 95054

(Address of principal executive offices) (Zip Code)

(408) 441-3200

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 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 every Interactive Data File required to be submitted 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 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.

☒ Large accelerated filer	☐ Accelerated filer
☐ Non-accelerated filer	☐ Smaller reporting company
	☐ Emerging growth company

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of May 7, 2026, there were 400,234,227 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.

SOUNDHOUND AI, INC.

QUARTERLY REPORT ON FORM 10-Q

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "report") 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" herein and in our Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on March 2, 2026.

You should thoroughly read this 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 report relate only to events or information as of the date of this 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 report completely and with the understanding that our actual future results may be materially different from what we expect.

PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

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

	March 31, 2026 (Unaudited)	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 215,642	$ 248,490
Accounts receivable, net of allowances of $2,807 and $2,254 as of March 31, 2026 and December 31, 2025, respectively	30,068	32,336
Contract assets and unbilled receivable, net	32,752	38,189
Other current assets	10,343	10,114
Total current assets	288,805	329,129
Restricted cash equivalents, non-current	676	676
Right-of-use assets	5,920	3,791
Property and equipment, net	2,863	2,928
Goodwill	122,277	122,277
Intangible assets, net	172,036	181,395
Deferred tax asset	28	29
Contract assets and unbilled receivable, non-current, net	34,067	29,906
Other non-current assets	18,279	18,042
Total assets	$ 644,951	$ 688,173
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,048	$ 10,562
Accrued liabilities	29,321	26,325
Operating lease liabilities	2,751	1,812
Finance lease liabilities	289	332
Income tax liability	2,812	2,662
Deferred revenue	28,509	24,042
Contingent acquisition liabilities (Note 15)	—	4,400
Other current liabilities	1,557	1,604
Total current liabilities	73,287	71,739
Operating lease liabilities, net of current portion	3,186	2,069
Deferred revenue, net of current portion	6,756	8,195
Contingent acquisition liabilities, net of current portion (Note 15)	87,334	129,227
Deferred tax liabilities	1,379	1,363
Income tax liability, net of current portion	2,209	2,254
Other non-current liabilities	10,134	9,540
Total liabilities	184,285	224,387
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Series A Preferred Stock, $0.0001 par value; 1,000,000 shares authorized; 0 and 0 shares issued and outstanding, aggregate liquidation preference of $0 and $0 as of March 31, 2026 and December 31, 2025, respectively	—	—
Class A Common Stock, $0.0001 par value; 755,000,000 shares authorized as of March 31, 2026 and December 31, 2025; 393,742,421 and 390,070,691 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	37	37
Class B Common Stock, $0.0001 par value; 44,000,000 shares authorized; 32,535,408 shares issued and outstanding as of March 31, 2026 and December 31, 2025	3	3
Additional paid-in capital	1,442,560	1,420,672
Accumulated deficit	(982,094)	(957,066)
Accumulated other comprehensive income	160	140
Total stockholders' equity	460,666	463,786
Total liabilities and stockholders' equity	$ 644,951	$ 688,173

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

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

	Three Months Ended March 31,	
	2026	**2025**
Revenues	$ 44,195	$ 29,129
Operating expenses:		
Cost of revenues	30,453	18,511
Sales and marketing	19,215	12,007
Research and development	26,200	24,756
General and administrative	25,676	18,407
Change in fair value of contingent acquisition liabilities	(39,392)	(176,100)
Amortization of intangible assets	4,714	3,451
Total operating expenses	66,866	(98,968)
Income (loss) from operations	(22,671)	128,097
Other income (expense), net:		
Interest expense	(71)	(235)
Other income (expense), net	(1,488)	2,889
Total other income (expense), net	(1,559)	2,654
Income (loss) before provision for income taxes	(24,230)	130,751
Provision for income taxes	798	819
Net income (loss)	$ (25,028)	$ 129,932
Earnings attributable to participating Class A Common Shares	—	(705)
Net income (loss) attributable to SoundHound common shareholders	$ (25,028)	$ 129,227
Other comprehensive income:		
Unrealized gains on investments	20	6
Comprehensive income (loss)	$ (25,008)	$ 129,938
Net income (loss) per share:		
Basic	$ (0.06)	$ 0.33
Diluted	$ (0.11)	$ 0.31
Weighted-average common shares outstanding:		
Basic	421,472,827	393,893,313
Diluted	429,783,201	414,156,455

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

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

Three Months Ended March 31, 2026

	Series A Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balances as of December 31, 2025	—	$ —	390,070,691	$ 37	32,535,408	$ 3	$ 1,420,672	$ (957,066)	$ 140	$ 463,786
Issuance of Class A common stock for equity incentive awards	—	—	3,424,969	—	—	—	396	—	—	396
Issuance of Class A common stock due to settlement of contingent acquisition liabilities	—	—	246,761	—	—	—	2,028	—	—	2,028
Stock-based compensation	—	—	—	—	—	—	19,464	—	—	19,464
Net loss	—	—	—	—	—	—	—	(25,028)	—	(25,028)
Other comprehensive income	—	—	—	—	—	—	—	—	20	20
Balances as of March 31, 2026	—	$ —	393,742,421	$ 37	32,535,408	$ 3	$ 1,442,560	$ (982,094)	$ 160	$ 460,666

Three Months Ended March 31, 2025

	Series A Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balances as of December 31, 2024	—	$ —	361,096,457	$ 35	32,535,408	$ 3	$ 1,125,470	$ (943,060)	$ 205	$ 182,653
Issuance of Class A common stock under the Second Equity Distribution Agreement, net of issuance costs	—	—	4,248,900	1	—	—	66,282	—	—	66,283
Issuance of Class A common stock for equity incentive awards	—	—	3,522,823	—	—	—	666	—	—	666
Issuance of Class A common stock in connection with the exercise of warrants	—	—	1,110	—	—	—	13	—	—	13
Stock-based compensation	—	—	—	—	—	—	17,440	—	—	17,440
Net income	—	—	—	—	—	—	—	129,932	—	129,932
Other comprehensive income	—	—	—	—	—	—	—	—	6	6
Balances as of March 31, 2025	—	$ —	368,869,290	$ 36	32,535,408	$ 3	$ 1,209,871	$ (813,128)	$ 211	$ 396,993

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

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Cash flows used in operating activities:		
Net income (loss)	$ (25,028)	$ 129,932
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	9,966	7,755
Stock-based compensation	18,546	17,440
Loss on disposal of property and equipment	—	31
Non-cash lease amortization	858	664
Amortization of capitalized commissions	538	—
Foreign currency gain/loss from remeasurement	791	(160)
Change in fair value of contingent acquisition liabilities	(39,392)	(176,100)
Change in fair value of derivative	2,491	(1,289)
Deferred income taxes	17	(1)
Other, net	744	903
Changes in operating assets and liabilities:		
Accounts receivable, net	1,542	2,347
Other current assets	(767)	(239)
Contract assets	1,261	5,816
Other non-current assets	548	(1,181)
Accounts payable	(2,503)	1,151
Accrued liabilities	2,655	(8,403)
Contingent acquisition liabilities	(1,335)	—
Other current liabilities	(61)	(581)
Operating lease liabilities	(809)	(836)
Deferred revenue	3,028	3,667
Other non-current liabilities	652	(101)
Net cash used in operating activities	(26,258)	(19,185)
Cash flows used in investing activities:		
Purchases of property and equipment	(468)	(162)
Capitalized software development costs	(2,592)	—
Net cash used in investing activities	(3,060)	(162)
Cash flows provided by (used in) financing activities:		
Proceeds from sales of Class A common stock under the Second Equity Distribution Agreement	—	67,707
Proceeds from exercise of stock options and employee stock purchase plan	396	666
Proceeds from warrants exercised	—	13
Payment of financing costs associated with the Second Equity Distribution Agreement	—	(1,355)
Payment to settle contingent earnout liabilities	(3,538)	—
Payments on finance leases	(101)	(21)
Net cash provided by (used in) financing activities	(3,243)	67,010
Effects of exchange rate changes on cash	(287)	(94)
Net change in cash, cash equivalents, and restricted cash equivalents	(32,848)	47,569
Cash, cash equivalents, and restricted cash equivalents, beginning of period	249,166	198,916
Cash, cash equivalents, and restricted cash equivalents, end of period	$ 216,318	$ 246,485

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

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

Reconciliation to amounts on the condensed consolidated balance sheets:				
Cash and cash equivalents	$	215,642	$	245,809
Non-current portion of restricted cash equivalents		676		676
Total cash, cash equivalents, and restricted cash equivalents shown in the condensed consolidated statements of cash flows	$	216,318	$	246,485
Supplemental disclosures of cash flow information:				
Cash paid for interest	$	15	$	2
Cash paid for income taxes, net	$	689	$	1,230
Noncash investing and financing activities:				
Right-of-use assets obtained in exchange for lease liabilities	$	2,886	$	—
Issuance of Class A Common Stock to contingent earnout liabilities	$	2,028	$	—
Deferred offering costs reclassified to additional paid-in capital	$	—	$	69
Stock-based compensation included in capitalized software development costs	$	918	$	—

SOUNDHOUND AI, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 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 March 31, 2026, the Company had an accumulated deficit of $982.1 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 March 31, 2026 was $215.6 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 unaudited condensed 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 unaudited condensed 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

The (a) condensed consolidated balance sheet as of December 31, 2025, which has been derived from audited financial statements as filed in the Company’s Form 10-K, which was originally filed with the Securities and Exchange Commission ("SEC") on March 2, 2026 and (b) the unaudited interim condensed 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 SEC regarding interim 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”). The unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the audited annual consolidated financial statements and in the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of its financial position as of March 31, 2026, and its results of operations for the three months ended March 31, 2026, and 2025, and cash flows for the three months ended March 31, 2026 and 2025 have been included. The results of operations for the three months ended March 31, 2026 are not necessarily indicative of the results for the fiscal year ending December 31, 2026 or any future interim period.

Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading.

Significant Accounting Policies

There have been no material changes to our significant accounting policies disclosed in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

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 Interactions, no significant estimates were changed by management during the three months ended March 31, 2026 and 2025. 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.

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 March 31, 2026 and December 31, 2025, there was no customer that accounted for more than 10% of the Company’s accounts receivable balance.

As of March 31, 2026, unbilled receivables from Customer A, B, C, D and E accounted for 25%, 21%, 15%, 12% and 12% of the Company’s unbilled receivables balance, respectively. As of December 31, 2025, unbilled receivables from Customer A, B, C, D and E accounted for 14%, 23%, 17%, 16% and 13% of the Company’s unbilled receivables balance, respectively.

For the three months ended March 31, 2026 and 2025, there was no customer that accounted for more than 10% of the Company's total revenue.

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 condensed 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 condensed 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 condensed 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 for the three months ended March 31, 2026 and March 31, 2025.

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 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 July 2025, the FASB issued Accounting Standards Update No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets ("ASU 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 has adopted this standard for its interim financial statements as of and for the three months ended March 31, 2026 and thereafter. The Company has assessed no material impact from the updated standard on the financial statement disclosures.

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 September 2025, the FASB issued Accounting Standards Update 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.

In December 2025, the FASB issued Accounting Standards Update No. 2025-11. The standard is intended to improve the navigability of the guidance in ASC 270 and clarify when it applies. This ASU is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively or retrospectively to any or 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.

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 total purchase consideration included $3.9 million in cash paid and 5,755,910 in shares of the Company's Class A Common Stock. The Company also withheld purchase consideration of $0.5 million in cash and 1,179,514 shares of the Company's Class A Common Stock 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").

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 March 31, 2026. See Note 15 to our unaudited condensed consolidated financial statements included within this report 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 condensed 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 condensed consolidated statement of operations and comprehensive income (loss).

For the three months ended March 31, 2026 and 2025, the Company recognized a loss of less than $0.1 million and a gain of $5.1 million, respectively, related to the Contingent SYNQ3 Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the condensed consolidated statement of operations and comprehensive income (loss).

As of March 31, 2026, the 2024 revenue target was not met, but the 2025 revenue target was met. On March 3, 2026, the Company paid $0.1 million in cash and issued 246,761 shares of Class A Common Stock to settle the 2025 portion of the Contingent SYNQ3 Earnout Consideration. The Company assessed the 2026 revenue target as not probable of being met.

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 11 to our unaudited condensed consolidated financial statements included within this report for more information on stock-based awards issued in connection with the SYNQ3 Acquisition.

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 total purchase consideration included 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 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.

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 15 to our unaudited condensed 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 condensed 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 condensed consolidated statement of operations and comprehensive income (loss). For the three months ended March 31, 2026 and 2025, the Company recognized a gain of $37.4 million and $168.7 million, respectively, related to the Contingent Amelia Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the condensed consolidated statement of operations and comprehensive income (loss). As of March 31, 2026, the 2025 revenue target was met. The Company assessed the 2026 revenue target was probable of being met.

Measurement Period Adjustment

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

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 in the second quarter of 2026.

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 condensed 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 condensed consolidated statement of operations and comprehensive income (loss). As of the Interactions Acquisition Date, the Contingent Interactions Earnout Consideration had an estimated fair value of $9.9 million. For the three months ended March 31, 2026, the Company recognized a gain of $2.4 million related to the Contingent Interactions Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the condensed consolidated statement of operations and comprehensive income (loss).

On January 23, 2026, the Company paid $4.7 million to the selling shareholders of the Interaction Acquisition to settle a portion of the Contingent Interactions Earnout Consideration due to the achieved renewal of an existing contract with a specific customer. As of March 31, 2026, the Company assessed the 2026 revenue target as not probable of being met, but the 2027 revenue targets as probable of being met.

See Note 15 to our unaudited condensed 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: Sep 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
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 March 31, 2026 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.

As of March 31, 2026, the Company incurred $5.5 million in acquisition related expenses, of which $0.5 million was incurred during the three months ended March 31, 2026 and recorded as general and administration expenses in its condensed consolidated statements of operations and comprehensive loss.

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 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 three months ended March 31, 2026, $4.2 million of professional service revenue was recognized over time, with the remaining $0.2 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 three months ended March 31, 2025, $3.1 million of professional service revenue was recognized over time, with the remaining $0.2 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 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 three months ended March 31, 2026 and 2025, revenue under each performance obligation was as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Hosted services	$ 32,009	$ 21,954
Licensing	7,683	3,813
Professional services	4,420	3,253
Monetization	83	109
Total	$ 44,195	$ 29,129

For the three months ended March 31, 2026 and 2025, the disaggregated revenue by geographic location* was as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
United States	$ 32,495	$ 18,618
Japan	4,582	285
Other	7,118	10,226
Total	$ 44,195	$ 29,129

*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 three months ended March 31, 2026 and 2025, the disaggregated revenue by recognition pattern was as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Over time revenue	$ 37,035	$ 25,705
Point-in-time	7,160	3,424
Total	$ 44,195	$ 29,129

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 three months ended March 31, 2026 and 2025, the disaggregated revenue by service type was as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Service subscriptions	$ 35,762	$ 24,573
Product royalties	8,350	4,447
Monetization	83	109
Total	$ 44,195	$ 29,129

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.

As of January 1, 2025, accounts receivable, net of allowances, was $23.2 million, contract assets were $39.5 million and deferred revenue was $30.7 million.

The contract asset and unbilled accounts receivable, net as of March 31, 2026 and December 31, 2025 consists of the following (in thousands):

	Balance Sheet Presentation	March 31, 2026	December 31, 2025
Unbilled account receivables - current	Contract assets and unbilled receivables, net	$ 15,691	$ 17,728
Contract assets - current	Contract assets and unbilled receivables, net	17,061	20,461
Unbilled account receivables - non-current	Contract assets and unbilled receivables, non-current, net	17,664	12,988
Contract assets - non-current	Contract assets and unbilled receivables, non-current, net	16,403	16,918

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. The Company has not recorded any specific asset impairment charges related to contract assets during the periods presented in the unaudited condensed consolidated financial statements.

Revenues recognized included in the balances of the deferred revenue at the beginning of the reporting period were $9.7 million for the three months ended March 31, 2026 as compared to $10.3 million for the three months ended March 31, 2025.

As of March 31, 2026, the aggregate amount of the transaction price allocated to the remaining performance obligations related to customer contracts that were unsatisfied or partially unsatisfied was $64.7 million. Given the applicable contract terms, $40.1 million is expected to be recognized as revenue within one year, $22.9 million is expected to be recognized between 2 to 5 years and the remainder of $1.7 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 changes in the carrying value of goodwill including the effect of measurement period adjustments for the three months ended March 31, 2026 and 2025, were as follows (in thousands):

Balance as of December 31, 2025	$	122,277
Measurement period adjustment		—
Balance as of March 31, 2026	$	122,277

Balance as of December 31, 2024	$	101,704
Measurement period adjustment		(494)
Balance as of March 31, 2025	$	101,210

The Company has applied the acquisition method of accounting in accordance with ASC 805 and recognized assets acquired and liabilities assumed from the acquired entities 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.

Intangible Assets

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

	March 31, 2026						
	Useful life (in years)		Gross Carrying Value		Accumulated Amortization		Net Carrying Value
Developed technology	3.0 - 7.0	$	117,640	$	29,518	$	88,122
Customer relationships	3.0 - 7.0		101,060		22,553		78,507
Tradename	2.0 - 5.0		9,270		3,992		5,278
Conversation data	2.5		1,285		1,156		129
Total		$	229,255	$	57,219	$	172,036

	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

Amortization expense of intangible assets was $9.4 million and $7.5 million for the three months ended March 31, 2026 and 2025, respectively. This expense was recorded as $4.6 million and $4.0 million within cost of revenues for the three months ended March 31, 2026 and 2025, respectively.

Future amortization expense of intangible assets held as of March 31, 2026, is as follows (in thousands):

Year ending December 31,		
2026	$	28,157
2027		34,930
2028		33,138
2029		32,501
Thereafter		43,310
Total		172,036

NOTE 6. ACCRUED LIABILITIES

Accrued liabilities consisted of the following (in thousands):

	March 31, 2026		December 31, 2025	
Accrued compensation expenses	$	15,803	$	13,949
Accrued vendor payables		8,359		8,682
Accrued litigation liabilities		3,025		3,045
Other accrued liabilities		2,134		649
	$	29,321	$	26,325

NOTE 7. 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 March 31, 2026 (in thousands):

Remainder of 2026	$	12,000
2027		24,000
2028		24,000
Total	$	60,000

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 March 31, 2026, 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 March 31, 2026.

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 filed its reply on March 19, 2026. After the hearing held on May 5, 2026, the court has taken the motion under advisement, and a ruling is pending. The Company intends to vigorously defend the claims and believes the complaint lacks merit. As of March 31, 2026, 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 March 31, 2026.

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 March 31, 2026, 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 March 31, 2026.

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 $4.2 million as of March 31, 2026 and $4.1 million as of December 31, 2025.

NOTE 8. WARRANTS

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 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 March 31, 2026 and December 31, 2025, there were 3,654,115 and 3,654,115 Public Warrants and Private Warrants issued and outstanding, respectively. During the three months ended March 31, 2026 and 2025, the Company issued zero and 1,110 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 zero and less than $0.1 million, respectively, in cash proceeds.

NOTE 9. 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 March 31, 2026 and December 31, 2025, all the Series A Preferred Stock have been converted to Class A Common Stock.

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.

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 10. 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 March 31, 2026, 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 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.

There was no conversion of Class B Common Stock during the three months ended March 31, 2026 and 2025.

Second Equity Distribution Agreement

On January 24, 2025, the Company 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. (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.

During the three months ended March 31, 2025, the Company sold 4,248,900 shares of its common stock under the Second Equity Distribution Agreement, at an average price of $15.94 per share and raised $67.7 million of gross proceeds. The commissions and offering costs borne by us were approximately $1.4 million. During the three months ended March 31, 2026, there were no issuances of the Company's common stock under the Second Equity Distribution Agreement. As of March 31, 2026, 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 11. 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 March 31, 2026, the Company had 27,230,622 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 March 31, 2026, 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 March 31, 2026, the Company had 2,596,678 shares remaining for issuance under the 2024 Inducement Plan.

Stock Options

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.

As of March 31, 2026, 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 0.34 years. There were no options granted during the three months ended March 31, 2026.

Restricted Stock Units ("RSUs")

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.

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 March 31, 2026, the 2024 performance target was not met, but the 2025 performance target was met. The Company assessed the 2026 performance target as not probable of being met.

In connection with the Interactions Acquisition, the Company granted 2,266,063 RSUs to Interactions employees during the three months ended March 31, 2026, of which the majority of RSUs vest over a four-year requisite service period. Additionally, the Company granted 463,500 RSUs to other employees of the Company during the three months ended March 31, 2026.

As of March 31, 2026, the total unrecognized stock-based compensation expense related to the unvested RSUs with service conditions was approximately $153.0 million.

As of March 31, 2026, there was no unrecognized stock-based compensation expense related to the unvested Market-Based RSUs. There were no Market-Based RSUs granted during the three months ended March 31, 2026.

As of March 31, 2026, the total unrecognized stock-based compensation expense related to the unvested Performance-based RSUs was approximately $4.1 million. There were 50,000 Performance-Based RSUs granted during the three months ended March 31, 2026.

The total unrecognized stock-based compensation related to unvested RSUs is $157.2 million as of March 31, 2026 and this will vest over a weighted average period of 2.39 years.

Restricted Stock Awards

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 March 31, 2026, 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 March 31, 2026, the 2024 performance target was not met, but the 2025 performance target was met. The Company assessed the 2026 performance target as not probable of being met.

As of March 31, 2026, 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 $3.7 million, respectively, over a weighted average period of 0.75 years. Refer to Note 3 for further information on the SYNQ3 Acquisition.

Stock-Based Compensation

Stock-based compensation is classified in the following expense accounts on the condensed consolidated statements of operations and comprehensive loss for the three months ended March 31, 2026, and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
Cost of revenues	$ 2,934	$ 143
Sales and marketing	3,893	2,909
Research and development	6,143	8,263
General and administrative	6,494	6,125
Less: Capitalized software development costs	(918)	—
Total	$ 18,546	$ 17,440

NOTE 12. OTHER INCOME (EXPENSE), NET

Other income (expense), net on the condensed consolidated statements of operations is comprised of the following for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
Other income (expense), net		
Interest income	$ 1,657	$ 2,207
Change in fair value of derivative	(2,491)	1,289
Other expense, net	(654)	(607)
Total other income (expense), net	$ (1,488)	$ 2,889

NOTE 13. NET INCOME (LOSS) PER SHARE

The following table presents the calculation of basic and diluted net income (loss) per share attributable to common stockholders for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Numerator:		
Net income (loss)	$ (25,028)	$ 129,932
Earnings attributable to participating Class A Common Shares held in escrow in connection with Amelia acquisition	—	(705)
Net income (loss) attributable to common shareholders - basic	$ (25,028)	$ 129,227
Net income (loss)	(25,028)	129,932
Effect of potentially dilutive equivalent shares to net income (loss)	(22,504)	(3,126)
Net income (loss) attributable to common shareholders - diluted	$ (47,532)	$ 126,806
Denominator:		
Weighted average shares outstanding – basic	421,472,827	393,893,313
Effect of potentially dilutive equivalent shares	8,310,374	20,263,142
Weighted average shares outstanding – diluted	429,783,201	414,156,455
Basic net income (loss) per share	$ (0.06)	$ 0.33
Diluted net income (loss) per share	$ (0.11)	$ 0.31

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. 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 three months ended March 31, 2026 and 2025:

	As of March 31, 2026	As of March 31, 2025
Stock-based awards	14,084,209	—
Unvested restricted stock awards	42,940	—
Contingently issuable shares	1,545,138	—
Total	15,672,287	—

The table above does not include: (i) 1,491,407 and 1,729,887 shares of unvested stock-based awards and restricted stock awards, respectively, and (ii) 6,085,802 and 18,257,365 shares of contingently issuable earnout shares, respectively; outstanding as of March 31, 2026 and 2025, as these awards are subject to performance conditions that were not met as of those dates.

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 income (loss). The weighted average shares outstanding used to calculate basic and diluted net loss per share attributable to common stockholders for the three months ended March 31, 2026 excludes the 1,775,699 shares and 230,561 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. The weighted average shares outstanding used to calculate basic and diluted net income per share attributable to common stockholders for the three months ended March 31, 2025 excludes the 2,149,530 shares and 205,365 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 14. INCOME TAXES

The tax expense (benefit) and the effective tax rate were as follows (in thousands):

	Three Months Ended March 31,	
	2026	**2025**
Income (loss) before income taxes	(24,230)	130,751
Income tax (benefit) expense	798	819
Effective tax rate	(3.29)%	0.63 %

The Company’s recorded effective tax rate differs from the U.S. statutory rate for the three months ended March 31, 2026 and 2025 primarily due to the domestic valuation allowance caused by tax losses, foreign withholding taxes, and foreign tax rate differentials from the U.S. domestic statutory tax rate.

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 included the impact of the OBBBA to the consolidated financial statements and will continue to evaluate any changes needed when additional guidance becomes available.

NOTE 15. 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):

	March 31, 2026		
	Level 1	Level 2	Level 3
Assets:			
Cash equivalents			
Treasury bills	$ 40,322	$ —	$ —
Money market funds	61,484	—	—
Other non-current assets			
Derivative	—	—	2,295
Total assets	$ 101,806	$ —	$ 2,295
Liabilities:			
Contingent acquisition liabilities (Current)			
Contingent earnout consideration	$ —	$ —	$ —
Contingent acquisition liabilities (Non-current)			
Contingent earnout consideration	—	—	87,334
Total liabilities	$ —	$ —	$ 87,334

	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	$ 61,254	$ —	$ 4,786
Liabilities:			
Contingent acquisition liabilities (Current)			
Contingent earnout consideration	$ —	$ —	$ 4,400
Contingent acquisition liabilities (Non-current)			
Contingent earnout consideration	—	—	129,227
Total liabilities	$ —	$ —	$ 133,627

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, 2025	$ 4,786
Change in the fair value of derivative	(2,491)
Balance as of March 31, 2026	$ 2,295

Balance as of December 31, 2024	$	110
Change in the fair value of derivative		1,289
Balance as of March 31, 2025	$	1,399

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 three months ended March 31, 2026 and 2025, the Company recognized a loss of $2.5 million and a gain of $1.3 million, respectively, related to the change in fair value of derivative under other income (expense), net in the condensed consolidated statement of operations and comprehensive income (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, 2024	$	4,076
Change in the fair value of liability		(2,349)
Balance as of March 31, 2025	$	1,727
Balance as of March 31, 2026	$	—

The fair value of the cash portion of the Contingent SYNQ3 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 three months ended March 31, 2025, the Company recognized a gain of $2.3 million related to the Contingent SYNQ3 Holdback Consideration.

The fair value of the Contingent SYNQ3 Holdback Consideration has been estimated as of the Closing Date and March 31, 2025, under the following assumptions:

	January 3, 2024	March 31, 2025
Risk-free interest rate	4.6 %	3.9 %
Holdback period	1.25 years	0.00 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, 2024	$	286,898
Change in the fair value of liability		(173,751)
Balance as of March 31, 2025	$	113,147

Balance as of December 31, 2025	$	133,627
Change in the fair value of liability		(39,392)
Settlement		(6,901)
Balance as of March 31, 2026	$	87,334

For the three months ended March 31, 2026 and 2025, the Company recognized a gain of $39.4 million and $173.8 million, respectively, reflected in the change in fair value of contingent acquisition liabilities in the condensed consolidated statement of operations and comprehensive income (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.

The fair value of the Contingent SYNQ3 Earnout Consideration acquired from the SYNQ3 Acquisition has been estimated as of the Closing Date, March 31, 2025 and March 31, 2026, with the following assumptions for the unobservable inputs:

	January 3, 2024	March 31, 2025	March 31, 2026
Discount rate	12.6 %	13.0 %	14.6 %
Expected stock price volatility	115.3 %	120.0 %	115.0 %
Risk-free interest rate	4.2 %	3.9 %	3.7 %
Expected dividend yield	0.0 %	0.0 %	0.0 %
Expected life	0.5 - 2.5 years	0.38 - 1.25 years	0.75 years

The fair value of the Contingent Amelia Earnout Consideration acquired from the Amelia Acquisition has been estimated as of the Closing Date, March 31, 2025 and March 31, 2026, with the following assumptions for the unobservable inputs:

	August 6, 2024	March 31, 2025	March 31, 2026
Metric specific discount rate	8.0 %	7.5 %	8.5 %
Earnout payment discount rate	3.8 %	3.9 %	3.7 %
Expected stock price volatility	73.0 %	118.0 %	80.0 %
Expected metric volatility	11.0 %	13.0 %	15.0 %
Risk-free interest rate for target revenue	4.0 %	3.9 %	3.7 %
Risk-free interest rate for stock price	3.8 %	3.9 %	3.7 %
Expected dividend yield	0.0 %	0.0 %	0.0 %
Expected life	1.4 - 2.4 years	0.75 - 1.75 years	0.75 years

The fair value of the Contingent Interactions Earnout Consideration acquired from the Interactions Acquisition has been estimated as of the Closing Date and March 31, 2026, with the following assumptions for the unobservable inputs:

	September 3, 2025	March 31, 2026
Metric specific discount rate	8.0 %	9.0 %
Risk-free interest rate for target revenue	3.5 %	3.7 %
Expected metric volatility	15.0 %	20.0 %
Earnout payment discount rate	6.8 %	7.0 %
Expected life	1.3 - 2.3 years	0.75 - 1.75 years

There were no transfers of financial instruments between Level 1, Level 2 and Level 3 during the three months ended March 31, 2026 and 2025.

NOTE 16. 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 income (loss) that also is reported on the income statement as consolidated net income (loss). The CODM compares net income (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 income (loss) that are regularly provided to the CODM. Personnel-related costs were $58.8 million and $45.0 million, respectively, and represented 60.6% and 64.6%, respectively, of total operating expenses during the three months ended March 31, 2026 and 2025.

NOTE 17. 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 10 to the unaudited condensed consolidated financial statements for more information.

The brother of one of our Board of Directors was 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 three months ended March 31, 2026 and 2025, the Company paid commissions of zero and $0.3 million to Guggenheim Securities, LLC for the Class A Common Stock sold through it as a Sales Manager.

NOTE 18. SUBSEQUENT EVENTS

During April 2026, the Company sold 6,232,900 shares of our common stock under the Second Equity Distribution Agreement at an average price of $7.78 per share for $48.5 million of gross proceeds. The commissions and offering costs borne by the Company were approximately $1.0 million. Following this issuance, the Company has no remaining capacity to sell the Company's common stock under the Second Equity Distribution Agreement.

Nitesh Sharan resigned as the Chief Financial Officer of the Company, effective April 3, 2026. Mr. James Hom, Chief Product Officer at SoundHound, will serve as the Company's Interim Chief Financial Officer until his successor is chosen and qualified.

On April 21, 2026, the Company announced and entered into a Merger Agreement (the "Merger Agreement") to acquire LivePerson, Inc. ("LivePerson") for approximately $42.8 million of Company Common Stock consideration payable to holders of Liveperson Common Stock. Concurrent with the execution and delivery of the Merger Agreement, the Company entered into a Notes Restructuring Agreement with LivePerson and each of the holders of LivePerson's First Lien Convertible Secured Notes due 2029 and LivePerson's Second Lien Senior Subordinated Secured Notes due 2029 (together the “Secured Notes”), pursuant to which the holders of the First Lien Convertible Secured Notes and Second Lien Senior Subordinated Secured Notes have agreed to release and deem satisfied the Secured Notes for approximately $178.0 million and $83.2 million, respectively, of consideration payable in a potential mix of cash and Common stock at the Company’s discretion. The combination will unify SoundHound’s voice and agentic AI platform with LivePerson’s digital engagement capabilities, and delivers additional revenue and scale to the Company. The transaction is expected to close in the second half of 2026, subject to customary closing conditions, including regulatory approvals.

On May 11, 2026, the Company entered into an Equity Distribution Agreement (the "Third Equity Distribution Agreement") with Cantor Fitzgerald & Co., H.C. Wainwright & Co., LLC, Joseph Gunnar & Co. LLC, ROTH Capital Partners, LLC, D. A. Davidson & Co., Ladenburg Thalmann & Co. Inc., Wedbush Securities Inc. and Northland Securities, Inc. with respect to an at-the-market equity program under which the Company may offer and sell up to $300.0 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 Third 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.

Item 2. 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 unaudited interim condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q ("Form 10-Q") and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operation as of and for the year ended December 31, 2025 included in our Annual Report on Form 10-K for 2025 filed with the SEC on March 2, 2026 ("Form 10-K" or the "Annual Report). Some of the information contained in this discussion and analysis or set forth elsewhere in this report and in our Form 10-K, 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 240 patents granted and 99 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 unaudited condensed 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 major new 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 the "Liquidity and Capital Resources" section for discussion on the purchase price and the Acquisition's impact on SoundHound's liquidity.

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 original equipment manufacturers (“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 $64.7 million as of March 31, 2026. Given the applicable contract terms, $40.1 million is expected to be recognized as revenue within one year, $22.9 million is expected to be recognized between 2 to 5 years and the remainder of $1.7 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 unaudited condensed consolidated financial statements 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 efforts are aimed at continuing to develop and refine our proprietary voice AI and agentic AI platforms and produce new technological capabilities, including adding new features and modules, increasing operational efficiency and speed, and enhancing the generative AI integration.

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 three months ended March 31, 2026 due to the repayment of Amelia Debt in December 2024 and the repayment of Term Loan in June 2024.

Other Income (Expense), Net

Other income (expense), net consists of the change in fair value related to our derivative liability, interest income and other 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 tables set forth the significant components of our results of operations for the three months ended March 31, 2026 and 2025 ($ in thousands):

	Three Months Ended March 31,		Change	
	2026	2025	$	%
Revenues	$ 44,195	$ 29,129	$ 15,066	52 %
Operating expenses:				
Cost of revenues	30,453	18,511	11,942	65 %
Sales and marketing	19,215	12,007	7,208	60 %
Research and development	26,200	24,756	1,444	6 %
General and administrative	25,676	18,407	7,269	39 %
Change in fair value of contingent acquisition liabilities*	(39,392)	(176,100)	136,708	(78)%
Amortization of intangible assets	4,714	3,451	1,263	37 %
Total operating expenses	66,866	(98,968)	165,834	(168)%
Income (loss) from operations	(22,671)	128,097	(150,768)	(118)%
Other income (expense), net:				
Interest expense	(71)	(235)	164	(70)%
Other income (expense), net	(1,488)	2,889	(4,377)	(152)%
Total other income (expense), net	(1,559)	2,654	(4,213)	(159)%
Income (loss) before provision for income taxes	(24,230)	130,751	(154,981)	(119)%
Provision for income taxes	798	819	(21)	(3)%
Net income (loss)	$ (25,028)	$ 129,932	$ (154,960)	(119)%

*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 15 to our unaudited condensed consolidated financial statements included within this report for more information.

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

	Three Months Ended March 31,		Change
	2026	2025	%
Revenues	$ 44,195	$ 29,129	52 %
Cost of revenues	30,453	18,511	65 %
Gross profit	$ 13,742	$ 10,618	29 %
Gross margin	31 %	36 %	(5)%

Revenues

The following tables summarize our revenues by type and geographic regions for the three months ended March 31, 2026 and 2025 ($ in thousands):

	Three Months Ended March 31,		Change	
	2026	2025	$	%
Service subscriptions	$ 35,762	$ 24,573	$ 11,189	46 %
Product royalties	8,350	4,447	3,903	88 %
Monetization	83	109	(26)	(24)%
Total	$ 44,195	$ 29,129	$ 15,066	52 %

	Three Months Ended March 31,		Change	
	2026	2025	$	%
Americas	$ 33,432	$ 21,706	$ 11,726	54 %
Asia	6,523	3,834	2,689	70 %
EMEA	4,240	3,589	651	18 %
Total	$ 44,195	$ 29,129	$ 15,066	52 %

Total revenues increased by $15.1 million, or 52%, in the three months ended March 31, 2026 compared to the same period in 2025. Service subscription increased by $11.2 million, primarily in the Americas, driven by revenue from acquisitions. Product Royalties increased by $3.9 million, primarily driven by license revenue in the Asia and EMEA region.

Cost of Revenues

Cost of revenues increased by $11.9 million, or 65% in the three months ended March 31, 2026 compared to the same period in 2025. Gross margin decreased to 31% during the three months ended March 31, 2026 compared to 36% during the same period in 2025 primarily due to the acquisition of Interactions in the third quarter of 2025, which included an amortization of acquired intangible assets in the amount of $0.6 million and resulted in an increase of stock-based compensation of $2.8 million for the three months ended March 31, 2026. 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 $7.2 million, or 60%, in the three months ended March 31, 2026 compared to the same period in 2025, primarily due to increases in 2026 of $4.7 million in personnel-related costs of Interactions which was acquired in the third quarter of 2025, $1.6 million in office expense, $0.4 million in advertising expenses, $0.3 million in travel expenses and $0.1 million in legal and professional fees.

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 our expected growth in revenue, aligning with our strategic emphasis on cost effectiveness and sustainable financial performance.

Research and Development

Research and development expenses increased by $1.4 million, or 6%, in the three months ended March 31, 2026 compared to the same period in 2025. The increase in research and development expenses was primarily due to increases in 2026 of $2.0 million in office expense, $1.0 million in legal and professional fees, $0.3 million in consulting fees, $0.1 million in utilities, which were partially offset by a decrease of $1.0 million in personnel-related costs caused by lower stock-based compensation of $3.0 million offset by the increased salary related expenses of $2.0 million due to Interactions acquisition, $0.9 million in cloud computing services and $0.1 million in rent expense.

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 our expected growth in revenue, aligning with our strategic emphasis on cost effectiveness and sustainable financial performance.

General and Administrative

General and administrative expenses increased by $7.3 million, or 39%, in the three months ended March 31, 2026 compared to the same period in 2025. The increase in general and administrative expenses was primarily due to increases in 2026 of $4.5 million in personnel-related costs of Interactions which was acquired in the third quarter of 2025, $2.2 million in legal and professional fees mainly caused by the potential acquisitions, $0.3 million in rent expense, $0.3 million in software expense, $0.2 million in consulting fees, $0.2 million in taxes and licenses, which were partially offset by a decrease of $0.2 million in office expense and $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 to remediate the existing material weaknesses. However, in the long term, we expect general and administrative expenses to grow at a rate below our expected growth in 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 $39.4 million for the three months ended March 31, 2026. The decrease of the Company's stock price as of March 31, 2026 compared to the stock price as of December 31, 2025, resulted in a decrease in its fair value of contingent acquisition liabilities during the three months ended March 31, 2026. The fluctuation is non-operating and non-cash in nature. We will continue to review our estimates on the quarterly basis over the remaining earnout period. See Note 15 to our unaudited condensed consolidated financial statements included within this report for more information.

Amortization of Intangibles

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):

	Three Months Ended March 31,		Change	
	2026	2025	$	%
Cost of revenues	$ 4,645	$ 4,046	$ 599	15 %
Operating expenses	4,714	3,451	1,263	37 %
Total amortization	$ 9,359	$ 7,497	$ 1,862	25 %

Amortization of intangibles increased by $1.9 million, or 25% in the three months ended March 31, 2026 compared to the same period in 2025. The increase was primarily attributable to the intangibles of $39.5 million acquired from

Interactions Acquisition that was closed during the third quarter of 2025, which is expected to be amortized over five years after the Interactions Acquisition Date.

Other Income (Expense), Net

The following tables summarize our other income (expense), net, by type ($ in thousands):

	Three Months Ended March 31,		Change	
	2026	2025	$	%
Interest income	$ 1,657	$ 2,207	$ (550)	(25)%
Change in fair value of derivative	(2,491)	1,289	(3,780)	(293)%
Other expense, net	(654)	(607)	(47)	8 %
Other income (expense), net	$ (1,488)	$ 2,889	$ (4,377)	(152)%

Interest Income

Interest income decreased by $0.6 million or 25% for the three months ended March 31, 2026 compared to the same period in 2025. The decrease was primarily attributable to reduced balance of interest bearing money market fund during the three months ended March 31, 2026 compared to the same period in 2025.

Change in fair value of derivative

Change in fair value of derivative decreased by $3.8 million, or 293% in the three months ended March 31, 2026 compared to the same period in 2025. The decrease was primarily attributable to the remeasurement loss from the change in fair value of a derivative assumed from Amelia acquisition caused by the decrease in the Company's stock price in the three months ended March 31, 2026. See Note 15 to our unaudited condensed consolidated financial statements included within this report for more information.

Liquidity and Capital Resources

Total unrestricted cash and cash equivalents on hand as of March 31, 2026 was $215.6 million. Although we have incurred recurring losses each year since our inception, 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 future ATM programs. Our condensed 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. There were no material changes to our material cash requirements as disclosed in our audited consolidated financial statements for the fiscal year ended December 31, 2025 in our Form 10-K.

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 three months ended March 31, 2025, we sold 4,248,900 shares of our common stock under the Second Equity Distribution Agreement, at an average price of $15.94 per share and raised $67.7 million of gross proceeds. The commissions and offering costs borne by us were approximately $1.4 million. During the three months ended March 31, 2026, there were no issuances of our common stock under the Second Equity Distribution Agreement. As of March 31, 2026, 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 included $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.

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”).

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 March 31, 2026. See Note 16 to our unaudited condensed 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 condensed 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 condensed consolidated statement of operations and comprehensive income (loss).

For the three months ended March 31, 2026 and 2025, we recognized a loss of less than $0.1 million and a gain of $5.1 million, respectively, related to the Contingent SYNQ3 Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the condensed consolidated statement of operations and comprehensive income (loss). See Note 15 to our unaudited condensed consolidated financial statements included within this report for more information on the fair value measurement of Contingent SYNQ3 Earnout Consideration.

As of March 31, 2026, the 2024 revenue target was not met, but the 2025 revenue target was met. On March 3, 2026, we paid $0.1 million in cash and issued 246,761 shares of Class A Common Stock to settle the 2025 portion of the Contingent SYNQ3 Earnout Consideration. We assessed the 2026 revenue target as not probable of being met.

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. See Note 11 to our unaudited condensed consolidated financial statements included within this report for more information on stock-based awards issued in connection with the SYNQ3 Acquisition.

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 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.

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 required to be remeasured to fair value due to changes in stock price.

For the three months ended March 31, 2026 and 2025, we recognized a loss of $2.5 million and a gain of $1.3 million, respectively, related to remeasurement of the derivative, reflected in the other income (expense), net in the condensed consolidated statement of operations and comprehensive income (loss). Upon the expiration of the escrow period, any remaining shares in the escrow account will be released to the selling shareholders. See Note 15 to our unaudited condensed 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 condensed 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 condensed consolidated statement of operations and comprehensive income (loss). For the three months ended March 31, 2026 and 2025, we recognized a gain of $37.4 million and $168.7 million, respectively, related to the Contingent Amelia Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the condensed consolidated statement of operations and comprehensive income (loss). As of March 31, 2026, the 2025 revenue target was met. We assessed the 2026 revenue targets was probable of being met.

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 in the second quarter of 2026 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 condensed 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 condensed consolidated statement of operations and comprehensive income (loss). As of the Interactions Acquisition Date, the Contingent Interactions Earnout Consideration had an estimated fair value of $9.9 million. For the three months ended March 31, 2026, we recognized a gain of $2.4 million related to the Contingent Interactions Earnout Consideration, reflected in the change in fair value of contingent acquisition liabilities in the condensed consolidated statement of operations and comprehensive income (loss). On January 23, 2026, we paid $4.7 million to the selling shareholders of the Interaction Acquisition to settle a portion of the Contingent Interactions Earnout Consideration due to the achieved renewal of an existing contract with a specific customer. As of March 31, 2026, we assessed the 2026 revenue target as not probable of being met, but the 2027 revenue targets as probable of being met.

The purchase accounting is not yet complete as of March 31, 2026 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.

As of March 31, 2026, we incurred $5.5 million in acquisition related expenses, of which $0.5 million was incurred during the three months ended March 31, 2026 and recorded as general and administration expenses in its condensed consolidated statements of operations and comprehensive loss.

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. Refer to Note 7 and Note 8 to the unaudited condensed consolidated financial statements for more information.

Cash Flows

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

	Three Months Ended March 31,	
	2026	**2025**
Net cash used in operating activities	$ (26,258)	$ (19,185)
Net cash used in investing activities	(3,060)	(162)
Net cash provided by financing activities	(3,243)	67,010
Effects of exchange rate changes on cash	(287)	(94)
Net change in cash, cash equivalents, and restricted cash equivalents	$ (32,848)	$ 47,569

Cash Flows Used in Operating Activities

Net cash used in operating activities was $26.3 million during the three months ended March 31, 2026 compared to $19.2 million during the three months ended March 31, 2025. The $7.1 million increase in cash used in operating activities was primarily due to decreases of $155.0 million in net income, and $0.2 million in net other operating cash spend, which is partially offset by the movement of $136.7 million from change in the fair value of contingent acquisition liabilities, the movement of $3.8 million from change in fair value of derivative, $2.6 million increase in operating assets and liabilities, $2.2 million increase in depreciation and amortization, $1.1 million increase in stock-based compensation, $1.0 million in foreign currency gain from remeasurement, $0.5 million increase in amortization of capitalized commissions, and $0.2 million increase in non-cash lease amortization.

Cash Flows Used in Investing Activities

Net cash used in investing activities was $3.1 million during the three months ended March 31, 2026 compared to $0.2 million during the three months ended March 31, 2025. The $2.9 million increase in cash used in investing activities was primarily driven by the $2.6 million increases in software development costs and $0.3 million increase in purchases of property and equipment.

Cash Flows Provided by Financing Activities

Net cash used in used in financing activities was $3.2 million during the three months ended March 31, 2026 compared to $67.0 million provided by financing activities during the three months ended March 31, 2025. The $70.3 million decrease in cash provided by financing activities was primarily due to $67.7 million decrease in net proceeds from Second Equity Distribution Agreement, $3.5 million increase in the payment to settle contingent earnout liabilities, $0.3 million decrease in proceeds from exercise of stock options and employee stock purchase plan, and $0.1 million increase in the payment on finance leases, which is partially offset by $1.4 million decrease in the payment of financing costs associated with the Second Equity Distribution Agreement.

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 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 unaudited condensed 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.

For a discussion of our critical accounting policies, see "Management's discussion and analysis of financial condition and results of operations" and the notes to the unaudited condensed consolidated financial statements included in our Form 10-K, which was filed with the SEC on March 02, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in market risks from the information presented in Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" in our Form 10-K, except as disclosed below.

Foreign Exchange Risk

Our unaudited condensed consolidated 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. We recorded exchange rate losses of $0.4 million and $0.5 million during the three months ended March 31, 2026 and 2025, 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 4. 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 Quarterly Report on Form 10-Q. 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 March 31, 2026 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 Quarterly Report on Form 10-Q 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 presented in conformity with U.S. GAAP.

In accordance with the Compliance and Disclosure Interpretations issued by SEC staff, companies are allowed to exclude acquired businesses from the assessment of internal control over financial reporting during the first year after completion of an acquisition and from the evaluation of disclosure controls and procedures to the extent subsumed in such internal control over financial reporting. Based on this guidance, we excluded Interactions Corporation from our evaluation of disclosure controls and procedures as of March 31, 2026, 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 our evaluation represent approximately 4% and 32%, respectively of the related consolidated financial statement amounts as of and for the three months ended March 31, 2026.

Material Weaknesses in Internal Control over Financial Reporting

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. As of March 31, 2026, the material weaknesses were as follows:

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:

- 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.

Management's Plan to Remediate the Material Weaknesses

The following remediation actions were completed during the quarter ended March 31, 2026:

- Designed and implemented new control activities and enhanced the design of existing control activities related to the treasury and payroll processes.

- Initiated the implementation of technological enhancements including the consolidation of disparate ERP systems related to the Interactions Corporation acquisition made in the previous year.

While progress was made during the first quarter, management continues to execute the activities needed to implement its remediation plan. 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 controls are operating effectively.

Changes in Internal Control over Financial Reporting

As noted above, there were changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarterly period ended March 31, 2026 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The material set forth in the section titled “Legal Proceedings” in Note 7 of our Notes to unaudited condensed consolidated Financial Statements is incorporated herein by reference.

Item 1A. Risk Factors.

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our stock. There have been no material changes from these risk factors during the quarter ended March 31, 2026.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Trading Arrangements

During the fiscal quarter ended March 31, 2026, 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 March 10, 2026 (with the first trade under the new plan not to be made prior to June 16, 2026). The trading plan will be effective until August 31, 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 1,083,222 shares of Class A common stock issuable upon vesting and settlement of certain RSUs and PSUs, provided that certain conditions are met.

- James M. Hom, Chief Product Officer and Director, adopted a new trading plan on March 9, 2026 (with the first trade under the new plan not to be made prior to July 1, 2026). The trading plan will be effective until September 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 and up to 279,479 shares of Class A common stock issuable upon vesting and settlement of certain RSUs, provided that certain conditions are met.

- Majid Emami, Chief Science Officer and Senior Vice President, adopted a new trading plan on March 3, 2026 (with the first trade under the new plan not to be made prior to January 2, 2026). The trading plan will be effective until December 31, 2026 and provides for the sale of up to 2,400,000 shares of Mr. Emami's 16,583,756 shares of Class B common stock and up to 354,048 shares of Class A common stock issuable upon vesting and settlement of certain RSUs and PSUs, provided that certain conditions are met.

- Michael Zagorsek, Chief Operating Officer, adopted a new trading plan on March 5, 2026 (with the first trade under the new plan not to be made prior to July 1, 2026). The trading plan will be effective until December 31, 2026 and provides for the sale of up to 179,888 shares of Class A common stock issuable upon vesting and exercise of certain stock options, provided that certain conditions are met.

- Eric Ball, Director, adopted a new trading plan on March 9, 2026 (with the first trade under the new plan not to be made prior to June 8, 2026). The trading plan will be effective until December 31, 2027 and provides for the sale of up to 150,000 shares of Ms. Sroka's 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 March 31, 2026 by our directors and Section 16 officers. Each of the Rule 10b5-1 trading arrangements is 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.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this report.

No.	Description of Exhibit
10.1**	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.
10.2**	Merger Agreement, dated as of April 21, 2026, by and among SoundHound AI, Inc., Lightspeed Merger Sub Inc. and LivePerson, Inc.
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
101	The following financial information from SoundHound AI, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2026 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the condensed consolidated balance sheets, (ii) the condensed consolidated statements of operations and comprehensive loss, (iii) the condensed consolidated statements of stockholders' equity, (iv) the condensed consolidated statements of cash flows, and (vi) the notes to condensed consolidated financial statements.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished or filed in other filing.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOUNDHOUND AI, INC.

Date: May 11, 2026	By:	/s/ Dr. Keyvan Mohajer
	Name:	Dr. Keyvan Mohajer
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: May 11, 2026	By:	/s/ James Hom
	Name:	James Hom
	Title:	Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

I, James Hom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SoundHound AI, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 11, 2026

/s/ James Hom

Name: James Hom
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Dr. Keyvan Mohajer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SoundHound AI, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 11, 2026

/s/ Dr. Keyvan Mohajer

Name: Dr. Keyvan Mohajer
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SoundHound AI, Inc. (the "Company's Quarterly Report") on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Dr. Keyvan Mohajer, as Chief Executive Officer and principal executive officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned's knowledge and belief, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Dr. Keyvan Mohajer

Dr. Keyvan Mohajer
Chief Executive Officer and Principal Executive Officer

Dated: May 11, 2026

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SoundHound AI, Inc. (the “Company’s Quarterly Report”) on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), James Hom, as Chief Financial Officer and principal financial officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned’s knowledge and belief, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ James Hom

James Hom
Chief Financial Officer and Principal Financial Officer

Dated: May 11, 2026

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.