

Risk Factors Comparison 2024-03-01 to 2023-03-28 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Investing in our securities involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information appearing elsewhere in this Annual Report, including our financial statements, the notes thereto and the section entitled “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations. ” The occurrence of any of the following risks could have a material adverse effect on our business, reputation, financial condition, results of operations and future growth prospects, as well as our ability to accomplish our strategic objectives. As a result, the trading price of our securities could decline and you could lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and the market price of our securities. Summary The risk factors described below are a summary of the principal risk factors associated with an investment in us. These are not the only risks we face. You should carefully consider these risk factors and the other reports and documents filed by us with the SEC. Risks Related to our **Business and Financial Condition** • We have generated substantial net losses and negative operating cash flows since inception and **may never achieve expect to continue to do so for or the foreseeable future-maintain profitability or generate positive cash flows**; • We ~~will~~ **may** require additional capital to continue planned business operations but may not be able to obtain such capital when desired on favorable terms, if at all, or without dilution to our stockholders; • Our operating results could be materially and adversely affected if it loses any of its largest customers due to concentration risk; • The loss of one or more key members of our management team or personnel, or our failure to attract, integrate and retain additional personnel in the future, could harm our business and negatively affect our ability to successfully grow our business; ~~Risks Related to our Business~~ • The market in which we operate is highly competitive and rapidly changing and we may be unable to compete successfully; • Adverse conditions in the Voice AI market or the global economy more generally could have adverse effects on our results of operations; • Our operating results could be materially and adversely affected if we lose any of our largest customers, many of which are OEMs; • We depend on skilled employees and the loss of one or more key members of our management team or personnel, or our failure to attract, integrate and retain additional personnel in the future, could harm our business and negatively affect our ability to successfully grow our business; • Cybersecurity and data privacy incidents or breaches may damage client relations and inhibit our growth; • Our business is subject to a variety of domestic and international laws, rules, policies and other obligations, including data protection and anticorruption; • Interruptions or delays in our services or services from data center hosting facilities or public clouds could impair the delivery of services and harm our business; • We rely on third- party telecommunications and internet service providers, including connectivity to our cloud software, and any failure by these service providers to provide reliable services could cause us to lose customers and subject us to claims for credits or damages, among other things; • Our customers rely on third- party telecommunications and internet service providers to provide them with access and connectivity to our cloud software, and changes in how telecommunication and internet service providers handle and charge for access to telecommunications and the internet could materially harm our customer relationships, business, financial condition and operations results; • If we are unable to maintain and enhance our brand or reputation as an industry leader, our operating results may be adversely affected ; • **Our acquisition of Synq3, Inc. and any potential future acquisitions or strategic transactions may subject us to various risks that could adversely affect our business and for which we may not achieve the anticipated benefit of such a transaction; • We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet its periodic reporting obligations and the trading price of our stock could be negatively affected.** Risks Related to our Intellectual Property and Technology • Our use of open source technology could impose limitations on our ability to commercialize our software; • Third parties have claimed in the past and may claim in the future that we are infringing their intellectual property, and we could be exposed to significant litigation or licensing expenses or be prevented from selling our products or making our technologies available to our customers if such claims are successful; • Unauthorized use of our proprietary technology and intellectual property could adversely affect our business and results of operations; Risks Related to our Securities and our Dual Class Common Stock Structure • Our stock price and trading volume may fluctuate significantly; • Our management has limited experience in operating a public company. The requirements of being a public company may strain our resources and divert management’ s attention, and the increases in legal, accounting and compliance expenses may be greater than we anticipate; • We have a dual class common stock structure that has the effect of concentrating voting control with the holders of our Class B Common Stock. Our Class B Common Stock has multiple votes per share and this ownership will limit or preclude your ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transactions requiring stockholder approval, and that may adversely affect the trading price of our Class A Common stock; • We are considered a “ controlled company ” within the meaning of Nasdaq listing standards and, as a result, qualify for, and may rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to shareholders of companies that are subject to such requirements; Risks Related to U. S. and International Taxation • Our ability to use its net operating loss carryforwards and certain other tax attributes may be limited. Risks Related to SoundHound’ s Business **and Financial Condition** The market in which SoundHound operates is highly competitive and rapidly changing and SoundHound may be unable to compete successfully. There are a number of companies that develop or may develop products that compete in the Voice AI market. The market for SoundHound’ s products

and technologies is characterized by intense competition, evolving industry and regulatory standards, emerging business and distribution models, disruptive software technology developments, short product and service life cycles, price sensitivity on the part of customers, and frequent new product introductions, including alternatives to certain of SoundHound's products from other vendors which may be offered at significantly lower costs or free of charge. Current and potential competitors have established, or may establish, cooperative relationships among themselves or with third parties to increase the ability of their technologies to address the needs of SoundHound's current and prospective customers. Furthermore, current or prospective customers may decide to develop competing products or to establish, strategic relationships with SoundHound's competitors. Competition in the Voice AI market could adversely affect SoundHound's operating results by reducing the volume of the products and technologies SoundHound licenses or sells, the prices SoundHound can charge or the obligations of SoundHound to incur expenses or capital costs associated with the development, acquisition or promotion of new products or technologies. Some of SoundHound's current or potential competitors are large technology companies that have significantly greater financial, technical and marketing resources than SoundHound does, and others are smaller specialized companies that possess specialized expertise or regional focus and may have greater price flexibility than SoundHound does in connection with their business models. These competitors may be able to respond more rapidly than SoundHound can to new or emerging technologies or changes in customer requirements, or may decide to offer products at low or unsustainable cost to win new business or to retain their existing clients. They may also devote greater resources to the development, promotion and sale of their products than SoundHound does, and in certain cases may be able to include or combine their competitive products or technologies with other of their products or technologies in a manner whereby the competitive functionality is available at lower cost or free of charge within the larger offering. To the extent they do so, the penetration of SoundHound's products, and therefore its revenue, may be adversely affected. SoundHound's large competitors may also have greater access to customer data, which provides them with a competitive advantage in developing new products and technologies. SoundHound's success depends substantially upon its ability to enhance its products and technologies, to develop and introduce, on a timely and cost-effective basis, new products and technologies that meet changing customer requirements and incorporate technological enhancements, and to maintain SoundHound's alignment with the technologies and market strategies of its customers, which change and advance over time. If SoundHound is unable to develop new products and enhance functionalities or technologies to adapt to these changes and maintain SoundHound's alignment with its customers, its business will suffer. Adverse conditions in the Voice AI market or the global economy more generally could have adverse effects on SoundHound's results of operations. SoundHound's business depends on, and is directly affected by, the global Voice AI market, as well as the global economy more generally, including global economic trends affecting the automotive, internet of things ("IoT"), mobile application, call center, semiconductor device maker and restaurant and hospitality industries. For example, SoundHound's largest customers are currently in the automotive industry, and automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, changes in interest rate levels and credit availability, consumer confidence, fuel costs, fuel availability, environmental impact, governmental incentives and regulatory requirements, and political volatility, especially in energy-producing countries and growth markets. Such factors may also negatively impact consumer demand for products, including automobiles, that incorporate or use SoundHound products or technologies. In addition, global production and sales trends can be affected by SoundHound's customers' ability to continue operating in response to challenging economic conditions, and in response to labor relations issues, regulatory requirements, trade agreements and other factors. The volume of global automotive production, in particular, has fluctuated, sometimes significantly, from year to year, and such fluctuations give rise to fluctuations in the demand for SoundHound's products. Any significant adverse change in any of these factors, including, but not limited to, general economic conditions and the resulting bankruptcy of a customer or the closure of a customer manufacturing facility, may result in a reduction in sales and production by SoundHound's customers, and could have a material adverse effect on SoundHound's business, results of operations and financial condition. SoundHound's strategy to increase cloud connected and embedded products and technologies and expand the number of foreign languages SoundHound understands may adversely affect its near-term revenue growth and results of operations. SoundHound has been and is continuing to develop new cloud-connected and embedded products and technologies and expand the number of foreign languages that its products and technologies understand. The design and development of new cloud-connected and embedded products and technologies and the addition of new languages will involve significant expense. SoundHound's research and development costs have greatly increased in recent years and, together with certain expenses associated with delivering SoundHound's connected services, are projected to continue to escalate in the near future. SoundHound may encounter difficulties with designing, developing, and releasing new cloud-connected and embedded components, as well as integrating these components with SoundHound's existing technologies. These development issues may further increase costs and may affect SoundHound's ability to innovate in a manner that allows SoundHound to remain competitive relative to its peers. As a result, SoundHound's strategy to incorporate more cloud-connected and embedded components may adversely affect its revenue growth and results of operations. Pricing pressures from SoundHound's customers may adversely affect its results of operations. SoundHound may experience pricing pressure from its customers in the future, including, relative to its automotive industry customers, pricing pressure resulting from the strong purchasing power of major OEMs. SoundHound may be expected to quote fixed prices or be forced to accept prices with annual price reduction commitments for long-term sales arrangements or discounted reimbursements for SoundHound's work. Any price reductions could impact SoundHound's sales and profit margins. SoundHound's profitability is also influenced by its success in designing and marketing technological improvements in Voice AI systems. If SoundHound is unable to offset any price reductions in the future, its business, results of operations and financial condition would be adversely affected. Currently, SoundHound's largest customers are OEMs, and while SoundHound invests effort and money seeking OEMs' validation of SoundHound's technology, and there can be no assurance that SoundHound will win or be able to renew its contracts with OEM customers,

which could adversely affect SoundHound's results of operations. Some of SoundHound's largest customers are currently OEMs and SoundHound invests effort and money in product research and development in relationship to SoundHound's OEM customers from the time an OEM or a "Tier 1" supplier to OEMs begins designing for an upcoming program through the date on which an OEM or Tier 1 supplier customer chooses SoundHound's technology to be incorporated directly or indirectly into one or more specific vehicle models to be produced by such customer. This selection process is known as a "design win." SoundHound could expend its resources on these and similar efforts without success. After a design win, a product or technology that did not receive the design win may not be able to displace the winner until the customer begins a new selection process because it is very unlikely that a customer will change complex technology until a product model is revamped. In addition, the company with the winning design may have an advantage with the customer going forward because of the established relationship between the winning company and such customer, which could make it more difficult for such company's competitors to win the designs for other service contracts. Even if SoundHound has an established relationship with a customer, any failure to perform under a service contract or innovate in response to their feedback may neutralize its advantage with that customer. If SoundHound fails to win a significant number of customer design competitions in the future or to renew a significant number of existing service contracts, SoundHound's operating results would be adversely affected. Moreover, to the extent SoundHound is unable to renew existing service contracts, this would negatively impact its revenue. The period of time from winning a contract to implementation is long and SoundHound is subject to the risks of cancellation or postponement of the contract or unsuccessful implementation. SoundHound's products are technologically complex and incorporate many technological innovations. Prospective customers generally must make significant commitments of resources to test and validate SoundHound's products before including them in a product or vehicle. The development cycles of SoundHound's products with new customers are approximately six months to two years after a design win, depending on the customer and the complexity of the product. These development cycles result in SoundHound investing its resources in customers and customer products prior to realizing any revenues from the related customer contracts. Further, SoundHound is subject to the risk that a customer cancels or postpones implementation of SoundHound's technology, as well as that SoundHound will not be able to implement its technology successfully. Additionally, SoundHound's sales could be less than forecast if the product is unsuccessful, including for reasons unrelated to its technology. Long development cycles and product cancellations or postponements may adversely affect SoundHound's business, results of operations. SoundHound's operating results could be materially and adversely affected if it loses any of its largest customers. The loss of business from any of SoundHound's major customers, whether by lower overall demand for the products manufactured by its major customers, cancellation of existing contracts or the failure to award SoundHound new business, could have a material adverse effect on SoundHound's operating results. Alternatively, there is a risk that one or more of SoundHound's major customers could be unable to pay its invoices as they become due or that a customer will simply refuse to make such payments given its financial difficulties. If a major customer becomes subject to bankruptcy or similar proceedings whereby contractual commitments are subject to stay of execution and the possibility of legal or other modification, or if a major customer otherwise successfully procures protection against SoundHound legally enforcing its obligations, it is likely that SoundHound will be forced to record a substantial loss. In addition, certain of SoundHound's customers that are tier 1 suppliers to the automotive industry exclusively sell to certain OEMs, including some of SoundHound's other customers. A bankruptcy of, or other significant disruption to, any of these OEMs could intensify any adverse impact on our business and results of operations. During the years ended December 31, 2023, two customers accounted for 62 % of SoundHound's total revenues. During the years ended December 31, 2022 and 2021, three customers accounted for the following approximate percentages of SoundHound's total revenues during the respective applicable period: 67 % and 61 %. **Accounts receivable balances due from three customers collectively totaled 87 % of the Company's consolidated accounts receivable balance at December 31, 2023.** Accounts receivable balances due from two customers collectively ~~totaling totaled~~ totaling totaled 75 % of the Company's consolidated accounts receivable balance at December 31, 2022. ~~Accounts receivable balances due from five customers collectively totaling totaled~~ ~~accounts unbillable receivable receivables~~ ~~balances due from five three~~ ~~customers collectively totaling totaled~~ 86 % of the Company's consolidated ~~accounts unbillable receivable receivables~~ ~~balance at December 31, 2021~~ **2023. The unbilled receivables balances from three customers collectively totaled 78 % of the Company's consolidated unbilled receivables balance at December 31, 2022.** In addition to upfront payments pursuant to professional services or custom engineering agreements, SoundHound generally enters into master service agreements with its largest customers and also provides them with engineering and custom services. Our largest current customers entered into master services agreements with SoundHound pursuant to which they are provided Houndify Cloud Services and, in some cases, associated services on an as-needed basis. The license fees that SoundHound receives under our master services agreements are either fixed minimum monthly hosting fees with average charges based on usage, or determined based on the volume of products that our customers sell that utilize SoundHound technology. Our master services agreements generally renew automatically for one year terms and are terminable by the customer upon prior written notice of six months to one year. Adverse economic conditions or reduced technology spending may adversely impact SoundHound's business. Our business depends on the overall demand for technology and on the economic performance of our current and prospective customers. In general, worldwide economic conditions may remain unstable, including inflation, and these conditions would make it difficult for our customers, prospective customers and us to forecast and plan future business activities accurately, and they could cause our customers or prospective customers to reevaluate their decision to purchase our features. Weak global economic conditions, changes in consumer behavior or a reduction in technology spending even if economic conditions stabilize, could adversely impact our business and results of operations in a number of ways, including longer sales cycles, lower demand or prices for our platform, fewer subscriptions and lower or no growth. For example, increased inflation in recent months, the residual effects of the collapse of Silicon Valley Bank and other financial institutions in March 2023, and related instability in the global financial markets, may cause difficulties for our customers, resulting in reduced spending by them on our business. SoundHound's operating results

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

- the volume, timing and fulfillment of large customer contracts;
- renewals of existing customer contracts and wins of new customer programs;
- increased expenditures incurred pursuing new product or market opportunities;
- receipt of royalty reports;
- fluctuating sales by SoundHound's customers to their end- users;
- contractual counterparties failing to meet their contractual commitments to SoundHound;
- introduction of new products by SoundHound or its competitors;
- cybersecurity or data breaches;
- reduction in the prices of SoundHound's products in response to competition, market conditions or contractual obligations;
- increased costs to raise cash in the market place, including increased borrowing costs as a result of inflation;
- accounts receivable that are not collectible;
- higher than anticipated costs related to fixed- price contracts with SoundHound's customers;
- change in costs due to regulatory or trade restrictions;
- expenses incurred in litigation matters, whether initiated by SoundHound or brought by third- parties against SoundHound, and settlements or judgments it is required to pay in connection with disputes; and
- general economic trends as they affect the customer bases into which SoundHound and its customers sell and operate.

Due to the foregoing factors, among others, SoundHound's revenue and operating results may fluctuate significantly from period to period. SoundHound's expense levels are based in significant part on its expectations of future revenue, and SoundHound may not be able to reduce its expenses quickly to respond to near- term shortfalls in projected revenue. Therefore, SoundHound's failure to meet revenue expectations would seriously harm its operating results, financial condition, and cash flows. SoundHound **has generated substantial net losses and negative..... meet business goals and objectives.** SoundHound depends on skilled employees and could be impacted by a shortage of critical skills. Much of SoundHound's future success depends on the continued service and availability of skilled employees, particularly with respect to technical areas. Skilled and experienced personnel in the areas where SoundHound competes are in high demand, and competition for their talents is intense. Many of SoundHound's key employees receive a total compensation package that includes equity awards. New regulations or volatility in the stock market could diminish SoundHound's use, and the value, of its equity awards. This would place SoundHound at a competitive disadvantage in attracting qualified personnel or force it to offer more cash compensation. Cybersecurity and data privacy incidents or breaches may damage client relations and inhibit SoundHound's growth. The confidentiality and security of SoundHound's information, and that of third parties, is critical to SoundHound's business. SoundHound's services involve the transmission, use, and storage of customers' and their customers' information, which may be confidential or contain personally identifiable information. Any cybersecurity or data privacy incidents could have a material adverse effect on SoundHound's results of operations and financial condition. While SoundHound maintains a broad array of information security and privacy measures, policies and practices, its networks may be breached through a variety of means, resulting in someone obtaining unauthorized access to SoundHound's information, to information of SoundHound's customers or their customers, or to SoundHound's intellectual property; disabling or degrading service; or sabotaging systems or information. In addition, hardware, software, systems, or applications SoundHound develops or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to SoundHound's systems or facilities, or those of third parties with whom SoundHound does business, through fraud or other forms of deceiving SoundHound's employees, contractors, and vendors. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, SoundHound may be unable to anticipate these techniques or to implement adequate preventative measures. SoundHound will continue to incur significant costs to continuously enhance its information security measures to defend against the threat of cybercrime. Any cybersecurity or data privacy incident or breach may result in:

- loss of revenue resulting from the operational disruption;
- loss of revenue or increased bad debt expense due to the inability to invoice properly or to customer dissatisfaction resulting in collection issues;
- loss of revenue due to loss of customers;
- material remediation costs to recreate or restore systems;
- material investments in new or enhanced systems in order to enhance SoundHound's information security posture;
- cost of incentives offered to customers to restore confidence and maintain business relationships;
- reputational damage resulting in the failure to retain or attract customers;
- costs associated with potential litigation or governmental investigations;
- costs associated with any required notices of a data breach;
- costs associated with the potential loss of critical business data;
- difficulties enhancing or creating new products due to loss of data or data integrity issues; and
- other consequences of which SoundHound is not currently aware but would discover through the process of remediating any cybersecurity or data privacy incidents or breaches that may occur.

SoundHound's business is subject to a variety of domestic and international laws, rules, policies and other obligations, including data protection and anticorruption. SoundHound is subject to U. S. and international laws and regulations in multiple areas, including data protection, anticorruption, labor relations, tax, foreign currency, anti- competition, import, export and trade regulations, and SoundHound is subject to a complex array of federal, state and international laws relating to the collection, use, retention, disclosure, security and transfer of personally identifiable information. In many cases, these laws apply not only to transfers between unrelated third- parties but also to transfers between SoundHound and its subsidiaries. Many jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. The European Commission adopted the European General Data Protection Regulation (the "GDPR"), which went into effect on May 25, 2018. In addition, California adopted significant new consumer privacy laws that became effective beginning in January 2020. Complying with the GDPR and other requirements may cause SoundHound to incur substantial costs and may require it to change our business practices. Additionally, China has recently implemented new regulation pertaining to cybersecurity and the protection of personal information, including the Data Security Law which took effect in September 2021 and the Personal Information Protection Law which took effect in November 2021. Interpretation, application and enforcement of these laws, rules and regulations evolve from time to time and their scope may continually change, through

new legislation, amendments to existing legislation or changes in enforcement. Compliance with cybersecurity and data security legislation could significantly increase the cost to SoundHound of carrying out its business in China, require significant changes to its operations or even prevent SoundHound from providing certain service offerings in jurisdictions in which SoundHound currently operates or in which it may operate in the future. Despite SoundHound's efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that SoundHound's practices, offerings or platform could fail to meet all of the requirements imposed on SoundHound by legislation relating to cybersecurity, data security and / or related implementing regulations. Any failure on SoundHound's part to comply with such law or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage SoundHound's reputation, discourage new and existing counterparties from contracting with SoundHound or result in investigations, fines, suspension or other penalties and private claims or litigation, any of which could materially adversely affect SoundHound's business, financial condition and results of operations. Even if SoundHound's practices are not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm its reputation and brand and adversely affect its business, financial condition and results of operations. Moreover, the legal uncertainty created by certain of these laws, including the Data Security Law, and recent government actions could materially adversely affect its ability, on favorable terms, to raise capital, including engaging in follow-on offerings of its securities in the U. S. market once SoundHound is a public. Compliance with data security and personal information protection laws, may result in additional expenses to SoundHound and subject it to negative publicity, which could harm SoundHound's reputation among users and negatively affect the trading price of its shares in the future. Furthermore, SoundHound's data transfer policies may be subject to additional compliance requirement and regulatory burdens, and SoundHound may be required to make further adjustments to its business practices to comply with the interpretation and implementation of such laws, which may increase our compliance costs and adversely affect our operating results. Any failure by SoundHound, its customers or other parties with whom SoundHound does business to comply with its privacy policy or with federal, state or international privacy- related or data protection laws and regulations could result in proceedings against SoundHound by governmental entities or others. Any alleged or actual failure to comply with applicable privacy laws and regulations may: • cause SoundHound's customers to lose confidence in its solutions; • harm SoundHound's reputation; • expose SoundHound to litigation, regulatory investigations and to resulting liabilities including reimbursement of customer costs, damages penalties or fines imposed by regulatory agencies; and • require SoundHound to incur significant expenses for remediation. SoundHound is also subject to a variety of anticorruption laws in respect of its international operations, including the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act and the Canadian Corruption of Foreign Public Officials Act, and regulations issued by the U. S. Customs and Border Protection, the U. S. Bureau of Industry and Security, the U. S. Treasury Department's Office of Foreign Assets Control, and various other foreign governmental agencies. SoundHound cannot predict the nature, scope or effect of future regulatory requirements to which its international operations might be subject or the manner in which existing laws might be administered or interpreted. Actual or alleged violations of these laws and regulations could lead to enforcement actions and financial penalties that could result in substantial costs. Because a significant portion of SoundHound's revenues are derived, and a significant portion of its research and development activities are based, outside the United States, its results could be harmed by economic, political, regulatory, foreign currency fluctuations and other risks associated with these international regions. Because SoundHound operates worldwide, its business is subject to risks associated with doing business internationally. SoundHound currently generates most of its international revenue in Europe and Asia, and SoundHound anticipates that revenue from international operations could increase in the future. SoundHound conducts a significant portion of the development of its voice recognition and natural language understanding solutions in Canada, Germany, Japan and China. SoundHound is exposed to fluctuating exchange rates of foreign currencies including the euro, British pound, Canadian dollar, Chinese RMB, Japanese yen, Indian rupee and South Korean won. Accordingly, SoundHound's future results could be harmed by a variety of factors associated with international sales and operations, including: • adverse political and economic conditions, or changes to such conditions, in a specific region or country; • trade protection measures, including tariffs and import / export controls, imposed by the United States and / or by other countries or regional authorities such as China, Canada or the European Union; • the impact on local and global economies of the United Kingdom leaving the European Union; • changes in foreign currency exchange rates or the lack of ability to hedge certain foreign currencies; • compliance with laws and regulations in many countries and any subsequent changes in such laws and regulations; • geopolitical turmoil, including terrorism and war; • changing data privacy regulations and customer requirements to locate data centers in certain jurisdictions; • evolving restrictions on cross-border investment, including recent enhancements to the oversight by the Committee on Foreign Investment in the United States pursuant to the Foreign Investment Risk Preview Modernization Act and substantial restrictions on investment from China; • changes in applicable tax laws; • difficulties in staffing and managing operations in multiple locations in many countries; • longer payment cycles of foreign customers and timing of collections in foreign jurisdictions; and • less effective protection of intellectual property than in the United States. SoundHound's business in China is subject to aggressive competition and is sensitive to economic, market and political conditions. SoundHound operates in the highly competitive Voice AI market in China and face competition from both international and smaller domestic manufacturers. SoundHound currently generates less than \$ 0.1 -0 million annually in revenue from its operations in China, though SoundHound expects to expand its business in China going forward. SoundHound anticipates that additional competitors, both international and domestic, may seek to enter the Chinese market resulting in increased competition. Increased competition may result in price reductions, reduced margins and SoundHound's inability to gain or hold market share. There have been periods of increased market volatility and moderation in the levels of economic growth in China, which resulted in periods of lower automotive production growth rates in China than those previously

experienced, including in the Chinese automotive production industry, which affects SoundHound because SoundHound's largest customers are currently OEMs. In addition, political tensions between China and the United States may negatively impact SoundHound's ability to conduct business in China. If SoundHound is unable to grow or maintain its position in the Chinese market, the pace of growth slows or vehicle sales in China decrease, SoundHound's business, results of operations and financial condition could be materially adversely effected. Government regulations and business considerations may also require SoundHound to conduct business in China through joint ventures with Chinese companies. SoundHound's participation in joint ventures would limit its control over Chinese operations and may expose SoundHound's proprietary technologies to misappropriation by joint venture partners. The above risks, if realized, could have a material adverse effect on SoundHound's results of operations. If the Chinese government deems that the contractual arrangements in relation to SoundHound's variable interest entity do not comply with Chinese governmental restrictions on foreign investment, or if these regulations or the interpretation of existing regulations changes in the future, SoundHound could be subject to penalties or be forced to relinquish SoundHound's interests in those operations. SoundHound currently generates less than \$ 0.1 million annually in revenue from its operations in China, though SoundHound expects to expand its business in China going forward. Foreign ownership of certain types of internet businesses, such as internet information services, is subject to restrictions under applicable Chinese laws, rules and regulations. For example, foreign investors are generally not permitted to own more than 50 % of the equity interests in a value-added telecommunication service provider. Any such foreign investor must also have experience and a good track record in providing value-added telecommunications services overseas. Accordingly, under current and applicable Chinese laws, it is possible that SoundHound will lose the license that currently permits its operations of its Chinese subsidiary. It is uncertain whether any new Chinese laws, rules or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If SoundHound or its variable interest entity are found to be in violation of any existing or future Chinese laws, rules or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant Chinese regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including revoking the operating licenses of its Chinese subsidiary or variable interest entity, requiring SoundHound to discontinue or restrict its operations, restricting its right to collect revenue, blocking one or more of its websites, requiring SoundHound to restructure its operations or taking other regulatory or enforcement actions against SoundHound. The imposition of any of these measures could result in a material adverse effect on SoundHound's ability to conduct all or any portion of its business operations through its Chinese subsidiary. In addition, it is unclear what impact Chinese government actions would have on SoundHound and on its ability to consolidate the financial results of its variable interest entity in its consolidated financial statements, if the Chinese government authorities were to find SoundHound's legal structure and contractual arrangements to be in violation of Chinese laws, rules and regulations. If the imposition of any of these government actions causes SoundHound to lose its right to direct the activities of its variable interest entity or otherwise separate from it and if SoundHound is not able to restructure its ownership structure and operations in a satisfactory manner, SoundHound would no longer be able to consolidate the financial results of its variable interest entity in its consolidated financial statements. Any of these events could have a material adverse effect on SoundHound's business, financial condition and results of operations through its Chinese subsidiary. Interruptions or delays in SoundHound's services or services from data center hosting facilities or public clouds could impair the delivery of its services and harm its business. Because SoundHound's services are complex and incorporate a variety of third-party hardware and software, its services may have errors or defects that could result in unanticipated downtime for its customers and harm to its reputation and its business. SoundHound has from time to time, found defects in its services, and new errors in its services may be detected in the future. In addition, SoundHound currently serves its customers from data center hosting facilities or third-party public clouds SoundHound directly manages. Any damage to, or failure of, the systems and facilities that serve SoundHound's customers in whole or in part could result in interruptions in its service. Interruptions in SoundHound's service may reduce its revenue, cause SoundHound to issue credits or pay service level agreement penalties, cause customers to terminate their on-demand services, and adversely affect SoundHound's renewal rates and its ability to attract new customers. SoundHound is subject to certain U. S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations. SoundHound can face serious consequences for violations. Among other matters, U. S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations, which are collectively referred to as Trade Laws, prohibit companies and their employees, agents, clinical research organizations, legal counsel, accountants, consultants, contractors, and other partners from authorizing, promising, offering, providing, soliciting, or receiving directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. Violations of Trade Laws can result in substantial criminal fines and civil penalties, imprisonment, the loss of trade privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences. SoundHound also expects its non-U. S. activities to increase in time. SoundHound's business is subject to risks, expenses and uncertainties associated with selling its solutions in locations outside the United States that could adversely affect its operating results. During the years ended December 31, 2023, 2022 and 2021, SoundHound derived approximately 85 %, 89 % and 81 %, respectively, of its revenues from customers located in countries outside the United States, and SoundHound plans to increase its international operations in the future. Accordingly, SoundHound expects to increasingly face significant operational risks and expenses from doing business internationally. SoundHound's international operating results may be affected by volatility in currency exchange rates and its ability to effectively manage its currency transaction risks. SoundHound would incur currency transaction risks if SoundHound were to enter into either a purchase or a sale transaction using a different currency from the currency in which SoundHound reports revenue. In such cases, SoundHound may suffer an exchange loss because SoundHound does not currently engage in currency swaps or other currency hedging strategies to address this risk. As SoundHound realizes its strategy to expand internationally, its exposure to currency risks may increase. Given the volatility of exchange rates, SoundHound can give no assurance that it will be able to effectively manage its Currency

transaction risks or that any volatility in currency exchange rates will not have a material adverse effect on its results of operations. Other risks and uncertainties SoundHound faces from its global operations include, but are not limited to: • difficulties in staffing and managing foreign operations; • limited protection for the enforcement of contract and intellectual property rights in certain countries where SoundHound may sell SoundHound's solutions or work with suppliers or other third parties; • potentially longer sales and payment cycles and potentially greater difficulties in collecting accounts receivable; • costs and difficulties of customizing solutions for foreign countries; • challenges in providing solutions across a significant distance, in different languages and among different cultures; • laws and business practices favoring local competition; • being subject to a wide variety of complex foreign laws, treaties and regulations and adjusting to any unexpected changes in such laws, treaties and regulations; • specific and significant regulations, including, but not limited to, the European Union's **General Data Protection Regulation** ("GDPR"), which imposes compliance obligations on companies who possess and use data of EU residents; • differences in analysis of regulatory, legal and tax issues across various countries, such as different interpretations of antitrust and competition laws; • uncertainty and resultant political, financial and market instability arising from the United Kingdom's exit from the European Union; • compliance with U. S. laws affecting activities of U. S. companies abroad, including the U. S. Foreign Corrupt Practices Act; • uncertainties related to geopolitical risks, including the relationship between the U. S. government and the government of other nations; • tariffs, trade barriers and other regulatory or contractual limitations on SoundHound's ability to sell or develop its solutions in certain foreign markets; • operating in countries with a higher incidence of corruption and fraudulent business practices; • changes in regulatory requirements, including export controls, tariffs and embargoes, other trade restrictions, competition, corporate practices and data privacy concerns; • potential adverse tax consequences arising from global operations; • seasonal reductions in business activity in certain parts of the world, particularly during the summer months in Europe and at year- end globally; • rapid changes in government, economic and political policies and conditions; and • political or civil unrest or instability, terrorism or epidemics or pandemics (including any risks related to or resulting from COVID- 19) and other similar outbreaks or events. SoundHound's failure to effectively manage the risks and uncertainties associated with its existing and planned global operations could limit the future growth of its business and adversely affect its operating results. SoundHound relies on third- party telecommunications and internet service providers, including connectivity to its cloud software, and any failure by these service providers to provide reliable services could cause SoundHound to lose customers and subject it to claims for credits or damages, among other things. SoundHound relies on services from third- party telecommunications providers in order to provide services to its customers and their customers, including telephone numbers. In addition, SoundHound depends on its internet bandwidth suppliers to provide uninterrupted and error- free service through their networks. SoundHound exercises little control over these third- party providers, which increases its vulnerability to problems with the services they provide. When problems occur, it may be difficult to identify the source of the problem. Service disruption or outages, whether caused by SoundHound's service, the products or services of SoundHound's third- party service providers, or SoundHound's customers' or their customers' equipment and systems, may result in loss of market acceptance of its products and technologies and any necessary remedial actions may force it to incur significant costs and expenses. If any of these service providers fail to provide reliable services, suffer outages, degrade, disrupt, increase the cost of or terminate the services that SoundHound and its customers depend on, SoundHound may be required to switch to another service provider. Delays caused by switching SoundHound's technology to another service provider, if available, and qualifying this new service provider could materially harm its operating results. Further, any failure on the part of third- party service providers to achieve or maintain expected performance levels, stability and security could harm SoundHound's relationships with its customers, cause it to lose customers, result in claims for credits or damages, increase its costs or the costs incurred by its customers, damage its reputation, significantly reduce customer demand for its products and technologies and seriously harm its operating results. SoundHound's customers rely on third- party telecommunications and internet service providers to provide them with access and connectivity to SoundHound's cloud software, and changes in how telecommunication and internet service providers handle and charge for access to telecommunications and the internet could materially harm SoundHound's customer relationships, business, financial condition and operations results. SoundHound's customers must have access to wireless telecommunications and / or broadband internet access services in order to use certain of its products and certain of its offerings require substantial capacity to operate effectively. In the United States, wireless telecommunications and internet access services are provided by relatively few companies that, depending on the geographic area, have market power over such offerings. It is possible that these companies could charge SoundHound, its customers, or both fees to guarantee a service amount of capacity, or for quality of wireless telecommunications and broadband internet access services, that could advantage SoundHound's competitors by degrading, disrupting, limiting, or otherwise restricting the use of infrastructure required to support SoundHound's services. These providers likely have the ability to increase SoundHound's rates, SoundHound's customers' rates, or both for wireless telecommunications and / or broadband internet access services which may increase the cost of SoundHound's products and technologies making its products and technologies less competitive or decreasing SoundHound's profit margins. SoundHound's plans to expand upon and establish new public cloud- based data centers for its U. S. and international operations may be unsuccessful and may present execution and competitive risks. SoundHound plans to expand upon and establish new public cloud deployments in the future to facilitate its platform in the U. S. and certain international markets. SoundHound may partner with one or more third- parties to develop, test and deploy its technology to offer a full stack of products on the public cloud in the U. S. and certain international markets. SoundHound's public cloud- based platform offering is critical to developing and providing its products to its customers, scaling its business for future growth, accurately maintaining data and otherwise operating its business. Infrastructure buildouts on the public cloud are complex, time- consuming and may involve substantial expenditures. In addition, the implementation of public cloud- based data centers involves risks, including loss of information and potential disruption to SoundHound's normal operations. Deficiencies in the design, implementation or maintenance of the cloud- based data centers could materially harm SoundHound's

s business. As SoundHound considers approaches for expanding internationally, government regulation protecting the non-discriminatory provision of internet access may be nascent or non-existent. In those markets where regulatory safeguards against unreasonable discrimination are nascent or non-existent and where local network operators possess substantial market power, SoundHound could experience anti-competitive practices that could impede its growth, cause it to incur additional expenses or otherwise harm its business. Future regulations or changes in laws and regulations or their existing interpretations or applications could also hinder SoundHound's operational flexibility, raise compliance costs and result in additional liabilities for SoundHound, which may harm its business. Sales to customers outside the United States or customers with international operations and SoundHound's international sales efforts and operations expose it to risks inherent in international sales and operations. An element of SoundHound's growth strategy is to expand its international sales efforts and develop a worldwide customer base. SoundHound's international expansion may not be successful and may not produce the return on investment it expects. SoundHound's international subsidiaries employ workers primarily in Canada, Germany, Japan, China, France and Korea. Operating in international markets requires significant resources and management attention and subjects it to intellectual property, regulatory, economic and political risks that are different from those in the United States. As SoundHound increases its international sales efforts it will face risks in doing business internationally that could harm its business, including:

- the need to establish and protect SoundHound's brand in international markets;
- the need to localize and adapt SoundHound's products for specific countries, including translation into foreign languages and associated costs and expenses;
- difficulties in staffing and managing foreign operations, particularly hiring and training qualified sales and service personnel;
- the need to implement and offer customer care in various languages;
- different pricing environments, longer sales and accounts receivable payment cycles and collections issues;
- weaker protection for intellectual property and other legal rights than in the U. S. and practical difficulties in enforcing intellectual property and other rights outside of the U. S.;
- privacy and data protection laws and regulations that are complex, expensive to comply with and may require that customer data be stored and processed in a designated territory;
- increased risk of piracy, counterfeiting and other misappropriation of SoundHound's intellectual property in its locations outside the U. S.;
- new and different sources of competition;
- general economic conditions in international markets;
- fluctuations in the value of the U. S. dollar and foreign currencies, which may make SoundHound's products more expensive in other countries or may increase its costs, impacting its operating results when translated into U. S. dollars;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, telecommunications and telemarketing laws and regulations;
- increased risk of international telecom fraud;
- laws and business practices favoring local competitors;
- compliance with laws and regulations applicable to foreign operations and cross border transactions, including the Foreign Corrupt Practices Act, the U. K. Bribery Act and other anti-corruption laws, supply chain restrictions, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on SoundHound's ability to sell its products in certain foreign markets, and the risks and costs of non-compliance;
- increased financial accounting and reporting burdens and complexities;
- restrictions or taxes on the transfer of funds;
- adverse tax consequences; and
- unstable economic and political conditions and potential accompanying shifts in laws and regulations.

These risks could harm SoundHound's international operations, increase its operating costs and hinder its ability to grow its international business and, consequently, its overall business and results of operations. In addition, compliance with laws and regulations applicable to SoundHound's international operations increases its cost of doing business outside the United States. SoundHound may be unable to keep current with changes in foreign government requirements and laws as they change from time to time, which often occurs with minimal or no advance notice. Failure to comply with these regulations could harm its business. In many countries outside the United States, it is common for others to engage in business practices that are prohibited by SoundHound's internal policies and procedures or United States or international regulations applicable to it. Although SoundHound has implemented policies and procedures designed to ensure compliance with these laws and policies, there can be no assurance that all of its employees, contractors, strategic partners and agents will comply with these laws and policies. Violations of laws or key control policies by SoundHound's employees, contractors, strategic partners or agents could result in delays in revenue recognition, financial reporting misstatements, fines, delays in filing financial reports required as a public company, penalties, or prohibitions on selling its products, any of which could harm its business. Tax matters may cause significant variability in SoundHound's operating results and may impact its overall financial condition. SoundHound's businesses are subject to income taxation in the United States, as well as in many tax jurisdictions throughout the world. Tax rates in these jurisdictions may be subject to significant change. If SoundHound's effective tax rate increases, its operating results and cash flow could be adversely affected. SoundHound's effective income tax rate can vary significantly between periods due to a number of complex factors including:

- projected levels of taxable income;
- pre-tax income being lower than anticipated in countries with lower statutory rates or higher than anticipated in countries with higher statutory rates;
- increases or decreases to valuation allowances recorded against deferred tax assets;
- tax audits conducted and settled by various tax authorities;
- adjustments to income taxes upon finalization of income tax returns;
- the ability to claim foreign tax credits;
- the repatriation of non-U. S. earnings for which SoundHound has not previously provided for income taxes; and
- changes in tax laws and their interpretations in countries in which SoundHound is subject to taxation.

SoundHound regularly evaluates the need for a valuation allowance on deferred tax assets, considering historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. This analysis is heavily dependent upon SoundHound's current and projected operating results. A decline in future operating results could provide substantial evidence that a full or partial valuation allowance for deferred tax assets is necessary. This could have a material adverse effect on SoundHound's results of operations and financial condition. Forecasts of SoundHound's market and market growth may prove to be inaccurate, and even if the markets in which it competes achieve the forecasted growth, there can be no assurance that its business will grow at similar rates, or at all. Growth forecasts described in this Annual Report relating to SoundHound's market opportunities, including in the Voice AI market and adjacent markets, and the expected growth thereof,

are subject to significant uncertainty and are based on assumptions and estimates which may prove to be inaccurate. Even if these markets meet its size estimate and experience the forecasted growth, it may not grow its business at a similar rate, or at all. Its growth is subject to many factors, including its success in implementing its business strategy and ability to penetrate adjacent markets, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this Annual Report should not be taken as indicative of its future growth. If SoundHound is unable to acquire new customers, its operating results will be harmed. Likewise, potential customer turnover in the future, or costs it incurs to retain its existing customers, could materially and adversely affect its operating results. SoundHound's success depends on its ability to acquire new customers in new and existing verticals, and in new and existing geographic markets. If SoundHound is unable to attract a sufficient number of new customers, it may be unable to reduce gross margins at desired rates and its operating results may suffer. The Voice AI market is competitive and many of SoundHound's competitors have substantial financial, personnel and other resources that they utilize to develop solutions and attract customers. As a result, it may be difficult for us to add new customers to SoundHound's existing customer base. Competition in the marketplace may also lead us to win fewer new customers or result in us providing discounts and other commercial incentives. Additional factors that impact SoundHound's ability to acquire new customers include the perceived need for Voice AI-enabled products or Voice AI services, the size of prospective customers' budgets for Voice AI, the utility and efficacy of SoundHound's existing and new products, whether proven or perceived, and general economic conditions. These factors may have a meaningful negative impact on operating results. If SoundHound does not successfully anticipate market needs, enhance its existing products, execute on delivering quality products and services, or develop new products and services that meet those needs on a timely basis, it may not be able to compete effectively and its ability to generate revenues will suffer. SoundHound cannot guarantee that it will be able to anticipate future market needs and opportunities or be able to develop product and service enhancements or new products and services to meet such needs or opportunities in a timely manner, if at all. Even if SoundHound is able to anticipate, develop and commercially introduce enhancements and new products and services, there can be no assurance that enhancements or new products and services will achieve widespread market acceptance. New products, as well as enhancements to its existing products, could fail to attain sufficient market acceptance for many reasons, including: • delays in releasing new products, or product enhancements; • failure to accurately predict market demand and to supply products that meet this demand in a timely fashion; • defects in its products, errors or failures of its products; • negative publicity or perceptions about the performance or effectiveness of products; • introduction or anticipated introduction of competing products or technologies by its competitors; and • installation, configuration or usage errors by its customers. If SoundHound fails to anticipate market requirements or fail to develop and introduce product enhancements or new products to meet those needs in a timely manner, it could cause us to lose existing customers and prevent us from gaining new customers, which would significantly harm its business, financial condition and results of operations. If SoundHound spends significant time and effort on research and development and is unable to generate an adequate return on its investment, its results of operations may be materially and adversely affected. SoundHound's business model is predicated, in part, on maintaining a customer base that will generate a recurring stream of revenues. If that recurring stream of revenues is not maintained or does not increase as expected, or if SoundHound's business model changes as the industry evolves, its operating results may be adversely affected. SoundHound's business model is dependent, in part, on its ability to maintain and increase a customer base that generates recurring revenues. Existing and future customers of SoundHound's products, technologies and systems may not purchase its subscriptions for its proprietary products or enter into service contracts with SoundHound at the same rate at which customers currently purchase those subscriptions or enter into service contracts with us. If SoundHound's current and future customers purchase a lower volume of subscriptions for SoundHound's proprietary products or do not continue entering into service contracts with us, SoundHound's recurring revenue stream relative to its total revenues would be reduced and its operating results would be adversely affected. SoundHound's brand, reputation and ability to attract, retain and serve its customers are dependent in part upon the reliable performance of its products and technologies. SoundHound's brand, reputation and ability to attract, retain and serve its customers are dependent in part upon the reliable performance of, and the ability of its existing customers and new customers to access and use, its solutions, including real-time analytics and intelligence. Interruptions in SoundHound's systems or the third-party systems on which SoundHound and its products rely, whether due to system failures, computer viruses, physical or electronic break-ins, or other factors, could affect the security or availability of our products, network infrastructure, cloud infrastructure and website. Problems with the reliability or security of SoundHound's systems could harm its reputation. Damage to SoundHound's reputation and the cost of remedying these problems could negatively affect its business, financial condition, and operating results. Additionally, SoundHound's third-party hosting suppliers in certain instances may have no obligations to renew their agreements with us on commercially reasonable terms or at all, and certain of the agreements governing these relationships may be terminated by either party at any time. If SoundHound is unable to maintain, renew, or expand its agreements with these providers on commercially reasonable terms, it may experience costs or downtime as it transitions its operations. Any disruptions or other performance problems with its products could harm SoundHound's reputation and business and may damage its customers' businesses. Interruptions in its service delivery might reduce SoundHound's revenue, cause SoundHound to issue credits to customers, subject us to potential liability and cause customers not to renew their subscription purchases of its products. If SoundHound is unable to maintain and enhance its brand or reputation as an industry leader, its operating results may be adversely affected. SoundHound believes that maintaining and enhancing its reputation as the leader in Voice AI market is critical to its relationship with its customers and its customers' end-users and its ability to maintain customers and continue to attract new customers. The successful promotion of its brand will depend on multiple factors, including its marketing efforts, its ability to continue to deliver a superior customer experience and develop high-quality features for its products and its ability to successfully differentiate its products from those of its competitors. Its brand promotion activities may not be successful or yield increased revenue. The promotion of its brand

requires SoundHound to make substantial expenditures, and it anticipates that the expenditures will increase as its market becomes more competitive, as it expands into new geographies and vertical markets and as more sales are generated through its reseller partners. To the extent that these activities yield increased revenue, this revenue may not offset the increased expenses it incurs. If SoundHound does not successfully maintain and enhance its brand and reputation, its operating results may be adversely affected. **has generated substantial net losses and negative operating cash flows since its inception and may expect to continue to do so for the foreseeable future.** To date, SoundHound has generated substantial net losses and negative cash flows from operating activities. **SoundHound is continuing to implement its restructuring plan in an effort to reduce such losses and accelerate a pathway to profitability, however there is no guarantee that the restructuring plan will be successful. If such restructuring plan is unsuccessful, SoundHound expects that its net losses and its negative operating cash flows will continue for the foreseeable future. Even if the restructuring plan is successful,** SoundHound may continue to have net losses and negative operating cash flows as SoundHound continues to invest in its development activities, and in sales and marketing. SoundHound also expects to incur the incremental costs of operating as a public company, contributing to SoundHound's losses and operating uses of cash. SoundHound's costs may also increase due to such factors as higher than anticipated financing and other costs; increases in the costs of labor or infrastructure, in particular following the implementation of the restructuring plan; and major incidents or catastrophic events. If any of these or similar factors occur, SoundHound's net losses and accumulated deficit could increase significantly and the price of shares of its common stock could decline. SoundHound **may will** require additional capital to continue its planned business operations but may not be able to obtain such capital when desired on favorable terms, if at all, or without dilution to its stockholders. SoundHound will require additional capital to continue its planned business operations. SoundHound **implemented its restructuring plan to reduce the amount of capital required to meet its current business needs, but** anticipates that current cash, cash equivalents, cash provided by operating activities and funds available through SoundHound's **equity line of credit at the market offering program (ATM program)**, will not be sufficient to meet its future capital needs. SoundHound will need additional financing to execute on its current or future business strategies, including to: • potentially hire additional software engineers, sales and marketing professionals, and other personnel as needed following implementation of the restructuring plan; • develop new or enhance existing products and services; • enhance SoundHound's operating infrastructure; • acquire complementary businesses or technologies; or • otherwise respond to competitive pressures. If SoundHound raises additional funds through the issuance of equity, including its ~~ATM Program~~ **current equity line of credit arrangement**, or convertible debt securities, the percentage ownership of its stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders, including those acquiring shares in this offering. SoundHound cannot assure you that additional financing will be available on terms favorable to SoundHound, or at all, particularly in light of inflationary pressures and resulting increases in the cost of borrowing. If adequate funds are not available or are not available on acceptable terms, if and when needed, SoundHound's ability to fund its operations, take advantage of unanticipated opportunities, develop or enhance its products, or otherwise respond to competitive pressures would be significantly limited. The loss of one or more key members of SoundHound's management team or personnel, or its failure to attract, integrate and retain additional personnel in the future, could harm its business and negatively affect its ability to successfully grow its business. SoundHound is highly dependent upon the continued service and performance of the key members of SoundHound's management team and other personnel. The loss of any of these individuals, each of whom is "at will" and may terminate his or her employment relationship with us at any time, could disrupt SoundHound's operations and significantly delay or prevent the achievement of our business objectives. Additionally, if any of SoundHound's key management team members or other employees were to leave, SoundHound could face substantial difficulty in hiring qualified successors, particularly with consideration to our recent reduction in force related to our restructuring plan, and could experience a loss in productivity while any successor obtains the necessary training and experience. Although SoundHound has arrangements with some of its executive officers designed to promote retention, its employment relationships are generally at-will and SoundHound has had key employees leave in the past. SoundHound cannot assure you that one or more key employees will not leave in the future. SoundHound intends to continue to hire additional highly qualified personnel, including research and development and operational personnel, as needed (with consideration to our restructuring plan) but may not be able to attract, assimilate or retain qualified personnel in the future or may be required to pay increased compensation in order to do so. Any failure to attract, integrate, motivate and retain such employees could harm SoundHound's business or impair our ability to timely meet business goals and objectives.

SoundHound ~~The Company has identified material weaknesses in its internal control over financial reporting and may identify additional material weaknesses in the future, which may result in material misstatements of the Company's consolidated financial statements or cause the Company to fail to meet its periodic reporting obligations and the trading price of our stock could be negatively affected. Since becoming a public company, our Company has been classified as a non-accelerated filer, emerging growth company and smaller reporting company. On June 30, 2023~~ Risks Relating to SoundHound's Intellectual Property and Technology SoundHound's use of open source technology could impose limitations on its ability to commercialize its software. SoundHound uses open source technology in some of its software and expect to continue to use open source technology in the future. Although we monitor its use of open source technology to avoid subjecting its software to conditions SoundHound does not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open source license, including by demanding release of the open source software, derivative works, or SoundHound's proprietary source code that was developed using such technology. These allegations could also result in litigation. The terms of many open source licenses have not been interpreted by United States courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on SoundHound's ability to commercialize its software. In such an event, we may be required to seek licenses from third parties to continue commercially offering its software, to make its proprietary code generally available in source code form, to re-engineer its software or to discontinue the

sale of its software if re-engineering could not be accomplished on a timely basis, any of which could adversely affect SoundHound's business and revenue. The use of open source technology could subject SoundHound to a number of other risks and challenges. Certain open source technology is subject to further development or modification by anyone. Others may develop such software to be competitive with or no longer useful by us. It is also possible for competitors to develop their own solutions using open source software, potentially reducing the demand for SoundHound's software. If SoundHound is unable to successfully address these challenges, its operating results may be adversely affected, and its development costs may increase. Third parties have claimed in the past and may claim in the future that SoundHound is infringing their intellectual property, and we could be exposed to significant litigation or licensing expenses or be prevented from selling SoundHound's products or making its technologies available to its customers if such claims are successful. SoundHound has been and in the future may be subject to claims and legal actions alleging that we or its customers may be infringing or contributing to the infringement of the intellectual property rights of others (though no material legal actions against SoundHound are currently pending). We may be unaware of intellectual property rights of others that may cover some of its technologies and products. If it appears necessary or desirable, we may seek licenses for these intellectual property rights. However, we may not be able to obtain licenses from some or all claimants, the terms of any offered licenses may not be acceptable to us, and we may not be able to resolve disputes without litigation. Any litigation regarding intellectual property could be costly and time-consuming and could divert the attention of SoundHound's management and key personnel from its business operations. Intellectual property disputes could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from licensing certain of its products, cause severe disruptions to its operations or the markets in which we compete, or require us to satisfy indemnification commitments with its customers including contractual provisions under various arrangements. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of SoundHound's confidential information could be compromised by disclosure during this type of litigation. For example, during the course of this kind of litigation, confidential information may be inadvertently disclosed in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure could have a material adverse effect on SoundHound's business and its financial results. Any of these could seriously harm SoundHound's business. Unauthorized use of SoundHound's proprietary technology and intellectual property could adversely affect its business and results of operations. SoundHound's success and competitive position depend in large part on its ability to obtain and maintain intellectual property rights protecting its products and technologies. We rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality provisions and licensing arrangements to establish and protect SoundHound's intellectual property and proprietary rights. Unauthorized parties may attempt to copy or discover aspects of SoundHound's products or to obtain, license, sell or otherwise use information that we regard as proprietary. Policing unauthorized use of SoundHound's products is difficult and we may not be able to protect its technology from unauthorized use. Additionally, SoundHound's competitors may independently develop technologies that are substantially the same or superior to its technologies and that do not infringe its rights. In these cases, we would be unable to prevent its competitors from selling or licensing these similar or superior technologies. In addition, the laws of some foreign countries do not protect SoundHound's proprietary rights to the same extent as the laws of the United States. Although the source code for SoundHound's proprietary software is protected both as a trade secret and as a copyrighted work, litigation may be necessary to enforce its intellectual property rights, to protect its trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Litigation, regardless of the outcome, can be very expensive and can divert management's efforts. SoundHound's software products may have bugs, which could result in delayed or lost revenue, expensive correction, liability to its customers and claims against us. Complex software products such as SoundHound's may contain errors, defects or bugs. Defects in the solutions or products that we develop and sell to its customers could require expensive corrections and result in delayed or lost revenue, adverse customer reaction and negative publicity about us or SoundHound's products and technologies. Customers who are not satisfied with any of SoundHound's products may also bring claims against us for damages, which, even if unsuccessful, would likely be time-consuming to defend, and could result in costly litigation and payment of damages. Such claims could harm SoundHound's reputation, financial results and competitive position. We may be unable to respond quickly enough to changes in technology and technological risks and to develop its intellectual property into commercially viable products. Changes in legislative, regulatory or industry requirements or in competitive technologies may render certain of SoundHound's products obsolete or less attractive to its customers, which could adversely affect its results of operations. SoundHound's ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis will be a significant factor in its ability to be competitive. There is a risk that we will not be able to achieve the technological advances that may be necessary for us to be competitive or that certain of its products will become obsolete. SoundHound is also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of products to operate properly. These risks could have a material adverse effect on SoundHound's business, results of operations and financial condition.

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

SoundHound's stock price and trading volume **has fluctuated significantly and** may **continue to** fluctuate significantly **in the future**. The market price and trading volume of SoundHound's Class A Common Stock has fluctuated widely and may continue to fluctuate widely, depending on many factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our results of operations due to factors related to our business;
- success or failure of our business strategies;
- competition and industry capacity;
- changes in interest rates and other factors that affect earnings and cash flow;
- our level of indebtedness, our ability to make payments on or service our indebtedness and our ability to obtain financing as needed;
- our ability to retain and recruit qualified personnel, particularly in light of our recent restructuring;
- our quarterly or annual earnings, or those of other companies in our industry;
- announcements by us or our competitors of significant

acquisitions or dispositions; • changes in accounting standards, policies, guidance, interpretations or principles; • the failure of securities analysts to cover, or positively cover, our Class A Common Stock; • changes in earnings estimates by securities analysts or our ability to meet those estimates; • the operating and stock price performance of other comparable companies; • investor perception of the Company and the AI industry; • overall market fluctuations unrelated to our operating performance; • results from any material litigation or government investigation; • changes in laws and regulations (including tax laws and regulations) affecting our business; • changes in capital gains taxes and taxes on dividends affecting stockholders; and • general economic conditions and other external factors. Low trading volume for SoundHound's Class A Common Stock, which may occur if an active trading market does not develop, among other reasons, would amplify the effect of the above factors on stock price volatility. In addition, over the last few years, the stock market more broadly has experienced price and volume fluctuations, including due to factors relating to the ongoing outbreak of COVID-19, inflationary pressures, and the war wars in Ukraine and in Gaza, and this volatility has sometimes been unrelated to the operating performance of particular companies. As a result, there is a potential for rapid and substantial decreases in the price of our Class A Common Stock, including decreases unrelated to our operating performance or prospects. This market and share price volatility relating to the these outside effects of COVID-19 or the war in Ukraine, as well as general economic, market or political conditions, has and could further reduce the market price of our Class A Common Stock in spite of our operating performance and could also increase our cost of capital, which could prevent us from accessing debt and equity capital on terms acceptable to us or at all. Additionally, a proportion of our Class A Common Stock may be traded by short sellers which may put pressure on the supply and demand for our Class A Common Stock, creating further price volatility. In particular, a possible "short squeeze" due to a sudden increase in demand of our Class A Common Stock that largely exceeds supply may lead to sudden extreme price volatility in our Class A Common Stock. Investors may purchase our Class A Common Stock to hedge existing exposure in our Class A Common Stock or to speculate on the price of our Class A Common Stock. Speculation on the price of our Class A Common Stock may involve long and short exposures. To the extent aggregate short exposure exceeds the number of shares of Class A Common Stock available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our Class A Common Stock for delivery to lenders of our Class A Common Stock. Those repurchases may in turn, dramatically increase the price of our Class A Common Stock until investors with short exposure are able to purchase additional shares to cover their short position. This is often referred to as a "short squeeze." Following such a short squeeze, once investors purchase the shares necessary to cover their short position, the price of our Class A Common Stock may rapidly decline. A short squeeze could lead to volatile price movements in our shares that are not directly correlated to the performance or prospects of our company and could cause purchasers of our Class A Common Stock to incur substantial losses. Should the market price of our shares drop significantly, stockholders may institute securities class action lawsuits against us. A lawsuit against SoundHound could cause SoundHound to incur substantial costs and could divert the time and attention of its management and other resources. We do not intend to pay cash dividends for the foreseeable future. The timing, declaration, amount and payment of future dividends to stockholders falls within the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, capital requirements of our business and covenants associated with debt obligations, as well as legal requirements, regulatory constraints, industry practice and other factors that our board of directors deems relevant. We do not intend to and there can be no assurance that we will pay any dividend in the future. SoundHound's management has limited experience in operating a public company. The requirements of being a public company may strain SoundHound's resources and divert management's attention, and the increases in legal, accounting and compliance expenses may be greater than SoundHound anticipates. As a public company, and particularly after since we are no longer an "emerging growth company" or a "smaller reporting company," we will continue to incur significant legal, accounting and other expenses that SoundHound did not incur as a private company. SoundHound is subject to the reporting requirements of the Exchange Act, and is required to comply with the applicable requirements of the Sarbanes-Oxley Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as the rules and regulations subsequently implemented by the SEC and the listing standards of the Nasdaq, including changes in corporate governance practices and the establishment and maintenance of effective disclosure and financial controls. Compliance with these rules and regulations can be burdensome. SoundHound's management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased, and will continue to increase, SoundHound's historical legal and financial compliance costs and will make some activities more time-consuming and costly. For example, SoundHound expects to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, which SoundHound has hired and will continue to increase when SoundHound is no longer an "emerging growth company" or a "smaller reporting company" with revenues of less than \$100 million. SoundHound will need to hire additional accounting and financial staff, and engage outside consultants, all with appropriate public company experience and technical accounting knowledge and maintain an internal audit function, which has and will increase its operating expenses. Moreover, SoundHound could incur additional compensation costs in the event that it decides to pay cash compensation closer to that of other publicly listed companies, which would increase its general and administrative expenses and could materially and adversely affect its profitability. SoundHound will evaluate these rules and regulations, and cannot predict or estimate the amount of additional costs SoundHound may incur or the timing of such costs. SoundHound's executive officers have limited experience in the management of a publicly traded company. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities, which will result in less time being devoted to the management and growth of the post-combination company. SoundHound may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal control over financial reporting required of public companies. SoundHound's management will need to continually assess its staffing and training procedures to improve its internal control

over financial reporting. For example, SoundHound did not timely file its Form 10-Q for the quarter ended March 31, 2021 **and had to file an extension for its Form 10-Q for the quarter ended September 30, 2023** and unless the matters discussed in this risk factor and elsewhere in this Annual Report are mitigated, the risk exists that SoundHound may not be able to file timely in the future. Further, the development, implementation, documentation and assessment of appropriate processes, in addition to the need to remediate any potential deficiencies, will require substantial time and attention from management. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company may require costs greater than expected. It is possible that SoundHound will be required to expand its employee base and hire additional employees to support its operations as a public company which will increase our operating costs in future periods. Changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by the SEC and the Nasdaq, are subject to varying interpretations, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. SoundHound intends to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts, we fail to comply with new laws, regulations and standards, regulatory authorities may initiate legal proceedings against us, and our business may be harmed. Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events would also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors or as members of senior management. SoundHound may be subject to securities litigation, which is expensive and could divert management attention. The per share price of our Class A Common Stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities litigation, including class action litigation. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could have a material adverse effect on our business, financial condition, and results of operations. Any adverse determination in litigation could also subject SoundHound to significant liabilities.

Risks Applicable to a Dual Class Common Stock Structure SoundHound has a dual class common stock structure that has the effect of concentrating voting control with the holders of our Class B Common Stock. Our Class B Common Stock has multiple votes per share and this ownership will limit or preclude your ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transactions requiring stockholder approval, and that may adversely affect the trading price of our Class A Common stock. SoundHound has a dual class common stock structure and the holders of SoundHound Class B Common Stock have ten votes per share. SoundHound Founders own shares of Class B Common Stock representing approximately ~~72~~**63**% of the voting power of the outstanding capital stock of SoundHound. In addition, because of the ten-to-one voting ratio between our Class B and Class A Common Stock, holders of our Class B Common Stock could continue to control a majority of the combined voting power of our Common Stock and therefore control all matters submitted to our stockholders for approval until such time, if any, as a sufficient number of shares of our Class B Common Stock are converted into shares of our Class A Common Stock in accordance with the terms of the **Second Amended & Restated Certificate of Incorporation of the Company (the "Amended Charter")**. This concentrated control may limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions requiring stockholder approval. In addition, this concentrated control may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders. As a result, such concentrated control may adversely affect the market price of our Class A Common Stock. Shares of Class B Common Stock are convertible into shares of Class A Common Stock and will automatically convert into shares of Class A Common Stock upon the occurrence of certain future events, generally including transfers, subject to limited exceptions set forth in the 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. The Amended Charter provides for a dual-class multiple voting Common Stock structure, and we cannot predict the effect this structure of our Common Stock may have on the market price of our Class A Common Stock. We cannot predict whether having an Amended Charter that permits the issuance of multiple voting shares in a dual-class structure will result in a lower or more volatile market price of our Class A Common Stock, adverse publicity or other adverse consequences. For example, certain index providers have announced and implemented restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, FTSE Russell announced that it would require new constituents of its indices to have greater than 5% of the company's voting rights in the hands of public stockholders, and S & P Dow Jones announced that it would no longer admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S & P 500, S & P MidCap 400 and S & P SmallCap 600, which together make up the S & P Composite 1500. Also in 2017, MSCI, a leading stock index provider, opened public consultations on its treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under such announced and implemented policies, the dual-class structure of our common stock would make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices would not invest in our Class A Common Stock. These policies

are relatively new and it is unclear what effect, if any, they will have on the valuations of publicly-traded companies excluded from such indices, but it is possible that they may adversely affect valuations, as compared to similar companies that are included. Due to the dual-class structure of our common stock, we will likely be excluded from certain indices and we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make our Class A Common stock less attractive to other investors. As a result, the market price of our Class A Common stock could be adversely affected. We are considered a “controlled company” within the meaning of Nasdaq listing standards and, as a result, qualify for, and may rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to shareholders of companies that are subject to such requirements. SoundHound qualifies as a “controlled company” within the meaning of the corporate governance standards of Nasdaq. Under these rules, a listed company of which more than 50 % of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including the requirement that (i) a majority of our board of directors consist of independent directors, (ii) we have a compensation committee that is composed entirely of independent directors and (iii) director nominees be selected or recommended to the board by independent directors. We are currently in compliance with all of these corporate governance requirements. However, SoundHound may in the future rely on the corporate governance exemptions as we adopted the dual class common stock structure reflected in our Amended and Restated Charter and qualify as a controlled company. To the extent we will rely on any of these exemption, holders of our Class A Common Stock will not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq and we cannot predict the impact this may have on the price of our Class A Common Stock. Delaware law and provisions in our charter documents could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock. The Amended Charter, Amended **& Restated Bylaws of the Company (the "Amended Bylaws")**, and Delaware law contain provisions that could depress the trading price of our common stock by acting to discourage, delay, or prevent a change of control of SoundHound or changes in SoundHound that our management or stockholders may deem advantageous. Among other things, the Amended Charter and Amended Bylaws include the following provisions: • permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships; • authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan; • eliminates the ability of our stockholders to call special meetings of stockholders, except to the extent otherwise provided in the Amended Bylaws; • prohibit stockholder action by written consent, except to the extent otherwise provided in the Amended Bylaws, which requires all stockholder actions to be taken at a meeting of our stockholders; • provide that the board of directors is expressly authorized to make, alter, or repeal our Amended Bylaws; and • establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law. Pursuant to the Amended Charter, we have opted out of Section 203 of the DGCL, which prevents interested stockholders, such as certain stockholders holding more than 15 % of our outstanding common stock, from engaging in certain business combinations unless (i) prior to the time such stockholder became an interested stockholder, our board of directors approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned at least 85 % of our common stock, or (iii) following board approval, such business combination receives the approval of the holders of at least two-thirds of our outstanding common stock not held by such interested stockholder at an annual or special meeting of stockholders. However, our Amended Charter includes provisions similar to the provisions contained in Section 203 of the DGCL, which are designed to limit SoundHound’s ability to enter into certain business combination transactions within a three (3) year period following the adoption of the Amended Charter. Any provision of our Amended Charter, our Amended Bylaws, or Delaware law that has the effect of delaying, preventing, or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock. Risks Related to U. S. and International Taxation Generally Changes in tax laws or exposure to additional income tax liabilities could affect SoundHound’s future profitability. Factors that could materially affect SoundHound’s future effective tax rates include but are not limited to: • changes in tax laws or the regulatory environment; • changes in accounting and tax standards or practices; • changes in the composition of operating income by tax jurisdiction; and • SoundHound’s operating results before taxes. Because SoundHound does not have a long history of operating at its present scale and it has significant expansion plans, SoundHound’s effective tax rate may fluctuate in the future. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under GAAP, changes in the composition of earnings in countries with differing tax rates, changes in deferred tax assets and liabilities, or changes in tax laws. On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Tax Act”), was signed into law making significant changes to the Internal Revenue Code of 1986, as amended (the “Code”). In particular, sweeping changes were made to the U. S. taxation of foreign operations. Changes include, but are not limited to, a permanent reduction to the corporate income tax rate, limiting interest deductions, adopting elements of a territorial tax system, assessing a repatriation tax or “toll-charge” on undistributed earnings and profits of U. S.- owned foreign corporations, and introducing certain anti-base erosion provisions, including a new minimum tax on global intangible low-taxed income and base erosion and anti-abuse tax. The legislation has had no effect on SoundHound’s provision for income taxes because SoundHound has incurred annual losses in the U. S. to date and management set up a full valuation allowance against its U. S. federal and states deferred tax assets. In addition to the impact of the Tax Act on SoundHound’s federal taxes, the Tax Act may impact its taxation in other jurisdictions, including with respect to state income taxes. State legislatures have not had sufficient time to respond to the Tax Act. Accordingly, there is

uncertainty as to how the laws will apply in the various state jurisdictions. Additionally, other foreign governing bodies may enact changes to their tax laws that could result in changes to SoundHound's global tax position and materially adversely affect its business, results of operations and financial condition. Additionally, the IRS and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and technologies and the use of intangibles. Tax authorities could disagree with SoundHound's future intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. If SoundHound does not prevail in any such disagreements, its profitability may be affected. SoundHound's ability to use its net operating loss carryforwards and certain other tax attributes may be limited. As of December 31, ~~2022~~ **2023**, SoundHound had \$ ~~344.395.65~~ **344.395.65** million of U. S. federal and \$ ~~106.109.94~~ **106.109.94** million of state net operating loss carryforwards available to reduce future taxable income. ~~The Of the U. S. federal net operating loss carryforwards, \$ 256.0 million will be carried forward indefinitely for U. S. federal tax purposes and \$ 88.6 million will begin to expire in 2025. SoundHound's U. S. state net operating loss carryforwards will begin start to expire in 2025 and 2028 , respectively, with the exception of \$ 306.8 million federal net operating loss carryforwards and \$ 5.6 million state net operating loss carryforwards, which can be carried forward indefinitely.~~ **Of the U. S. federal net operating loss carryforwards, \$ 256.0 million will be carried forward indefinitely for U. S. federal tax purposes and \$ 88.6 million will begin to expire in 2025. SoundHound's U. S. state net operating loss carryforwards will begin start to expire in 2025 and 2028 , respectively, with the exception of \$ 306.8 million federal net operating loss carryforwards and \$ 5.6 million state net operating loss carryforwards, which can be carried forward indefinitely.** It is possible that SoundHound will not generate taxable income in time to use these net operating loss carryforwards before their expiration or at all. Under legislative changes made in December 2017, U. S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such net operating losses is limited. It is uncertain if and to what extent various states will conform to the newly enacted federal tax law. In addition, the federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the Code, respectively, and similar provisions of state law. Under those sections of the Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income or tax may be limited. In general, an "ownership change" will occur if there is a cumulative change in SoundHound's ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. In addition, certain U. S. states have imposed additional limitations on the use of net operating loss carryforwards not otherwise imposed on the use of U. S. federal net operating loss carryforwards and may impose additional limitations in the future. Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations. We are subject to income taxes in the United States and other jurisdictions, and our tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • changes in the valuation of our deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • tax effects of stock-based compensation; • costs related to intercompany restructurings; • changes in tax laws, regulations or interpretations thereof; or • lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates. In addition, we may be subject to audits of our income, sales and other transaction taxes by taxing authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations.