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

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

OR

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

For the transition period from _____ to _____

Commission file number 001-39907

SONDER HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

101 15th Street
San Francisco, California

(Address of Principal Executive Offices)

85-2097088

(I.R.S. Employer
Identification No.)

94103

(Zip Code)

(617) 300-0956

Registrant's telephone number, including area code

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.0001 per share	SOND	The Nasdaq Stock Market LLC
Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of \$11.50 per share	SONDW	The Nasdaq Stock Market LLC

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No

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

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

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

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

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

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

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

The aggregate market value of voting and non-voting common equity of the registrant held by non-affiliates as of June 30, 2022 was \$214.7 million. The registrant had outstanding 219,282,857 shares of common stock as of March 6, 2023.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A for its 2023 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K of Sonder Holdings Inc. (“we” or “us”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to future events or our expected future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue,” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from historical experience or our present expectations.

Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our focus on achieving positive quarterly Free Cash Flow within 2023 without additional fundraising and to target “capital light” lease signings, whereby real estate owners fund the vast majority of our upfront capital expenditures in exchange for slightly higher rents, as part of our Cash Flow Positive Plan announced on June 9, 2022;
- our financial, operating and growth forecasts and projections;
- expectations for our business, revenue, expenses, operating results, and financial condition;
- our ability to achieve or maintain profitability in the future;
- trends in the travel and hospitality industries, including the anticipated timing and nature of any travel recovery;
- our pricing and revenue management strategies, pricing and occupancy forecasts and anticipated trends, and expectations about demand elasticity;
- our expectations concerning future transaction structures and the anticipated rent, rent abatement, capital expenditure provisions, and other terms of our future leases;
- potential ancillary revenue opportunities and our ability to improve our revenue management capabilities;
- anticipated capital expenditure obligations, including expectations for real estate owners’ funding of capital expenditures and other pre-opening costs at our leased properties;
- the expected adequacy of our capital resources, and the anticipated use of proceeds from any financings;
- trends in corporate travel and the potential for additional group and corporate travel revenue;
- anticipated occupancy rates and expectations about guests’ average length of stay;
- our ability to anticipate and satisfy guest demands, including through the introduction of new features, amenities or services;
- expectations about our geographic market mix and product mix between hotels and apartments, and their impact on our financial results;
- expectations about employee relations and our ability to attract and retain qualified personnel;
- our plans to roll out additional features, amenities and technologies, and our beliefs about the positive impact of our technology investments on our brand and financial results;
- our future competitive advantages and anticipated differentiation in cost structure and guest experience compared to other accommodation providers;
- expectations for increased cost efficiencies and technological improvements;
- expectations and plans for expanding in existing and new markets and accommodation categories;
- the anticipated growth in our portfolio of Live Units and Contracted Units, including the anticipated scope and timing of any removals of units from our portfolio;
- expectations about our relationships with third-party distribution channels and indirect channels, and the percentage of future revenue attributable to bookings through indirect channels;
- anticipated seasonality and other variations in our results of operations from period-to-period, including statements about anticipated Revenue per Available Room (“RevPAR”) in specified quarters;
- the anticipated effects of the COVID-19 pandemic or other public health crises;
- our ability to continue meeting the listing standards of Nasdaq;
- our assessments and beliefs regarding the timing and outcome of pending legal proceedings and any liability that we may incur as a result of those proceedings;
- our assessments and estimates that determine our effective tax rate and regarding any tax-related audits or other tax proceedings; and
- other expectations, beliefs, plans, strategies, anticipated developments, and other matters that are not historical facts.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

You should not place undue reliance on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control. Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Moreover, the forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law.

See the section entitled “Risk Factors” herein for a discussion of certain factors that could cause actual results to differ materially from those expressed in our forward-looking statements. Additional factors that could cause results or performance to differ materially from those expressed in our forward-looking statements are detailed in other filings we may make with the Securities and Exchange Commission (“SEC”), copies of which are available at no charge as set forth under Item 1. “Business-Available Information” below. Please consider our forward-looking statements in light of those risks as you read this report. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

PART I

Item 1. Business

Overview

We are on a mission to revolutionize hospitality through innovative, tech-enabled service, and inspiring, thoughtfully designed accommodations combined into one seamless experience. Sonder was born from a desire to offer the modern traveler better accommodation choices than unremarkable “big box” hotels, often unreliable home-shares, and overly expensive boutique hotels. We lease and operate a variety of accommodation options — from fully-equipped serviced apartments to spacious hotel rooms — in 43 cities in 10 countries. As of December 31, 2022, we had approximately 9,700 units available for guests to book at over 250 properties.

We work directly with real estate owners to lease properties that meet our standards, furnish and decorate them to provide a design-led, technology-enabled experience, and then make them available for guests to book directly (through the Sonder app, our website, or our sales personnel) or through indirect channels (such as Airbnb, Expedia, Booking.com, and other online travel agencies). We manage our properties using proprietary and third-party technologies and deliver services to guests via the Sonder app and 24/7 on-the-ground support. Our mobile-first guest experience, from check-in to check-out, is supported by the Sonder app, regardless of whether a guest books their stay on Sonder.com or another channel. Incorporating technology into all aspects of the business, we offer consistent quality at a compelling value to our guests.

Our accommodations come in a variety of shapes and sizes to suit guests’ needs – from a multiple-bedroom apartment with fully-equipped kitchen and private laundry facilities, to a hotel room or suite. Our diverse product portfolio serves various traveler types, including leisure travelers, families, digital nomads, and business travelers. Our interior designers and other teams take pride in bringing inspiring spaces to life throughout our portfolio.

In addition to modern design, we apply technology across our business. Our guest-facing technology leads guests through their entire Sonder experience, beginning with easy, intuitive browsing of our full portfolio and reserving a unit, to in-app check-in and requests for intra-stay cleans or other services. Technology also underpins our hospitality operations, from underwriting and supply growth, to building openings, pricing and revenue management, demand generation, interior design, and day-to-day operations. By leveraging technology, our goal is to reduce operating costs and provide both a better guest experience and a compelling value.

Focus on Enhancing the Guest Experience

We strive to deliver a better way to stay through technology and design and put the guest experience at the center of everything we do.

We have reimagined the guest journey based on a belief that the ubiquity of mobile devices provides an opportunity to modernize the traveler’s entire experience, alongside the anticipation of guest needs and a design-focused experience. Our technology puts guests in full control of their stay. The Sonder mobile-first guest experience, from check-in to check-out, is supported by the Sonder app, regardless of whether a guest books their stay on Sonder.com, the Sonder app, directly with our sales personnel, or through one of our indirect channels such as Airbnb, Expedia or Booking.com. All guests are encouraged to download and use the Sonder app to interact with our services and enhance their stay, but use of the Sonder app is not required.

The Sonder app puts the “lobby on your phone” and empowers guests to seamlessly navigate their entire journey, from booking through check-out. This includes:

- *Search, Discovery & Booking*: Easy, intuitive browsing and booking of any unit in our portfolio;
- *Check-In*: Virtual check-in, online receipt of access instructions, and the ability to request and confirm an early check-in directly through the Sonder app;
- *One-Touch WiFi*: In-app, one-touch connections to our speedy WiFi;
- *Digital Concierge*: Curated localized recommendations, available through the app, to help guests navigate each neighborhood’s unique experiences;
- *Customer Service On Demand*: App-based service requests, connecting guests with our local city team members who are ready to provide timely assistance; and
- *Check-out*: In-app requests for late check-out and information regarding on- and off-premises baggage storage. The simple app-based check-out process further engages guests by automatically following up with surveys and referral promotion codes.

While the Sonder guest experience aims to be contactless and self-service, our guest services team can be reached 24/7 through the Sonder app, by telephone, text/WhatsApp, and email. For any requests requiring in-person support, we have local team members in each of our cities who are ready to assist.

We also bring a passion for design and creativity to our guests’ experiences. We take pride in the spaces we bring to life through our interdisciplinary teams and external partnerships spanning architecture, product and service design, graphic communications, and more. Our properties have been featured in publications including *Surface*, *Travel + Leisure*, *Condé Nast Traveler*, *Elle Decor*, *Fast Company*, *Forbes*, *CNBC*, and *House Beautiful*. Fully equipped kitchens, extra living space, and private laundry facilities are available in many of our apartment-style spaces, providing our guests a wide variety of options whether traveling for leisure or business, individually or as a group.

Supply Growth

As of December 31, 2022, we had approximately 9,700 units available for guest bookings (“Live Units”) across 43 cities and 10 countries, with approximately 7,900 additional units for which we have signed real estate contracts but are not yet available for guests to book (“Contracted Units”), diversified across both apartments and hotels. At December 31, 2022, our five largest cities (New York City, Dubai, Philadelphia, New Orleans, and London) accounted for 38.4% of our Live Units, and our 10 largest cities accounted for 59.0% of our Live Units. In 2023, we intend to focus our supply growth efforts primarily on existing Sonder markets, where we have built localized teams and relationships with developers, investors, and property owners for our Live and Contracted Units. In the future, we intend to expand into additional markets in Europe and North America, as well as other locations.

Our properties include 1-, 2-, and 3+ bedroom and studio furnished apartments, nearly all of which include in-unit laundry appliances and fully stocked kitchens, as well as thoughtfully designed studio and 1-bedroom hotel rooms. The majority of our Live and Contracted Units (“Total Portfolio”) consist of commercial or mixed use apartment developments ranging from small ten or 20 unit buildings to modern 300+ unit towers, with larger buildings comprising an increasing proportion of our apartment portfolio in recent years. Over the past few years, we have gone from leasing portions of buildings to now primarily focusing on leasing full buildings going forward.

A smaller, but growing proportion of our portfolio consists of hotels, where we have partnered with independent hotel property owners to convert existing properties into Sonder-branded or co-branded hotels, putting a modern spin on the traditional hotel, with inspiring design and tech-enabled service.

In the future, we may add resorts and other types of properties to our portfolio. We believe all categories of properties can benefit from better design, modern service, and technology that eliminates inefficiencies.

Demand Generation and Revenue Management

Historically, we generated demand primarily by listing our units on the websites operated by online travel agencies and Internet-based accommodations marketplaces (“OTAs”). OTAs are paid a percentage channel fee for each Sonder unit booked on their platforms. Today, the primary OTAs that travelers use to book our units are Airbnb, Booking.com and Expedia, with 50.1% of 2022 revenue coming through these three OTAs. Guests booking one of our units through an OTA immediately see that their booking is a Sonder property, clearly labeled with the Sonder brand. Guests booking a stay on one of these OTAs can use the Sonder app to manage their stay and enhance their experience, but that is not required.

While OTAs were historically our primary source of demand, we now generate a substantial percentage of revenue directly through Sonder.com, the Sonder app, or our sales personnel. Direct bookings accounted for approximately 47.2% of total revenue in 2022 and 51.6% in 2021. We began experimenting with performance marketing and extended stay discounts on Sonder.com during the early months of the COVID-19 pandemic, and we continue to derive direct bookings from modest performance marketing, repeat bookings, and other organic traffic on Sonder.com.

In the last few years, we have also been developing an internal sales team to focus on corporate and group travel, which are significant revenue sources for most hotels but which have not historically been a major revenue source for us. This team’s efforts include building relationships with travel management companies on the global distribution system (“GDS”), corporate relocation and housing companies, and global and local corporate accounts.

Data-Driven Revenue Management

Our revenue management team uses analytics and data science to optimize pricing and occupancy levels. This includes software that enables our revenue managers to set pricing strategies on a market-by-market basis, taking into account the anticipated response of occupancy rates to pricing changes. We have built pricing automation technology and a room attribution algorithm, which we use to create competitive and dynamic prices.

Ancillary Revenue Opportunities

To complement our typical guest stay revenue, we are continuing to explore opportunities to generate ancillary revenue from value-added services for additional fees. For example, we recently launched guaranteed early check-in and late check-out at some of our properties, available for add-on or separate purchase upon booking or within the Sonder app during a stay. We are also exploring separate charges for room upgrades and value-added room amenities, such as guaranteed parking, and other revenue initiatives.

Leases and Transaction Process

We lease all of our properties, including both existing buildings and development projects. A majority of our leases are fixed leases, whereby we agree to a fixed periodic fee per unit, many times subject to negotiated rent escalations. We also offer flexible contract structures, including mixed lease structures, whereby we agree to pay the real estate owner a minimum fixed periodic fee, plus a certain share of property revenue, at times with a capped periodic amount, and revenue share agreements, whereby we agree to pay the real estate owner a variable fee based on revenue related metrics as specified in the agreement, rather than a fixed periodic fee.

Our typical property lease has a 5- to 7-year initial term, with up to two 5-year renewals at our option. Our leases commonly include upfront rent abatement to offset the initial setup costs and revenue ramp for new units. They also frequently include downside protections, including partial rent relief in the event of a recession, regulatory changes, and force majeure events.

Additionally, in many of our leases, we have negotiated an upfront allowance paid by the real estate owner to help offset the capital invested to prepare and furnish a building and the individual units. We are able to negotiate these allowances by offering real estate owners a higher expected yield on their investment, through future lease payments, compared to a deal without an allowance. Effectively, we are compensating real estate owners for providing “furnished” units. By agreeing to such terms, real estate owners can generate higher future cash flows from units while also allowing us to begin operations with much less upfront capital invested. As noted above, we use the term “Contracted Units” to refer to units subject to leases that we have signed, but are not yet ready for guest booking. Certain signed leases have contingencies or conditions that must be satisfied before we take over the units, and from time to time, we exclude some of these leases from our Contracted Units total based on our judgment about the likelihood that the contingencies or conditions will be satisfied.

Operations

Our operations teams focus on efficiently and effectively opening new Sonder buildings, providing best practice playbooks for ongoing operations, and serving our guests. The team includes both local service staff focused on building openings and guest service requests requiring in-person assistance, as well as central teams focused on supply chain, interior design, real estate development, guest service, and operational excellence.

Supply Chain

In the United States and Canada, we have built a streamlined global supply chain powered by warehouse and inventory management technology. Furniture, art, decor, linens, and other guest facing items are curated and sourced by our centralized sourcing and merchandising team, and initially stored in central warehouses for distribution to local properties. Typically, new buildings receive furniture and decor items all at once, as a full “hotel in a box.” We focus on a high level of furniture quality and reliability while retaining aesthetic appeal and expect our suppliers to abide by our Supplier Code of Conduct (which is informed by internationally recognized social, environmental, and ethical standards). In Europe, the Middle East and Mexico, we work with local providers to deliver a similar aesthetic and grade of product to deliver a high-quality guest experience, brand consistency, and fast deployment.

Building Openings

Our highly experienced on-the-ground teams focus on onboarding new properties quickly and efficiently. Before welcoming guests to a new property, our local teams ensure that the spaces are immaculately set up and well-photographed.

Day-to-Day Operations

Our day-to-day operations are delivered by central and locally based teams, powered by a combination of proprietary and third-party software, to address guests’ inquiries, issues, and requests quickly and effectively. Our central guest services team has hubs in North America, Europe, and Asia.

Back-of-house teams such as housekeeping — both Sonder-employed and third-party providers—use software to help them deliver clean spaces and resolve any guest issues or requests that might arise.

Competition

Given the nature of our business model, we operate in two highly competitive environments: (i) attracting guests; and (ii) securing desirable real estate supply.

Competition for Guests

Travelers have many options as they search for a stay that best suits their needs. We compete for guests based on many factors, including the location and quality of accommodations, property amenities, reputation for guest services and guest-facing technologies, pricing, and brand loyalty. Within traditional hospitality, we compete primarily with major incumbent operators in the upscale and upper upscale hotel segments, such as Hilton, Marriott, and Hyatt, who have built their brands and customer loyalty over several decades. We also compete against boutique hotel operators and smaller hotel chains, particularly in non-U.S. markets.

Guests are increasingly shifting their hospitality spend to alternative accommodation providers that offer differentiated, often home-like experiences at price points below that of traditional hotels. Within alternative accommodations, we compete with a wide variety of operators, many of which focus on a small number of markets. The alternative accommodation space also includes OTAs such as Airbnb, Vrbo (owned by Expedia Group), and other marketplaces, and various large Internet-based companies that advertise vacation homes, home-shares, hotel rooms, and other travel services. While OTAs market and list competitors' accommodations, they are also an important channel partner for us.

Competition for Real Estate Supply

We compete against various parties for potential new properties in our target markets. On the apartment side, we compete against other leasing styles (e.g., traditional lease-up to 12-month term tenants) as well as other short-term rental companies with similar business models to our own. On the hotel side, we primarily compete against traditional hotel property managers.

We believe that we offer a compelling value proposition to the developers and owners of apartments and hotels. We provide apartment developers potentially superior economics by eliminating lengthy lease-up periods, minimizing sales and marketing costs, simplifying rent collections from a single master lessee, and removing many daily operational burdens. For independent hotel owners, we offer a steady stream of income while taking the operational headaches off their hands and applying technology and design to improve the property's performance. We believe that we are the preferred counterparty of many of our partners due to our scaled operations and proven track record.

Regulatory Compliance

Our strategy includes rigorous attention to regulatory compliance, as our operations are subject to regulations in the following principal areas, across a wide variety of jurisdictions.

Property and Accommodations Regulation

Our business is subject to U.S. and foreign federal, state, and local laws and regulations that vary widely by city, country, and property type. In many cities, local regulations affect our ability to offer accommodations for specified durations or in certain neighborhoods. Hospitality and transient accommodations operations are also subject to compliance with the U.S. Americans with Disabilities Act and other laws and regulations relating to accessibility, and to laws, regulations, and standards in other areas such as zoning and land use, licensing, permitting and registrations, fire and life safety, environmental and other property condition matters, staffing and employee training, cleaning protocols, and property "star" ratings where required. Additionally, our real estate owners are responsible for their own compliance with laws, including with respect to their employees, property maintenance, and operations, environmental laws, and other matters.

Before signing any new leases in a new market, we engage local legal counsel to help identify relevant regulatory requirements. This research includes analysis on licensing and zoning, building code, accessibility and operations requirements, fire and life safety regulations, tax compliance, and local employment laws. Every leased property has unique characteristics, requiring further due diligence and regulatory analyses before each new lease signing.

Privacy and Data Protection Regulation

In processing travel transactions and information about guests and their stays, we receive and store a large volume of personally identifiable data. The collection, storage, processing, transfer, use, disclosure, protection, and other processing of this information are increasingly subject to legislation and regulations in numerous jurisdictions around the world, such as the European Union's General Data Protection Regulation ("EU GDPR") and variations and implementations of that regulation in the member states of the European Union, as well as privacy and data protection laws and regulations in various U.S. States and other jurisdictions, such as the California Consumer Privacy Act of 2018 and its implementing regulations (the "CCPA"), as amended by the California Privacy Rights Act (the "CPRA"), the Canadian Personal Information Protection and Electronic Documents Act ("PIPEDA"), and the United Kingdom ("UK") General Data Protection Regulation ("UK GDPR") and UK Data Protection Act.

We take various technical and organizational security measures and other procedures and protocols designed to protect data, including data pertaining to guests and employees, and we are engaged in an ongoing process of evaluating and considering additional steps to comply with the CCPA/CPRA, EU GDPR, PIPEDA, UK GDPR, UK Data Protection Act, and other applicable privacy and data protection laws and regulations.

Employment Laws and Regulations

We are also subject to laws governing our relationship with employees, including laws governing wages and hours, benefits, immigration, workplace safety and health, and hotel-specific ordinances.

Securities, Accounting, and Nasdaq Regulation

We are subject to laws and regulations affecting corporate governance, accounting obligations, and corporate reporting, including the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), the rules and regulations of the SEC, and the listing standards of Nasdaq.

Other Regulation

Our business is subject to various other laws and regulations, involving matters such as income tax and other taxes, consumer protection, online messaging, advertising, and marketing, the U.S. Foreign Corrupt Practices Act and other laws governing bribery and other corrupt business activities, and regulations aimed at preventing money laundering or prohibiting business activities with specified countries or persons. As we expand into additional markets, especially outside of the U.S., we will be subject to additional laws and regulations.

The regulatory environment in each market is often complex and evolving and can be subject to significant change. Some relevant laws and regulations are inconsistent and ambiguous and could be interpreted by regulators and courts in ways that could adversely affect our business, results of operations, and financial condition. Moreover, certain laws and regulations have not historically been applied to an innovative hospitality provider such as Sonder, which often makes their application to our business uncertain. For additional information regarding the laws and regulations that affect our business, see the section entitled “Risk Factors” in this Annual Report on Form 10-K.

Environmental, Social and Governance (“ESG”)

In 2020, we established a dedicated Sustainability, Partnerships, and Social Impact function that supports, advises and provides best practices on responsible business practices across the organization. We understand the importance of ESG in this context and have taken deliberate steps to begin Sustainable Accounting Standards Board data collection and measurement for future disclosure to investors. Our ESG goal is to foster the social, environmental, and economic well-being of the communities we call home. To do this, we are developing business practices through a “People and Planet” framework. This framework illustrates our commitment to our employees and guests, to the communities in which we operate, and to minimizing our environmental footprint. Initial efforts include, among others, the publication of core corporate social responsibility policies, such as a Supplier Code of Conduct, Diversity, Equity, and Inclusion (“DEI”) Statement, Modern Slavery Act Statement, and Zero Tolerance policy reflected in the “house rules” applicable to guest stays. We have also implemented a policy granting time-off to permit employees to engage in local U.S. elections, and a Volunteer Time Off Policy to facilitate employee volunteering. Other initiatives of ours focus on sustainability, such as energy, water and the elimination of single-use plastics at Sonder properties.

Sonder Employees and Culture

Employees

As of December 31, 2022, we had approximately 993 employees in the United States, and approximately 702 employees located in 9 countries outside of the U.S. Our workforce consisted of approximately 995 salaried and approximately 700 hourly employees as of that date. Certain non-U.S. employees are currently represented by unions or covered by a collective bargaining agreement.

Culture

Our people philosophy is to create a workplace where everyone can thrive.

Our culture is defined by ten leadership principles, which are designed to ignite more innovation, to allow us to move quickly and strategically, to keep us inspired and coordinated, and to help us move faster, be more inspiring, and be a better place to work.

Diversity, Equity, and Inclusion

Extending hospitality to all is one of our leadership principles. Living up to that principle means fully embracing diversity so that all of our employees, guests, partners, and communities feel safe, respected, included, cared for, and empowered.

We are resolute against hate. In accordance with our non-discrimination and harassment policy, we have zero tolerance for racism, sexism, discrimination, intimidation, or violence of any kind.

An important part of our business mission is a never-ending pursuit to make things better. We are in the early stages of our DEI work as a company. We have created a DEI working group to listen to and to engage employees and evaluate our progress. We have also established several employee resource groups whose aim is to foster a diverse, equitable and inclusive workplace.

Intellectual Property

We rely on trademarks, domain names, copyrights, trade secrets, contractual provisions, and restrictions on access and use to establish and protect our proprietary rights.

At December 31, 2022, we had 104 trademark registrations and pending applications, including registrations for “Sonder” in the United States, Canada and various other countries, applications and registrations for the Sonder bird logo in 33 countries, and one registration for “Sonder” (and bird logo) and two applications for “SONDER in Chinese Characters” in China.

In addition to trademark protection, we reserve and register domain names when and where deemed appropriate and are the registered holder of more than 80 domain names, including “sonder.com.”

In addition to the protection provided by our intellectual property rights, we enter into confidentiality and proprietary rights agreements with certain of our employees, consultants, contractors, and business partners. Certain employees and contractors are also subject to invention assignment agreements. We further control the use of our proprietary technology and intellectual property through provisions in the terms of use on our website and guest app.

Seasonality

Seasonality causes period-to-period variances in a particular property’s occupancy and pricing, depending upon seasonal factors such as weather patterns, local events, and holidays, as well as property location and type. Based on results prior to the COVID-19 pandemic, our revenue per available room tends to be lower across our portfolio in the first quarter and fourth quarters of each year due to seasonal factors such as weather and holidays and the market mix and product mix of our portfolio at the time. However, the effect of seasonality will vary as our market mix and product mix continues to evolve. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more information.

Corporate Information

We were originally incorporated in Delaware on July 21, 2020 under the name “Gores Metropoulos II, Inc.” as a special purpose acquisition company, formed for the purpose of effecting an initial business combination with one or more target businesses. On January 22, 2021, we consummated our initial public offering. On January 18, 2022, we consummated a business combination with Sonder Operating Inc. f/k/a Sonder Holdings Inc. (“Legacy Sonder”), a privately held operating company (the “Business Combination”), and changed our name to Sonder Holdings Inc.

Available Information

Our website is www.sonder.com. We make available, free of charge, various information for investors on the Investor Relations page of our website, investors.sonder.com, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, proxy statements and other information, as soon as reasonably practicable after we electronically file that material with, or furnish it to, the SEC. We also use the Investor Relations page of our website for purposes of compliance with Regulation FD and as a routine channel for distribution of important information, including blogs, news releases, investor presentations, financial information, and corporate governance practices. The information found on our website is not part of this or any other report we file with, or furnish to, the SEC. Our SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>.

Item 1A. Risk Factors

You should carefully review and consider the following risk factors and the other information contained in this report, including the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes thereto included elsewhere in this report, in making an investment decision. Our business, operating results, financial condition, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, operating results, financial condition and prospects could be adversely affected. In that event, the market price of our common stock or other publicly traded securities could decline, and you could lose part or all of your investment. The occurrence of one or more of the events or circumstances described in these risk factors, alone or in combination with other events or circumstances, may have a material adverse effect on our business, cash flows, financial condition, and results of operations. The risks discussed below may not prove to be exhaustive and are based on certain assumptions made by us that later may prove to be incorrect or incomplete. We may face additional risks and uncertainties that are not presently known to us, or that are currently deemed immaterial, which may also impair our business or financial condition. The following discussion should be read in conjunction with the financial statements and notes to the financial statements included herein.

Risk Factor Summary

Below is a summary of the principal factors that could materially harm our business, operating results and/or financial condition, impair our future prospects, or cause the price of our publicly traded securities to decline. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading "Risk Factors" and should be carefully considered, together with other information in this Annual Report on Form 10-K and our other filings with the SEC before making an investment decision regarding our securities.

- Our actual results may differ materially from our forecasts and projections.
- Our focus on achieving positive free cash flow within 2023 without additional fundraising may be unsuccessful, and restructuring initiatives may not provide the expected benefits and could adversely affect us.
- Our results could be negatively affected by inflation and other macroeconomic factors and by changes in travel, hospitality, real estate, and vacation markets.
- We may be unable to negotiate satisfactory leases or other arrangements to operate new properties, onboard new properties in a timely manner, or renew or replace existing properties on satisfactory terms or at all.
- Delays in real estate development and construction projects could adversely affect our ability to generate revenue from the related leased properties.
- Newly leased properties may generate revenue later than we estimated and may be more difficult or expensive to integrate into our operations than expected.
- Our limited operating history and evolving business make it difficult to evaluate our future prospects and challenges.
- We may be unable to manage our growth effectively.
- Costs relating to the opening, operation and maintenance of our leased properties could be higher than expected.
- We depend on landlords to deliver properties in a suitable condition and to manage and maintain them.
- Our long-term and fixed-cost leases limit our flexibility.

- Under certain circumstances, our leases may be subject to termination prior to the scheduled expiration of the term, which can be disruptive and costly.
- Public health concerns, including but not limited to the COVID-19 pandemic and any future public health crises, may have a negative impact on us.
- We may be unable to attract new guests or generate repeat bookings.
- We may be unable to introduce upgraded amenities, services or features for our guests in a timely and cost-efficient manner.
- We operate in the highly competitive hospitality market.
- We use third-party distribution channels to market our units, which have historically accounted for a substantial percentage of our bookings.
- Our results of operations vary from period-to-period, and historical performance may not be indicative of future performance.
- Our long-term success depends, in part, on our ability to expand internationally, and our business is susceptible to risks associated with international operations.
- Our business depends on our reputation and the strength of our brand, and any deterioration could adversely impact our market share, revenues, business, financial condition, or results of operations.
- Claims, lawsuits, and other proceedings could adversely affect our business and financial condition.
- We may be subject to liability or reputational damage for guests' activities or other incidents at our properties.
- We are subject to claims and liabilities associated with potential health and safety issues and hazardous substances at properties.
- We face challenges in attracting and retaining sufficient, highly skilled personnel, including hourly employees, who are necessary to our success, and are subject to risks associated with the employment of hospitality personnel, including unionized labor.
- We have identified and may in the future identify material weaknesses in our internal control over financial reporting or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our consolidated financial statements.
- We rely on third parties for important services and technologies, and their availability and performance are uncertain.
- Our processing, storage, use and disclosure of personal data expose us to risks of internal or external security breaches and could give rise to claims, governmental investigations and penalties, other liabilities, increased costs including higher insurance premiums, damage to reputation, and/or reduced revenue.
- Failure to comply with privacy, data protection, consumer protection, marketing and advertising laws could adversely affect us.
- We face risks related to our intellectual property.
- Our business is highly regulated across multiple jurisdictions, including evolving and sometimes uncertain short-term rental regulations and tax laws, which may limit our growth or otherwise negatively affect us.
- We may require additional capital, which might not be available in a timely manner or on favorable terms.
- We may fail to continue to meet Nasdaq's listing standards.
- Our indebtedness and credit facilities contain financial covenants and other restrictions that may limit our operational and financial flexibility or otherwise adversely affect us.

Risks Related to Our Business and Industry

Unless the context requires otherwise, references to "Sonder," "we," "our" and "us" in this section are to the business and operations of Legacy Sonder prior to the Business Combination and our business and operations as directly or indirectly affected by Legacy Sonder by virtue of our ownership of the business of Legacy Sonder through our subsidiaries following the Business Combination.

Our forecasts and projections are based upon assumptions, analyses and estimates developed by our management. If these assumptions, analyses or estimates prove to be incorrect or inaccurate, our actual results may differ materially from those forecasted or projected.

Our forecasts and projections, including projected revenues, margins, profitability, cash flows, Bookable Nights, RevPAR, lease signings and Live Units, and our anticipated market opportunity, growth and penetration, are subject to significant uncertainties and are based on assumptions, analyses and estimates developed by our management, including with reference to third-party forecasts, any or all of which may prove to be incorrect or inaccurate. These include assumptions, analyses and estimates about future pricing and Occupancy Rates, and the anticipated cost savings, more favorable capital requirements and other benefits of our Cash Flow Positive Plan, announced in June 2022. Other assumptions include the type and size of future properties, the timing of lease signings, building openings and development, the satisfaction of conditions or contingencies in signed leases, local regulatory environments, the terms of future leases, and future costs, all of which are subject to a wide variety of business, regulatory and competitive risks and uncertainties. If these assumptions, analyses or estimates prove to be incorrect or inaccurate, our actual results may differ materially from those forecasted or projected, adversely affecting the value of our common stock.

Our focus on achieving positive quarterly Free Cash Flow within 2023 may be unsuccessful, we may not realize some or all of the expected benefits of our previously announced restructuring or any future restructuring initiatives, and our restructuring efforts may adversely affect our business.

The focus of our Cash Flow Positive Plan is to achieve positive quarterly Free Cash Flow (“FCF”) within 2023 without additional fundraising, by reducing cash costs, reducing our planned pace of signing new Contracted Units, increasing our focus on signing “capital light” properties, and focusing on rapid payback RevPAR initiatives. The Cash Flow Positive Plan includes a restructuring of operations, with a reduction in corporate and frontline headcount in mid-2022, as well as a further reduction in corporate headcount announced on March 1, 2023. In early 2020, we also undertook staff furloughs and reductions, lease exits, and other cost-saving actions due to the COVID-19 pandemic, and we may undertake other restructuring or cost-saving initiatives in the future. The actions we announced in June 2022 and on March 1, 2023, as well as future restructuring or cost-saving initiatives, may not achieve our goal of achieving positive quarterly FCF within 2023 without additional fundraising, or at all, increase the number of “capital light” properties in our portfolio, or otherwise achieve our cash flow, profitability or operational objectives. The reduction in our pace of signings and our increased focus on signing “capital light” properties may result in fewer Live Units than we have forecasted, which may result in lower than expected revenues and cash flow.

In addition, implementing any restructuring plan presents potential risks that may impair our ability to achieve anticipated cost reductions, revenue enhancements, or operational improvements. These risks include management distraction from ongoing business activities, potential failure to maintain adequate controls and procedures while executing our restructuring plans, and damage to our reputation and brand image with real estate owners, potential guests and others. Additionally, as a result of restructuring initiatives, we may experience a loss of continuity and accumulated knowledge, as well as adverse effects on employee morale and productivity and on our ability to attract and retain highly skilled employees. Increased employee attrition and difficulties in recruiting could, among other things, impair our ability to maintain and enhance our internal controls and procedures, complicate our efforts to pursue new RevPAR initiatives, cause inefficiencies, and make it more difficult to pursue, open and operate new properties. Any of the above consequences could adversely impact our business, and we may not achieve positive FCF when we anticipate, or at all.

Our revenue, expenses and operating results could be materially adversely affected by changes in travel, hospitality, and real estate markets, as well as general economic conditions such as an economic downturn or recession.

Our business is particularly sensitive to trends in the travel, hospitality, and real estate markets, and trends in the general economy, which are unpredictable. Travel, including demand for accommodations, is highly dependent on discretionary spending levels. As a result, hospitality sales tend to decline during general economic downturns and recessions, and times of political or economic uncertainty, as consumers engage in less discretionary spending, are concerned about unemployment or inflation, have reduced access to credit, or experience other concerns or effects that reduce their ability or willingness to travel. Leisure travel in particular, which we believe accounts for a majority of our bookings, is dependent on discretionary consumer spending levels. Downturns in worldwide or regional economic conditions have led to a general decrease in leisure travel and travel spending, and similar downturns or inflationary pressures in the future, such as from geopolitical and recessionary macroeconomic conditions, may materially adversely impact demand for our accommodations. Such a shift in consumer behavior could materially and adversely affect our business, results of operations, and financial condition. Therefore, our operating results may be adversely affected by changes in the broader economy and the travel, real estate and vacation rental industries.

In addition to the impact of economic conditions, our business could be adversely affected by other factors that cause reductions in travel, such as:

- Public health concerns, including but not limited to the COVID-19 pandemic or other future public health crises;
- Regional hostilities, war, terrorist attacks or civil unrest, such as the 2022 Russian invasion of Ukraine;
- Immigration policies and other governmental restrictions on residency and travel;
- Imposition of travel- or hospitality-related taxes or surcharges by regulatory authorities;
- Changes in regulations, policies, or conditions related to sustainability, including climate change, and the impact of climate change on seasonal destinations;
- Work stoppages or labor unrest at a potential travel destination; or
- Natural disasters or adverse weather conditions.

In addition to affecting demand, economic downturns, rising interest rates, rising construction costs, and other adverse developments in real estate markets may result in decreases in new construction starts, property conversions and renovations, and increases in foreclosures, which could result in fewer units available for leasing. Any or all of these and other factors could reduce the demand for our services and the supply of new units, thereby reducing our revenue. The above factors could also require higher marketing and other costs to attract guests, and could result in less favorable terms for new leases, which would increase our expenses.

We may be unable to successfully negotiate satisfactory leases or other arrangements to operate new properties, onboard new properties in a timely manner, or renew or replace existing properties on satisfactory terms or at all, any of which may limit our growth and could cause us to miss our growth or financial forecasts.

We currently lease all of our locations. We continually pursue additional units by signing new leases or additions to existing leases, and we also pursue other arrangements with property owners and developers. If we fail to secure or renew leases or other arrangements for attractive properties, we will not be able to expand our portfolio of properties and may not achieve our growth and financial forecasts.

We may not be able to add sufficient properties to our portfolio that meet our brand standards, at an acceptable cost and on acceptable terms, to meet our strategic growth goals and financial forecasts. Due to the number of properties that we have already secured under leases or other arrangements in many major U.S. and Canadian cities, we may find it more difficult to find additional attractive properties in those markets. In Europe and other international markets, we have less experience and fewer real estate personnel, and local regulations and real estate industry practices may make it more difficult to locate properties that are strategically aligned with our business model. Recent increases in interest rates, inflation in construction and other costs, and concerns about a recession have caused and may continue to cause some property developers to delay or abandon development projects that we would otherwise seek to add to our portfolio. Even where we identify suitable properties, we may not be able to negotiate leases or other arrangements on commercially reasonable terms. Real estate owners may not accept our proposed terms, including due to our recently increased focus on signing agreements with lower capital expenditure obligations and quick payback timeframes. We may have difficulties in providing real estate owners with acceptable letters of credit in lieu of cash deposits, and these difficulties may intensify due to the March 2023 government-arranged closure and receivership of Silicon Valley Bank (“SVB”), one of the financial institutions that we had used for letters of credit. Any such difficulties may result in higher cash outlays for lease security deposits, delays in signing leases as alternative sources of security are sought, or additional complications in signing leases in a timely manner. Real estate owners may also be less willing to enter into transactions with us due to the recent decline in our stock price and related concerns of owners or their lenders about our creditworthiness, future cash position or ability to raise capital.

In addition, commercial terms that are negotiated by our real estate teams in existing markets may not be widely accepted in new markets, which may complicate or delay our planned expansion or make such expansion less attractive. Competition for attractive properties can be intense, and competitors may offer owners and developers more attractive terms. We also have relatively little experience with alternatives to traditional leases, which may make it more difficult for us to secure properties where the owner or developer prefers a management agreement or other occupancy arrangement over a lease.

Furthermore, our ability to extend an expiring lease on favorable terms or to secure an alternate location will depend on then-prevailing conditions in the real estate market, such as overall rental cost increases, competition from other would-be tenants for desirable leased spaces, our relationships with current and prospective building landlords, real estate owners’ perceptions of our creditworthiness and prospects, and other potential factors that are not within our control. For example, in markets where the prevailing rents for apartments have been increasing, real estate owners may also believe that, compared to the terms that we offer, they can achieve a superior return through more traditional individual tenancies. If we are not able to renew or replace an expiring lease, we will lose the opportunity to generate additional revenue from that space and will incur costs related to vacating it. If we renew or replace a lease with higher than expected rent or on terms that are otherwise less favorable to us than we expected, our profitability and cash flow could be adversely affected.

Delays in real estate development and construction projects related to our leases could adversely affect our ability to generate revenue from such leased properties, and newly leased properties may be more difficult or expensive to integrate into our operations than expected.

Our business is also subject to property development risks. We often enter into arrangements with property developers to lease all or a portion of a building that is being built or converted for housing accommodations. We expect the number of these early-stage development projects within our business to increase. Even where a project proceeds as planned, it can be many months or even years before the leased property is completed and Live Units become available for guest booking. In addition, the commitments of owners and developers under these arrangements are subject to various conditions and the completion of such development and construction projects are subject to numerous risks, including, in many cases, the owner’s or developer’s ability to obtain adequate financing, construction materials or labor, and governmental or regulatory approvals. Recent increases in interest rates, and inflation in construction and other costs, have caused and may continue to cause some property owners and developers to have difficulty financing, refinancing, or completing projects that we plan to lease. We have experienced unforeseen terminations of and delays in the readiness of property developments, and we expect to encounter similar events in the future. As a result, any such properties in our forecast property pipeline may not develop into new sources of revenue when we anticipated or at all.

Even when we succeed in signing a lease for a new property, the landlord or developer may be unable or unwilling to deliver the property in the timeline initially provided for, or we may encounter other unforeseen delays in preparing the property for initial guest bookings. We refer to this process as “building opening.” Delays in building openings also may occur due to supply chain shortages including fixtures, furnishings and other materials, delays in governmental permits and approvals, landlords’ and developers’ delays in obtaining adequate financing, labor shortages, or the unavailability of third-party contractors. Later than expected building openings at properties also results in a delay in generating revenue from such properties, which could cause us to miss our financial forecasts. In addition, the success of any new property will depend on our ability to integrate the property into existing operations, which is subject to uncertainties including potential difficulties in integrating guest-facing and back-office systems or in engaging third-party vendors to service the properties. Newly leased properties could be more difficult or expensive to onboard, have undisclosed conditions that result in unanticipated expenses or claims against us for which we may have little or no effective recourse against the landlord, or otherwise may not provide their anticipated benefits.

Our limited operating history and evolving business make it difficult to predict whether we will achieve our financial, operating and growth forecasts.

Our business continues to evolve. We have expanded significantly since our inception, including the number of cities and countries in which we operate. Within the last few years, we also have begun to operate properties with traditional hotel room layouts and with more extensive and complex amenities and systems, and to focus our expansion efforts on leasing full buildings or larger numbers of units or floors within a property. In addition, we have operated many of our leased properties for a limited period of time, and their early results may not be indicative of their long-term performance. For example, a large portion of units available for guest bookings as of December 31, 2022, which we refer to as “live” units, had been live for less than one year. Our relatively limited operating history and evolving business make it difficult to evaluate the likelihood that we will achieve our financial, operating and growth forecasts, and to predict and plan for the risks and challenges we may encounter. These risks and challenges include our ability to:

- Forecast our revenue and budget for and manage our expenses, particularly at new buildings or in new markets;
- Onboard new, high-quality units in a timely and cost-effective manner;
- Keep existing units available for booking and reduce nights lost to repairs or other interruptions;
- Comply with existing and new laws and regulations applicable to our business, including those related to the COVID-19 pandemic or any future public health crises;
- Plan for and manage capital expenditures for current and future properties, including renovations of units and development of new properties, and manage relationships with landlords, developers, service providers and other partners;
- Anticipate and respond to macroeconomic changes, fluctuations in travel and tourism, and other changes in the markets in which we operate;
- Maintain and enhance the value of our reputation and brand;
- Effectively manage growth;
- Successfully expand our geographic reach;
- Hire, integrate and retain talented people at all levels of our organization; and
- Successfully develop or integrate new features, amenities and services to enhance the experience of guests.

If we fail to address these risks and difficulties, our business, financial condition and results of operations could be adversely affected. Further, because we have limited historical financial data and operate in a rapidly evolving industry, any predictions about future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in more predictable markets. If we do not address these risks successfully, or if our assumptions regarding these risks and uncertainties, which are used to plan and operate our business, are incorrect or change, our results of operations could differ materially from expectations and our business, financial condition, and results of operations could be adversely affected.

We may be unable to effectively manage our growth.

Since our inception, we have experienced rapid growth and continue to pursue significant unit growth in existing and new markets throughout the world. As we announced in June 2022, we have moderated our planned pace of signing new units and intend to drive near-term growth primarily by opening already Contracted Units; however, we continue to pursue additional signings in various markets. Despite our staff reductions announced in June 2022 and March 2023, we continue to recruit and hire personnel to support building openings, guest service and other functions, both in the United States and internationally.

Our business is becoming increasingly complex due in part to the continued rapid evolution of the hospitality industry (including rapid changes in regulations and guest preferences due to the COVID-19 pandemic), our continued expansion into new markets, the increasing number of hotels within our portfolio, the growing scope and variety of property amenities and systems for which we have or share responsibility, changing local and national tax regimes, regulatory requirements, and labor markets. This increased complexity and rapid growth have demanded, and will continue to demand, substantial resources and attention from our management. To support our planned growth, we will need to improve and maintain our technology infrastructure and business systems, which may be costly and is subject to uncertainties. We will also need to hire additional specialized personnel in the future as we balance the pursuit of our profitability and growth objectives. For example, we will need to hire, train and manage additional qualified employees to support our engineering, real estate, operations and support teams, as well as employees experienced in security and hospitality operations to support our growing city teams to properly manage our growth. When we enter or expand operations in a particular city, we will also need to hire building opening and guest services staff to meet target dates for opening new properties even before these properties begin to generate revenues.

We are experiencing, and may in the future experience, shortages of qualified hospitality personnel. Hospitality personnel in many markets left the industry due to the effects of the COVID-19 pandemic, and we may experience staffing shortages again in the future. Local labor shortages may arise for other reasons, from time to time. If we are unable to hire, train and integrate a sufficient number of hospitality personnel when needed, if new hires perform poorly, or if we are unsuccessful in retaining existing employees, we may not be able to meet our business and growth objectives and provide effective guest services. A shortage of qualified hospitality personnel could also result in higher wages that would increase our labor costs, which could reduce our profits.

We have a history of net losses, and we may not be able to achieve or maintain profitability in the future.

We have incurred net losses and negative cash flow each year since our inception, and we may not be able to achieve or maintain profitability or positive cash flow in the future. We incurred substantial net losses over the past several years, resulting in an accumulated deficit of \$980.6 million at December 31, 2022. We also had negative cash flow from operating activities of \$149.0 million and \$179.4 million for the years ended December 31, 2022 and 2021, respectively. Our expenses will likely increase in the future as we seek to expand in existing and new domestic and international markets, focus heavily on sales and marketing efforts, continue to invest in new technologies, internal systems, designs and unit amenities, expand our operations, and hire additional employees. These efforts may be more costly than expected and may not result in expected increases in revenue or growth in our business, which would impair our ability to achieve or maintain profitability or positive cash flow. Our Cash Flow Positive Plan announced in June 2022 may not provide the cash flow, cost savings or other benefits that we anticipate, as described above.

In addition, we generally lease properties under multi-year arrangements, but guest revenues are generated through stays that currently average less than one week. Any failure to increase our revenue sufficiently to keep pace with the fixed components of our lease obligations, investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis or at all. If we are unable to successfully address these risks and challenges, our business, financial condition and results of operations would be adversely affected.

We expend resources relating to the preparation and repair of our leased properties, which may be higher than anticipated.

We typically devote resources to prepare a newly leased property for its initial guests, referred to as building openings, and to keep our leased properties in a safe and attractive condition. Although we endeavor to have the landlord or developer bear the out-of-pocket opening costs, we are sometimes responsible for all or a portion of these costs. Even where landlords and developers are contractually responsible for some costs, they may dispute or fail to comply with their obligations. In addition, while the majority of our leases require landlords to bear responsibility for the repair and maintenance of building structures and systems, at times we are responsible for some of these obligations, and in most cases, we are responsible for the repair and maintenance of damage caused by our guests. Our leases may also require that we return the space to the landlord at the end of the lease term in essentially the same condition it was delivered to us, which may require repair work. The costs associated with our building openings, repair and maintenance may be significant and may vary from our forecasts.

We also periodically refurbish some of our units to keep pace with the changing needs of our guests and to maintain our brand and reputation. Although we include estimated refurbishments in our business and financial planning, refurbishments can result in lost revenues at the affected unit, may be more costly and time-consuming than we expect, may impair guests' experiences in other units, and may otherwise adversely affect our results of operations and financial condition.

We depend on landlords for certain maintenance and other significant obligations related to our properties, and any failures in this area could hurt our business.

We do not own any of our properties and manage and operate them under leases with third-party landlords. At some properties, our guest units comprise only a portion of the building and common areas and amenities are shared with other tenants or unit owners. We often have limited control over the common areas and amenities of buildings in which our units are located. In addition, we depend on our landlords to deliver properties in a suitable condition and to perform important ongoing maintenance, repair and other activities with respect to common areas, amenities and building systems such as plumbing, elevators, electrical, fire and life safety. If our landlords do not fulfill their obligations or fail to maintain and operate their buildings appropriately, we could be subject to claims by guests and other parties, and our business, reputation and guest relationships may suffer.

Disputes and litigation relating to our leases have occurred and can be expected to occur in the future, which may result in significant costs, damage to landlord relationships, slower than expected expansion, and lower revenues.

The nature of our rights and responsibilities under our leases may be subject to interpretation and will from time to time give rise to disagreements, which may include disagreements over the timing and amount of capital investments or improvements, operational and repair responsibilities, liability to third parties, a party's right to terminate a lease, and reimbursement for certain renovations and costs.

We seek to resolve any disagreements and develop and maintain positive relations with current and potential landlords, but we cannot always do so. Failure to resolve such disagreements has resulted in litigation in the past and could result in litigation in the future. Disputes may be expensive to litigate, even if the outcome is ultimately in our favor. We cannot predict the outcome of any litigation. An adverse judgment, settlement, or court order in a proceeding could cause significant expenses and constraints in our business operations and expansion plans. For example, we are involved in litigation with our former landlord at 20 Broad Street in New York, arising out of the landlord's failure to address Legionella bacteria contamination in the building's water supply and the associated health risks posed to our guests. In response, we withheld payment of rent on grounds of, among other reasons, constructive eviction. In response, the landlord disagreed with the contentions and terminated the lease in July 2020 and subsequently filed a lawsuit seeking unpaid rent from us. We counter-sued against the landlord and are seeking, among other remedies, substantial monetary damages against the landlord. If the landlord prevails, there may be significant damages against us. We are unable to predict the outcome of this dispute with the landlord, or our ultimate responsibility for any adverse outcome in the lawsuit. Even if this lawsuit is resolved favorably, the proceeding has required and may continue to require substantial management attention as well as significant legal fees and expenses.

The long-term and fixed-cost nature of our leases may limit our operating flexibility and could adversely affect our liquidity and results of operations.

We currently lease all of our properties and are committed for the leases' terms, generally without the right to terminate early. Our obligations to landlords under these agreements extend for years, while we do not have a corresponding source of guaranteed revenue because guests typically stay for less than a week at our properties.

Our leases generally provide for fixed monthly payments that are not tied to Occupancy Rates or revenues, and our leases typically contain minimum rental payment obligations. We sometimes offer landlords lower minimum payments in return for a share of the property's revenues, or other variable terms, but those currently represent a small portion of our portfolio, and we may be unsuccessful in securing variable or participating lease terms. There can be no assurance that we will be able to sign and operate successfully under leases with revenue-sharing or other variable terms. As a result of our fixed lease expenses, if we are unable to maintain sufficient Occupancy Rates and pricing, our lease expenses may exceed our revenue and we may not achieve our financial projections. For example, in an environment where the prevailing cost of accommodations may be decreasing, we may not be able to lower our fixed monthly payments under our leases at rates commensurate with the rates at which we would be pressured to lower our guest rates, which may also reduce our margins and cash flow. In any such event, we may be unable to reduce our rent under the lease or otherwise terminate the lease in accordance with its terms.

We have limited flexibility to rapidly alter our portfolio of properties and our lease commitments in response to changing circumstances. Leases require substantial time to negotiate and are typically multi-year commitments that can only be revised or terminated with the landlord's agreement. In addition, some of our leases require the landlord's consent to assign the lease or sublease the property, which may not be granted or may be granted only on unfavorable terms. Even if we are able to assign or sublease an unprofitable property, we may incur significant costs, including transaction costs associated with finding and negotiating with potential transferees, upfront payments or other inducements, costs to restore the property to its previous condition, and other costs to exit the property.

Our leases may be subject to termination before their scheduled expiration, which can be disruptive and costly.

Our leases may be subject to termination before they are scheduled to expire, in certain circumstances including the bankruptcy of a developer or landlord, noncompliance with underlying covenants governing the property, or, under some agreements, failure to meet specified financial or performance criteria. Some leases also contain conditions to the landlord's or our obligations or permit the landlord to terminate before the scheduled expiration date, including due to any failure by us to provide a cash security deposit or an acceptable letter of credit, surety bond or other security instrument. Some leases for Contracted Units (which are units that have signed real estate contracts but are not yet available for guests to book) have contingencies (including construction financing contingencies, zoning, permitting or other regulatory conditions, and landlord purchase contingencies) that must be satisfied prior to our takeover of the units. If these contingencies are not satisfied prior to our takeover of the units, the lease is terminable by us or the landlord. In addition, certain leases are terminable by the landlord for other reasons. Many of our leased properties have been pledged as collateral for mortgage loans entered into by the owners of the properties when those properties were purchased or refinanced. If those owners cannot repay or refinance maturing indebtedness on favorable terms or at all, such owners may declare bankruptcy and/or lenders could declare a default, accelerate the related debt, and foreclose on the subject property. In addition, some of our units are subleased from parties that lease the underlying property from its owner. If our landlord fails to comply with its underlying lease, or the lease is otherwise terminated earlier than expected, we could lose the right to continue to operate our units or could be forced to cure the landlord's failure without being assured of recouping the related costs. From time to time, we have experienced the loss or disruption of leases for Contracted Units and Live Units for reasons such as those described above, and similar events may occur in the future. The termination of our leases due to any of the foregoing events would eliminate our anticipated income and cash flows from the affected property, which could have a significant negative effect on our results of operations and liquidity. Landlords or other business partners may also assert the right to terminate leases or other significant contracts even where the agreements do not provide such a right. If terminations occur for these or other reasons, we may need to enforce our right to damages for breach of contract and related claims, which may cause us to incur significant legal fees and expenses. Any damages we ultimately collect could be less than the projected future value of the revenues and income we would have otherwise generated from the property. Early terminations of significant agreements could hurt our financial performance or our ability to grow our business.

The COVID-19 pandemic and any future public health crises have had, and may continue to have, a material detrimental impact on our business, operations, and financial results.

The COVID-19 pandemic caused severe economic disruptions around the world. While vaccines, booster shots, and treatments are now available in many countries, the ability of vaccination and treatment programs to curtail the impacts of the pandemic are uncertain. These factors may contribute to delays in economic recovery and continued reluctance to travel. The ongoing impact of the COVID-19 pandemic, including due to any new variants and resurgence of infections, and any future public health crises, includes the following:

- Governments, public institutions and other organizations have in the past and may in the future impose or recommend, at various times and degrees, that businesses and individuals implement restrictions on a wide array of activities to combat its spread, such as restrictions and bans on travel or transportation (including border closures), limitations on the size of in-person gatherings, closures of, or occupancy or other operating limitations on, work facilities, hospitality facilities, schools, public buildings and businesses, cancellation of events and meetings, mandatory vaccination requirements, and quarantines and lock-downs.
- COVID-19 and efforts to mitigate its spread, as well as declines in overall willingness to travel due to the risk of COVID-19 transmission, dramatically reduced travel and demand for accommodations at the outset of the pandemic, and the subsequent emergence of new variants of the virus have at times negatively affected, and together with any possible new virus outbreaks, may again in the future negatively affect, our business.
- The COVID-19 pandemic necessitated more restrictive approaches to providing guest services, changes in guest cancellation and refund practices, and additional guest support resources related to enhanced health and hygiene requirements. We also implemented new cleaning procedures and health and safety protocols, and restricted certain bookings due to pandemic-related travel restrictions. These steps and further changes we may make to respond to current or future public health concerns may negatively impact guest satisfaction, guest services and hospitality operations, and our reputation and market share may suffer as a result.
- The COVID-19 pandemic or any other future public health crisis may also cause financial difficulties for our landlords, resulting in inadequate maintenance or other problems at the properties we offer to guests, which could damage our revenues and reputation, disrupt our operations, and lead to costly or disruptive disputes.
- In response to the COVID-19 pandemic's effect on demand for accommodations, we took steps to reduce operating costs, including, in March 2020, laying off a substantial number of employees, and temporarily furloughing, reducing compensation, or implementing reduced work weeks for other personnel. Future public health crises may have similar effects on the hospitality industry. These steps and further changes we may make to reduce costs in response to a future public health crisis may negatively impact our ability to attract and retain employees, and our reputation and market share may suffer as a result. In addition, through lease renegotiation and exercise of termination rights, we phased out nearly 3,400 units from our portfolio from March 1 through December 31, 2020 (including both Live Units and units that were leased but not yet receiving guests), which resulted in lease termination costs and other offboarding-related expenses, disputes with landlords, and foregone revenue from the phased-out units. A future public health crisis may also result in reductions in our Live Unit and/or leased unit portfolio.
- In addition, the ongoing COVID-19 pandemic or a future public health crisis may disrupt or delay our planned growth in our property portfolio, for example, by adversely affecting the ability of some developers to obtain or draw upon financing arrangements for projects that are in construction or development, or by causing financial difficulties for some existing and prospective landlords, which may impair their willingness or ability to invest in property developments, improvements or conversions necessary to add to our portfolio of units. The COVID-19 pandemic also caused construction delays due to government restrictions on non-essential activities and shortages of supplies caused by supply chain interruptions, and a future public health crisis may similarly affect real estate development activities. As a result, some of the properties in our pipeline may not enter the market or become part of our portfolio when anticipated, or at all. Delays, increased costs, and other impediments to projects under development, or to our unit opening process, would reduce our ability to realize revenue.

We cannot predict the long-term effects of the COVID-19 pandemic or any future public health crisis on our partners and their business and operations or the ways that the pandemic or a future public health crisis may alter the travel and hospitality industries. A future pandemic or other public health crises may require similar responses and have similar impacts that may result in other cost increases, including higher operating expenses due to the need to invest in new technology, amenities, or unit designs in order to satisfy new health and safety regulations or to conform to evolving guest expectations. Similarly, we may need to adjust to future supply shortages or other changes in our supply chain as well as structural changes to certain types of travel.

If we fail to attract new guests or generate repeat bookings from previous guests, our business, results of operations, and financial condition would be materially adversely affected.

Our success depends significantly on attracting new guests and securing repeat bookings from previous guests. Our ability to attract and retain guests could be materially and adversely affected by a number of factors, including:

- The impact of events beyond our control on demand for travel and accommodations in our markets, such as the COVID-19 pandemic or a future public health crisis, changes in government travel restrictions or policies, labor or civic unrest, war, travel-related incidents and weather;
- Failing to meet guests' expectations, including increased expectations for cleanliness in light of the COVID-19 pandemic;
- Increased competition from other hotel and alternative accommodation providers;
- Any failure to provide differentiated, high-quality experiences at competitive prices;
- Guests not receiving timely and adequate customer/guest service support;
- Failure to provide new or enhanced amenities and services that guests value;
- Any disruptions in guests' access to properties or to the properties' amenities;
- Ineffectiveness of marketing efforts;
- Negative associations with, or failure to raise awareness of, our brand;
- Negative perceptions of the safety of our properties or the security of our app or website, including due to the security incident involving unauthorized access to one of our systems that included certain guest records, which we disclosed in November 2022, or any future data security incident; and
- Inflation, economic recessions or other macroeconomic factors, and other conditions outside of our control affecting travel and the hospitality industry generally.

In addition, we could fail to attract first-time guests or additional bookings from previous guests if our website and/or app are not easy to navigate, if guests have an unsatisfactory sign-up, search, booking, payment, or check-in experience, if the listings and other content provided on our website or the Sonder app and on third-party listing platforms are not displayed effectively to guests, or if we fail to provide an experience that meets rapidly changing consumer preferences and travel needs, which could materially adversely affect our business, results of operations, and financial condition. If we fail to attract new guests or generate repeat bookings due to these or other factors, our revenues would suffer, we may not meet our financial projections or achieve or maintain profitability, and our business and planned expansion could be adversely affected.

If we are unable to introduce new or upgraded amenities, services or features that guests recognize as valuable, we may fail to attract guests, property developers and landlords. Our efforts to develop new and upgraded services and amenities could require us to incur significant costs.

In order to continue to attract new guests and generate repeat bookings from previous guests, and to attract property developers and landlords, we will need to continue to invest in the development of new amenities, services and features that add value to the Sonder brand and/or differentiate us from our competitors. The success of any new amenity, service or feature depends on several factors, including its timely completion, strategic introduction, and market acceptance, all of which remain subject to various uncertainties. If guests, property developers and landlords do not recognize the value of the new amenities, services, or features, they may choose not to engage with us.

Developing and delivering these new or upgraded amenities, services and features is costly and involves inherent risks and difficulties. Consumer preferences for interior design and furnishings and technology-related services are subject to frequent change. Technology development efforts may be unsuccessful, and any new features or services offered to guests through our website or app may be difficult to manage or maintain. We cannot guarantee that such efforts will succeed or that new or upgraded amenities, services and features will work as intended or provide their expected value. In addition, some new or upgraded amenities, services and features may be difficult for us to continue to market, may require additional regulatory permits and personnel, may subject us to additional liabilities, and may involve unfavorable pricing or fees. Further, the efforts required to develop, integrate, launch, and maintain new amenities, services, and features could divert resources away from other projects and initiatives. Even if we succeed in introducing new or upgraded amenities, services and features, we cannot guarantee that our guests or landlords will respond favorably to them, or that they will result in a positive return on investment.

In addition to developing our own amenities, features and services, we have and may continue to license or otherwise integrate applications, technologies, content and data from third parties. These third-party applications may not support our offerings as intended, may cause unanticipated disruptions in guests' bookings, in-room experience, or our other business operations, and may not remain available on commercially reasonable terms, or at all. If we partner with companies to offer food delivery, parking or other services through our app, these third-party services may be difficult to integrate with our other product offering, may not comply with guest security and privacy measures or otherwise operate as we intended, could give rise to guest complaints, and could damage our brand and reputation.

We offer different types of hospitality services than traditional hospitality operators and short-term rental marketplaces, and if guest and property owner acceptance of this innovative approach to accommodations does not continue to grow or grows more slowly than we expect, our business, financial condition and results of operations could be adversely affected.

We offer a distinctive type of hospitality service for which the market is still relatively new, and it is uncertain to what extent market acceptance will continue to grow, if at all, and particularly during times of market volatility, rising interest rates, and general economic instability. Our success will depend on the willingness of potential guests and the market at large to widely adopt our particular model of hospitality services, which differs from both traditional hotels and short-term rental marketplaces such as Airbnb. In many geographies, including geographies that we hope to enter in the future, the market for our hospitality services is unproven, with little data or research available regarding the market and industry. If potential guests do not perceive our units' designs, amenities, location, or pricing to be attractive, or choose different accommodations due to concerns regarding safety, the availability of onsite staffing, amenities or services associated with traditional hotels, affordability or other reasons, then the market for our accommodations may not further develop, may develop more slowly than expected or may not achieve its expected growth potential. Such outcomes could adversely affect our business, financial condition, and results of operations.

Our growth also depends on the acceptance of our innovative business model by landlords and property developers, and on our ability to operate in markets without clear or well-established regulations covering properties used in our business. For these and other reasons, we may make errors in predicting demand and the supply of potential units in certain markets, which could cause us to spend more in a certain market than is justified by the resulting revenues, or to miss our financial targets, and could otherwise harm our business.

The hospitality market is highly competitive, and we may be unable to compete successfully with current or future competitors.

The hospitality market is highly competitive and fragmented. In addition, new competitors may enter the market at any time. Our current and potential competitors include global hotel brands, regional hotel chains, independent hotels, OTAs and short-term rental services. Numerous vacation, hotel and apartment rental listing websites and apps also compete directly with us for guests. Our competitors may adopt aspects of our business model, which could reduce our ability to differentiate our services. For example, the COVID-19 pandemic caused some competitors, including traditional hotels, to introduce contactless check-in and self-service technologies that they did not previously offer, and to market their services to digital nomads, and has encouraged the development and rollout of in-room communications hubs and other technologies that may permit competitors to offer more technology-enabled guest services. Certain current and potential competitors may also offer inspiring designs at attractive locations or have greater economies of scale and other cost advantages that allow them to offer attractive pricing. We also compete with hotel operators, property rental and management companies, and others to secure leases for attractive properties to add to our portfolio. If we are unsuccessful in offering a distinctive combination of modern, technology-enabled service and superior design at an affordable price point, or are unable to lease new properties, we may be unable to compete effectively and may be unable to attract new or retain existing guests and landlords.

Additionally, current or new competitors may introduce new business models or services that we may need to adopt or otherwise adapt to in order to compete, which could reduce our ability to differentiate our business or services from those of our competitors. For example, some travel intermediaries, like OTAs, are entering into arrangements with hospitality providers that may compete with us more directly. Increased competition could result in a reduction in revenue, fewer attractive properties, higher lease rates, higher costs, or reduced market share.

We believe we compete for guests primarily on the basis of the quantity and quality of our units, the global diversity and attractiveness of our units, the quality of our guests' experience, and our customer service, brand identity and price. Competitive factors in our industry are subject to change, such as the increased emphasis on cleaning, social distancing and "healthy buildings" that occurred during the COVID-19 pandemic. If guests choose to use other competitive offerings in lieu of ours, our revenue could decrease, and we could be required to make additional expenditures to compete more effectively. Any of these events or results could harm our business, operating results and financial condition.

Many of our competitors enjoy substantial competitive advantages, such as greater name recognition in their markets, well-established guest loyalty programs, longer operating histories and larger marketing budgets, as well as substantially greater financial, technical and other resources. Many competitors operate restaurants or other amenities at their properties that our properties may not provide. Future competitors may also have these advantages compared to us. Moreover, the hospitality services industry has experienced significant consolidation, and we expect this trend may continue as companies attempt to strengthen or hold their market positions in a highly competitive industry. Consolidation among our competitors would give them increased scale and may enhance their capacity, abilities, and resources, and lower their cost structures. In addition, our current or potential competitors may have access to larger developer, landlord or guest bases. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, regulatory regimes, or landlord or guest requirements. Furthermore, because of these advantages, existing and potential landlords and guests might accept our competitors' offerings, even if they may be inferior to our own. For all of these reasons, we may not be able to compete successfully against our current and future competitors.

We market our units through third-party distribution channels, and if such third parties do not perform adequately or terminate or modify their relationships with us, our business, financial condition, and results of operations could be adversely affected.

Our success depends in part on our relationships with third-party distribution channels to list our units online and raise awareness of our brand. In particular, we generate demand by marketing our units with OTAs, such as Airbnb, Booking.com, and Expedia. Bookings through these OTAs and other indirect channels accounted for over half of our revenues in the year ended December 31, 2022. The terms of some of our agreements with these partners allow the partner to change or terminate terms at their discretion. If any of our partners terminate their relationship with us or refuse to renew their agreement with us on commercially reasonable terms, we would need to find alternate providers and may not be able to secure similar terms or replace such providers in acceptable time frames. Additionally, many of these OTAs have discretion in how units are listed or prioritized within their platform and may unilaterally reduce the visibility of our units. Our revenues could be adversely affected if our units are not featured prominently or accurately within OTA platforms for any reason, including changes in an OTA's relationship with us or its competitors, errors by an OTA, outages experienced by an OTA, or otherwise. If our relationship with an OTA is terminated or the OTA makes changes that reduce the prominence of our units on its platform, our revenue could be materially adversely affected.

Our relationships with OTAs and other distribution partners may shift as industry dynamics change, and these third parties may be less willing to partner with us as such shifts occur. For example, should a significant distribution partner adjust its platform to compete more directly with us, that partner may be more likely to promote and sell its own offerings, impose additional conditions on us or even cease listing our units. Similarly, if any significant distribution partner decided to sell another competitor's offerings over ours, it could adversely impact our sales and harm our business, operating results, and prospects.

Furthermore, any negative publicity related to any of our distribution partners, including any negative publicity related to quality standards, regulatory issues, or privacy or safety concerns at other properties listed by a particular channel partner, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure.

Business generated through indirect channels could adversely affect guest loyalty and poses other risks to us.

Our strategy includes increasing the proportion of stays booked directly with us through our website, mobile app, and our sales personnel, but we may be unsuccessful in increasing direct bookings, and we expect to continue to rely to a significant extent on bookings through OTAs and other Internet-based travel intermediaries. In the year ended December 31, 2022, over half of our revenues were attributable to bookings through OTAs and other indirect channels. Major Internet search companies also provide online travel services that compete with our direct bookings. If indirect channels increase in popularity, these intermediaries may be able to obtain higher commissions or other concessions from us. Some travel intermediaries are also entering into arrangements that compete with us more directly, such as partnering with hotel owners to provide access to technology or consumer data, or to operate under the intermediary's brand. Intermediaries may reduce bookings at our properties by de-emphasizing our properties in search results on their platforms, or requiring our listings to meet certain criteria, and other online providers may divert business away from our properties.

There can be no assurance that we will be able to negotiate or maintain favorable terms with intermediaries. Moreover, hospitality intermediaries generally employ aggressive marketing strategies, including significant advertising spending to drive consumers to their websites, and some consumers are conducting an increasing portion of their activities through so-called "super-apps." Consumers may develop brand loyalties to the intermediaries' brands, websites, apps and reservations systems rather than to ours. This may make our branding efforts less effective, reduce guest loyalty and recurring demand, and require us to increase our marketing expenses.

Our results of operations vary from period-to-period, and historical performance may not be indicative of future performance.

Our results of operations have historically varied from period-to-period, and we expect that our results of operations will continue to do so for a variety of reasons, many of which are outside of our control and difficult to predict. Because our results of operations may vary significantly from quarter-to-quarter and year-to-year, the results of any one period should not be relied upon as an indication of future performance. Our revenue, expenses, operating results and cash flows, as well as our key operating metrics, have fluctuated from quarter-to-quarter in the past and are likely to continue to do so in the future. These fluctuations are due to, or may result from, many factors, including:

- Changes in the number of our Live Units;
- Changes in Occupancy Rates and average length of stay (“LOS”), which dictate many turnover costs;
- Seasonal fluctuations in demand, in certain markets;
- Pricing fluctuations and the proportion of stays booked with extended stay discounts or promotional pricing;
- The impact of the continuing COVID-19 pandemic or other public health crises;
- The introduction and performance of new properties, amenities, technologies and services, including how quickly new properties are ready for booking by guests;
- The effects of, and the extent to which we realize the expected benefits from, our Cash Flow Positive Plan;
- The timing, cost and success of advertising and marketing initiatives;
- The amount and timing of financing activities, operating expenses and capital expenditures;
- Changes in prevailing lease rates and any adjustments in rental rates under existing leases;
- Changes in cash flow due to lease signings, renewals and amendments and property openings;
- Changes in cash flow due to the unpredictability of guest cancellations;
- Changes in the cost of labor and supplies due to inflation and supply chain disruptions;
- Economic instability in major markets, and fluctuations in exchange rates;
- Declines or disruptions in the hospitality industry, particularly in cities or regions where we generate substantial revenue;
- The impact of natural disasters, and changes in the frequency and severity of natural disasters as a result of climate change;
- Changes in the mix of stays booked through indirect distribution channels, rather than directly with us, and any changes in distribution channels’ fees or relationships with us;
- Unanticipated disruptions or costs due to regulatory issues, including changes in short-term rental laws, hotel regulations, or zoning or accessibility laws;
- Litigation and settlement costs, including unforeseen attorneys’ fees and costs;
- New accounting pronouncements and changes in accounting standards or practices, particularly any affecting the recognition of revenue as well as accounting for leases;
- Fluctuations in the fair value of certain of our warrants, the Earn Out related to the Business Combination, and other instruments carried at fair value, which have required and may in the future require us to record non-cash gains or losses in our quarterly results of operations, which may be material and which are driven by changes in our stock price and other factors outside of our control;
- Any impairments of the right-of-use assets recorded with respect to our operating leases, or other impairments of long-lived assets, that may be recorded if there are any events or changes in circumstances that indicate that the carrying amount of the long-lived asset might not be recoverable, which would result in additional non-cash expenses in our results of operations;
- New laws or regulations, or new interpretations of existing laws or regulations, that harm our business or restrict the hospitality industry, travel, the Internet, e-commerce, online payments, or online communications; and
- Other risks described elsewhere herein.

Fluctuations in operating results may, particularly if unforeseen, cause us to miss projections or guidance we may have provided to the public. In addition, a significant portion of our expenses and investments, such as our leases, are fixed and such fluctuations in operating results may cause us to face short-term liquidity issues, impact our ability to retain or attract key personnel or expand our portfolio of properties, or cause other unanticipated issues. Company-wide margins may also be difficult to predict because a significant portion of the property portfolio will still be opening or only recently operating at any point in time, and therefore will not be comparable to the profitability of more mature units. As a result of the potential variability in our quarterly revenue and operating results, we believe that quarter-to-quarter comparisons of our revenue and operating results may not be meaningful, and the results of any one quarter should not be relied upon as an indication of future performance.

Our long-term success depends, in part, on our ability to expand internationally, and our business is susceptible to risks associated with international operations.

Although in June 2022, we announced plans to moderate our pace of signing new real estate contracts and to focus new signings on countries where we already have operations, we continue to expand our operations. Currently, we maintain properties in the United States, Canada, the United Kingdom, Ireland, continental Europe, Mexico and the United Arab Emirates, and plan to continue our efforts to expand globally, including, eventually, in jurisdictions where we do not currently operate. Managing a global organization is challenging, time consuming and expensive, and any international expansion efforts that we undertake may not be profitable in the near or long term or otherwise be successful. We have limited operating experience in many foreign jurisdictions and must continue to make significant investments to build our international operations. Conducting international operations subjects us to risks that we generally do not face in the United States. These risks include:

- Costs, risks and uncertainties associated with tailoring our services in international jurisdictions as needed to better address and balance both our needs, the needs of our guests, and threats of local competitors with compliance under applicable rules and regulations;
- Uncertainties in forecasting revenues and expenses in markets where we have not previously operated;
- Costs and risks associated with international, national, and local laws, regulations and policies governing topics such as zoning (hotels and other accommodations) and permits, accessibility, property development and property rental, accessibility, health and safety, climate change and sustainability, and privacy, as well as labor and employment;
- Differences in local real estate and hotel industry practices, including leasing and hotel transaction terms, that may make it challenging for us to add properties on satisfactory terms or that may require higher than expected upfront payments, security deposits, repair and maintenance expenses, amenity expenses, or other costs;
- Operational and compliance challenges caused by distance, language, and cultural differences;
- Costs and risks associated with compliance with international tax laws and regulations;
- Costs and risks associated with compliance with the U.S. Foreign Corrupt Practices Act and other laws in the United States related to conducting business outside the United States, as well as the laws and regulations of non-U.S. jurisdictions governing bribery, anti-money laundering and other corrupt business activities;
- Costs and risks associated with human trafficking, modern slavery and forced labor reporting, training and due diligence laws and regulations in various jurisdictions;
- Being subject to other laws and regulations, including laws governing online advertising and other Internet activities, email and other messaging, collection, use and storage of personal information, ownership of intellectual property, taxation and other activities important to our online business practices;
- Additional exposure to adverse movements in currency exchange rates;
- Competition with companies that understand the local market better than we do or that have preexisting relationships with landlords, property developers, regulators and guests in those markets;
- Adverse effects resulting from the U.K.'s exit from the European Union (commonly known as "Brexit");
- Reduced or varied protection for intellectual property rights in some countries; and
- Other events or factors, including political, social and macroeconomic factors, hostilities and war (including the 2022 Russian invasion of Ukraine), acts of terrorism or responses to these events.

Entry into certain transactions with foreign entities now or in the future may be subject to government regulations, including review related to foreign direct investment by U.S. or foreign government entities. If a transaction with a foreign entity is subject to regulatory review, such regulatory review might limit our ability to enter into the desired strategic alliance and thus our ability to carry out our long-term business strategy.

Operating in international markets also requires significant management attention and financial resources. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability and could instead result in increased costs without a corresponding benefit. We cannot guarantee that our international expansion efforts will be successful.

Certain of the measures we use to evaluate our operating performance are subject to inherent challenges in measurement and may be subject to future adjustments.

We track certain operational metrics, including key performance indicators such as Live Units, Contracted Units, Total Portfolio, Room Nights Booked, Bookable Nights, Occupied Nights, Occupancy Rate, Average Daily Rate (“ADR”), and RevPAR, with internal systems and tools that are not independently verified by any third party.

While the metrics presented herein are based on what we believe to be reasonable assumptions and estimates, our systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time. In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If the internal systems and tools we use to track these metrics understate or overstate key performance indicators or contain other technical errors, the data we report may not be accurate. If investors do not perceive our operating metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, and our results of operations and financial condition could be adversely affected.

Our business depends on our reputation and the strength of our brand, and any deterioration could adversely impact our market share, revenues, business, financial condition, or results of operations.

Our business depends on our reputation and the strength of our brand. We believe that the strength of our reputation and brand are important to our ability to attract and retain guests, to compete for attractive new properties, and to establish and preserve good relationships with the communities in which we operate and with local governmental authorities and regulators. Many factors can affect our reputation and the strength of our brand, including:

- The quality of guest service and the guest experience, and the nature and severity of guest complaints;
- Guest safety and their perception of safety;
- Guest privacy and data security practices, and any breaches of privacy or data security, including the security incident involving unauthorized access to one of our systems, which included certain guest records, that we announced in November 2022;
- Publicized incidents in or around our properties;
- Employee and labor relations;
- Any local concerns about perceived over-tourism or the effect of new hotels or other accommodations on affordable housing, noise or neighborhood congestion;
- Our support for local communities, and other community relations matters;
- Our approach to supply chain management, sustainability, human rights, diversity, equity, and inclusion (“DEI”), and other matters relating to corporate social responsibility;
- Our ability to protect and use our brand and trademarks; and
- Any perceived or alleged non-compliance with regulatory requirements.

Reputational value is also based on perceptions, and broad access to social media makes it easy for anyone to provide public feedback that can influence perceptions of us, our brand, and our properties. It may be difficult to control or effectively manage negative publicity, regardless of whether it is accurate.

Our ability to control our reputation and brand is also limited due to the role of third parties in our business. For example, guests who book stays through OTAs and other indirect channels sometimes have issues with their bookings that we do not control, such as refund and cancellation terms, which may result in disputes or otherwise negatively affect our reputation. We also rely on third-party companies to provide some guest services, including housekeeping and linen services at many of our locations, and remote guest support. We do not directly control these companies or their personnel. We also depend upon our landlords to perform important maintenance and other functions at our properties, particularly in common areas, and at many properties we do not control access to or amenities at the entire building, including pools, gyms and food and beverage services. Guest complaints or negative publicity about our properties, services or business activities, due to our own operations or actions or omissions of third parties, could diminish consumer confidence in the Sonder brand and impair our relationships with guests, landlords, governmental authorities, local residents, third-party business partners, and others that are important to our business.

We may become involved in claims, lawsuits, and other proceedings that could adversely affect our business, financial condition, and results of operations.

We are involved in various legal proceedings relating to matters incidental to the ordinary course of our business and may be subject to additional legal proceedings from time to time. Such legal actions include tort and other general liability claims, employee claims, consumer protection claims, violation of privacy claims, commercial disputes, claims by guests, claims under state and federal law, intellectual property claims, and disputes with landlords. Due to the potential risks, expenses, and uncertainties of litigation, we may, from time to time, settle disputes even where we have meritorious claims or defenses. We may also be the subject of subpoenas, requests for information, reviews, investigations, and proceedings (both formal and informal) by governmental agencies regarding our business activities. Legal and regulatory proceedings can be time-consuming, divert management's attention and resources, and cause us to incur significant expenses or liability for substantial damages. The timing and amount of these expenses and damages are difficult to estimate and subject to change, and they could adversely affect our business, financial condition, and results of operations.

We may be subject to liability for the activities of our guests or other incidents at our properties, which could harm our reputation and increase our operating costs.

We may be subject to claims of liability based on events that occur during guests' stays, including those related to robbery, injury, illness, death, physical damage to property, and other similar incidents. These claims could increase our operating costs and adversely affect our business and results of operations, even if they do not result in liability, as we may incur costs related to investigation and defense. This risk is heightened due to the fact that, in many cases, we do not control access to certain areas of buildings in which our units are located. From time to time, we must also spend time and resources resolving issues with guests who remain past their paid stay, which results in lost revenue and higher costs. If we are subject to additional disputes, liability or claims of liability relating to the acts of our guests, third parties in or around our leased properties (including residents of these properties who are not our guests) or the condition of the leased properties, we may be subject to negative publicity, incur additional expenses, face regulatory or governmental scrutiny, and be subject to liability, any of which could harm our business and operating results.

We are subject to claims and liabilities associated with potential health and safety issues and hazardous substances at our properties.

We and the developers and owners of our leased properties are exposed to potentially significant liabilities and compliance costs as a result of any hazardous or unsafe conditions at our properties, including under environmental, health and safety laws and regulations. These laws and regulations govern matters such as the release, use, storage, and disposal of hazardous and toxic substances, such as asbestos, mold, radon gas, or lead, and unsafe or unhealthy conditions at hotels and other residential premises. Failure to comply with these laws, including any required permits or licenses, can result in substantial fines or possible revocation of our authority to conduct operations. Any impairment of our or our landlords' authority to permit hospitality operations at our leased properties, due to these factors, could harm our reputation and revenue. We could also be liable under environmental, health and safety laws for the costs of investigation, removal, or remediation of hazardous or toxic substances or unsafe or unhealthy conditions at our currently or formerly leased or managed properties, even if we did not know of or cause the presence or release of the substances or conditions, and even where this is contractually the responsibility of our landlord.

The presence or release of toxic, unhealthy or hazardous substances or conditions at our properties could result in governmental investigations and third-party claims for personal injury, property or natural resource damages, business interruption or other losses, and costly disputes with our landlords and guests. For example, we have engaged in litigation with one of our landlords relating to the presence of toxic mold at one property, and we have faced expensive and disruptive claims relating to Legionella bacteria contamination in the water supply at another property, including lawsuits by guests. We expect to encounter claims, governmental investigations and potential enforcement actions about property conditions and related matters in the future. These claims and the need to investigate, remediate or otherwise address hazardous, toxic, or unsafe conditions could adversely affect our business, reputation, results of operations and financial condition. Environmental, health and safety requirements have also become increasingly stringent, and our costs may increase as a result. New or revised laws and regulations or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of our properties or result in significant additional expense and restrictions on our business operations.

We rely on our third-party landlords to deliver properties to us in a safe and suitable condition, and in most cases we do not undertake to independently verify the safety, suitability or condition of the properties we lease. We expect to continue to rely on landlords to disclose information about their properties, though such disclosures may be inaccurate or incomplete, and to keep the properties in a safe and compliant condition in accordance with the terms of our leases and applicable law. If unsafe or unhealthy conditions are present or develop at our properties, our guests may be harmed, we may be subject to expensive and disruptive claims, and our reputation, business, results of operations, and financial condition could be materially and adversely affected. In certain cases, we may undertake to terminate a lease based on a landlord's failure to remediate an unsafe or unhealthy condition at the property, in which case we could be subject to costly litigation which could harm our business and operating results.

We are subject to the risk of financial and reputational damage due to fraud.

We have from time to time experienced, and expect to continue to experience, fraud in connection with bookings and payments. The methods used by perpetrators of fraud are complex and constantly evolving. We devote substantial resources to trust and security measures, but they may not detect all fraudulent activity or prevent stays that are disruptive or harmful to neighbors or other guests. As a result, we expect to continue to receive complaints from guests and requests for reimbursement of their payments, as well as actual or threatened related legal action against us, due to fraudulent activity or the actions of persons booking stays under false pretenses.

We depend on our key personnel and other highly skilled personnel, and if we fail to attract, retain, motivate or integrate our personnel, our business, financial condition and results of operations could be adversely affected.

Our success depends to a significant degree on the continued service of our founders, senior management team, key technical, financial and operations employees and other highly skilled personnel and on our ability to identify, hire, develop, promote, motivate, retain, and integrate highly qualified personnel for all areas of our organization. We may not be successful in attracting and retaining qualified personnel to fulfill our current or future needs. In addition, all of our U.S.-based employees, including our management team, work for Sonder on an at-will basis, and there is no assurance that any such employee will remain with us. Competitors may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult to find suitable replacements on a timely basis, on competitive terms or at all. If we are unable to attract and retain the necessary personnel, particularly in critical areas of our business, we may not achieve our strategic goals.

We face intense competition for highly skilled personnel in all areas of our business, and the move by companies to offer a remote or hybrid work environment may increase the competition for employees. To attract and retain top talent, we have had to offer, and we believe we will need to continue to offer, competitive compensation and benefits packages. Job candidates and existing personnel often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, including due to the decline in our stock price since the consummation of the Business Combination, it may adversely affect our ability to attract and retain highly qualified personnel.

Our continued focus on operational efficiencies, particularly after the restructuring that we announced in June 2022 and the additional reduction in corporate headcount that we announced on March 1, 2023, may cause additional uncertainty among existing and prospective employees, which may make it more difficult to retain or attract highly qualified personnel for important roles. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train and integrate such employees, and we may never realize returns on these investments. In addition, prolonged remote work, as well as the impacts of COVID-19 more generally, introduced new dynamics into the households of many of our employees, including struggling with work-life balance, and we experienced and may continue to experience higher levels of attrition. If we are unable to effectively manage our hiring needs or successfully integrate new hires, or effectively retain current employees, our efficiency, ability to meet forecasts and employee morale, productivity and retention could suffer, which could adversely affect our business, financial condition, and results of operations.

We are subject to risks associated with the employment of hospitality personnel, particularly at locations that employ unionized labor, and the use of third-party guest services contractors.

Our hospitality employees and other guest services personnel are critical to our ability to add properties, maintain our units, enhance the guest experience, and attract and retain guests. If our relationship with employees in any city or at any key property, or within our central guest services function, deteriorates for any reason, our reputation, guest relationships and revenue may suffer, and we may incur costs to replace and retrain additional personnel or third-party contractors. In addition, many of our guest services representatives and housekeepers who provide services to us, and our guests are employed by third-party agencies, which we do not control. Our business and reputation could be harmed in the event of any dispute with these agencies by their staff or with us, or if their staff do not provide services that meet our or our guests' standards and expectations. Guest services, live support for guest bookings, and our expenses may also be adversely affected by any event that disrupts the operations of our third-party guest services contractors. For example, the typhoon that struck the Philippines in December 2021 disrupted our outsourced service center there, causing temporary delays in guest responses and other temporary disruptions in our operations. In addition, labor costs are a significant component of our operating expenses, and any increase in the cost of wages, benefits or other employee-related costs could cause our results of operations and cash flow to be lower than anticipated. Certain cities have also adopted re-hiring ordinances and other requirements with respect to hotel and other hospitality employees, and these and other employment regulations may increase our costs and impair our operations.

Like other businesses in the hospitality industry, we may be adversely affected by organized labor activity. Certain of our non-U.S. employees are currently represented by labor unions and/or covered by a collective bargaining agreement. Union, worker council or other organized labor activity may occur at other locations. We cannot predict the outcome of any labor-related proposal or other organized labor activity. Increased unionization of our workforce or other collective labor action, new labor legislation or changes in regulations could be costly, reduce our staffing flexibility or otherwise disrupt our operations, and reduce our profitability. From time to time, hospitality operations may be disrupted because of strikes, lockouts, public demonstrations or other negative actions and publicity involving employees and third-party contractors. We may also incur increased legal costs and indirect labor costs because of disputes involving our workforce. The resolution of labor disputes or new or renegotiated labor contracts could lead to increased labor costs, which are a significant component of our operating costs, either by increases in wages or benefits or by changes in work rules that raise operating costs. Labor disputes and disruptions may also occur within landlords' workforces at buildings we occupy, which could harm our guests' experience and reduce bookings at the affected property.

We have identified material weaknesses in our internal control over financial reporting and may identify material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our consolidated financial statements.

We identified material weaknesses in our internal control over financial reporting as of December 31, 2022 and 2021, which, if not remediated, could affect the reliability of our consolidated financial statements and have other adverse consequences. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

We previously identified material weaknesses that related to our financial closing and reporting process and to our general information technology controls in 2020, which had been remediated as of December 31, 2021. However, we have identified material weaknesses in internal control over financial reporting as of December 31, 2022 and 2021, that we are currently working to remediate, related to (i) the process to capture and record lease agreements timely and accurately and (ii) the processes in place to design and test the operating effectiveness of internal control over financial reporting in a timely manner and to monitor and provide oversight over the completion of our assessment of internal controls over financial reporting.

We have concluded that these material weaknesses in our internal control over financial reporting are due to the fact that we have not had the necessary business processes and related internal controls formally designed and implemented for a sufficient period of time.

To remediate the material weakness related to the process to capture and record lease agreements timely and accurately, we have identified improvements related to our lease administration process that we plan to implement in 2023 and will provide additional training to personnel responsible for the relevant controls. Analysis and testing of the controls will be performed throughout 2023, at which time we will make a determination on whether the material weakness has been fully remediated.

To remediate the material weakness related to the process in place to design, test the operating effectiveness of, monitor, and provide oversight over our assessment of internal controls over financial reporting, we have invested in additional resources with the requisite skills and improved our process and controls over financial reporting. However, these remediation efforts have not operated for a sufficient period of time, and as such, we will continue the efforts throughout 2023, at which time we will make a determination on whether the material weakness has been fully remediated. Our inability to remediate this material weakness may make it more difficult for us to make a determination about the remediation of any of our material weaknesses in internal controls.

Although we remain committed to taking actions to remediate these material weaknesses in our internal control over financial reporting as we work to enhance our control environment, we can give no assurance that our efforts will succeed in remediating these deficiencies in internal control over financial reporting or that additional material weaknesses in our internal control over financial reporting will not be identified in the future.

Our failure to remediate these material weaknesses, and to implement and maintain effective internal control over financial reporting, could result in errors in our consolidated financial statements, including errors that could result in a restatement of our consolidated financial statements, and could cause us to fail to meet our reporting obligations and result in other adverse consequences, such as potential delisting from Nasdaq, other regulatory investigations and civil or criminal sanctions, or claims or litigation against us, any of which could diminish investor confidence in us and cause a decline in the price of our common stock and publicly traded warrants.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired, which may adversely affect investor confidence in us and, as a result, the market price of our common stock.

As a public company, we are required to comply with the requirements of the Sarbanes-Oxley Act, including, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers.

We are also continuing to improve our internal control over financial reporting. As disclosed elsewhere in this report, we have identified material weaknesses in our internal control over financial reporting. Pursuant to the SEC rules that implement Section 404 of the Sarbanes-Oxley Act, beginning with this annual report on Form 10-K, as a public company, we are required to make a formal assessment of the effectiveness of our internal control over financial reporting, and once we cease to be an emerging growth company, we will be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with these requirements within the prescribed time period, we have engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants, and adopt a detailed work plan to assess and document the adequacy of our internal control over financial reporting, validate through testing that controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed time period or at all, that our internal control over financial reporting is effective as required by Section 404 of the Sarbanes-Oxley Act. Moreover, our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses.

Any failure to implement and maintain effective disclosure controls and procedures and internal control over financial reporting, including the identification of one or more material weaknesses, could cause investors to lose confidence in the accuracy and completeness of our financial statements and reports, which would likely adversely affect the market price of our publicly traded securities and could subject us to claims, litigation, and/or potential delisting from Nasdaq. In addition, we could be subject to sanctions or investigations by the stock exchange on which our securities are listed, the SEC and other regulatory authorities.

If we are unable to adapt to changes in technology, our business could be harmed.

Our website and mobile app, and the technology-enabled features of our units, are critical to our business, and guests increasingly demand technology-driven features and amenities when they seek accommodations. Therefore, we will need to continuously modify and enhance our services and business systems to keep pace with technological changes. We may not be successful in developing necessary, functional, and popular modifications and enhancements. Furthermore, uncertainties about the timing and nature of these necessary changes could result in unplanned research and development expenses which could result in a failure to meet our financial projections or divert resources from other business initiatives. In addition, if our properties, website or mobile app, or internal systems fail to operate effectively with future technologies, we could experience guest dissatisfaction, lost revenue, difficulties in providing customer service or adding new properties to our portfolio, or other disruptions in our operations, any of which could materially harm our business.

We rely on certain third-party technologies and services, and any failures of or defects in these technologies or any inability to obtain or integrate third-party technologies could harm our business.

We rely on software and other technologies and services supplied by third parties to provide certain services to us and our guests, including internal communications, customer service communications, web hosting, payment processing of guest credit cards, fraud prevention, lease management, accounting and other internal functions, and other technologies employed to facilitate bookings and guests' use and enjoyment of our properties, such as digital locks and streaming television services. As new technology is developed, integration of our products and services with one another and other companies' offerings creates an increasingly complex ecosystem that is also partly reliant on third parties. Our business may be adversely affected to the extent such software, services and technologies contain errors or vulnerabilities, are compromised or experience outages, or otherwise fail to meet expectations. Errors, outages, vulnerabilities and other issues with third-party software, services and technologies have occurred in the past, and additional issues can be expected to occur in the future. Third-party vendors may also fail to provide timely and effective support. Any of these risks could increase our costs and adversely affect our business, financial condition, and results of operations. In addition, we are in the process of implementing additional third-party systems and other infrastructure, and we may encounter unexpected difficulties or disruptions in implementing or integrating these systems, possibly including disruptions to critical systems or other unanticipated effects on existing systems or other concurrent technology development projects.

When we incorporate technology from third parties with our technology or otherwise use it to operate our business, we cannot be certain that our licensors are not infringing the intellectual property rights of others or that our suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, our ability to operate some aspects of our business could be severely limited and our business could be harmed. In addition, some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive offerings and increase our costs. In addition, we may be unable to enter into new agreements on commercially reasonable terms or develop our own technologies and amenities relying on or containing technology previously obtained from third parties. If alternate technology cannot be obtained or developed, we may not be able to offer certain functionality to our guests or manage our business as we had intended, which could adversely affect our business, financial condition, and results of operations.

See the risk factor titled *“Our processing, storage, use and disclosure of personal data and other sensitive data expose us to risks of internal or external security breaches and could give rise to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of guest loyalty or sales; and other adverse consequences”* for further information concerning certain risks related to our reliance on third parties.

We rely on a third-party payment processor to process payments made by guests, and if we cannot manage our relationships with such third party and other payment-related risks, our business, financial condition and results of operations could be adversely affected.

We rely on a third-party payment processor to process payments made by guests. If our third-party payment processor terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternate payment processor, and we may not be able to secure similar terms or replace such payment processor in an acceptable time frame. Furthermore, the software and services provided by our third-party payment processor may fail to meet our expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions or make timely payments to landlords, any of which could adversely affect our ability to attract and retain guests or disrupt our operations.

Nearly all payments made to us by our guests are made by credit card, debit card or through a third-party payment service, which subjects us to certain regulations and to the risk of fraud. We may in the future offer new payment options to guests that may be subject to additional regulations and risks. We are also subject to a number of other laws and regulations relating to the payments we accept from our guests, including with respect to money laundering, money transfers, privacy, and information security, and these regulations may differ by locality and can be expected to change over time.

Our processing, storage, use and disclosure of personal data and other sensitive data expose us to risks of internal or external security breaches and could give rise to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of guest loyalty or sales; and other adverse consequences.

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, processing) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third-party data, business plans, transactions, and financial information (collectively, sensitive data). The security of this sensitive data, including guests' personal data, is essential to maintaining consumer confidence in our services. Among other things, we may collect guests' name, birthdate, credit card data, proof of identity (including government-issued identification numbers and images of government-issued identification documents) and other personal information as part of the booking process. Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive information and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. For example, cyber-attacks may increase as a result of the Russian invasion of Ukraine in 2022.

We and the third parties upon which we rely are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats. Any security breach whether instigated internally or externally on our systems or third-party systems could significantly harm our reputation and therefore our business, brand, market share and results of operations. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. We have experienced targeted and organized phishing and account takeover attacks and may experience more in the future. These risks are likely to increase as we expand our business, integrate our products and services with those of third parties or at new properties, and store and process more data, including personal data. Our efforts to protect information from unauthorized access may be unsuccessful or may result in the rejection of legitimate attempts to book reservations, each of which could result in lost business and have a material adverse effect on our business, reputation, and results of operations.

In addition, our reliance on third-party service providers could introduce new cybersecurity risks and vulnerabilities, including supply-chain attacks, and other threats to our business operations. We rely on third-party service providers and technologies to operate critical business systems to process sensitive data in a variety of contexts, including, without limitation, cloud-based infrastructure, data center facilities, employee email, content delivery to guests, and other functions. We also rely on third-party service providers to provide other products, services, or technologies. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised. See the risk factor titled "*We rely on certain third-party technologies and services, and any failures of or defects in these technologies or any inability to obtain or integrate third-party technologies could harm our business*" for further information concerning certain risks inherent to our reliance on third parties.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive data or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our services.

We may expend significant resources or modify our business activities to try to protect against security incidents. Additionally, certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive data.

Our existing security measures may not be successful in preventing security breaches and other incidents. For example, in November 2022, we received an email from an unknown threat actor alleging to have accessed certain sensitive data. We immediately commenced an investigation and discovered that a single account in one of our cloud-hosted accounts containing information regarding certain guests, including name, address, email address, phone number, date of birth, government-issued photo identification, last four digits of credit card number, username, guest transaction receipts, IP address, and/or dates booked for past stays at Sonder properties, had been subject to unauthorized access. Upon discovery, we took immediate steps to address the incident, including disabling the threat actor's access to the single cloud-hosted account at issue, engaging outside counsel and forensic specialists to help determine the nature and scope of the incident, and notifying law enforcement, and we have notified affected consumers and regulators in accordance with applicable law. We have also experienced targeted and organized phishing and account takeover attacks and may experience more in the future. To date, we believe these attacks have been unsuccessful in causing unauthorized transfers of funds, but the outcome of any future attacks is inherently uncertain. Additionally, while we take steps to detect and remediate vulnerabilities, we may not be able to detect and remediate all vulnerabilities in part because the threats and techniques used to exploit the vulnerability change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. These vulnerabilities may pose material risks to our business. For example, in connection with the audit of our 2020 financial statements, we and our independent auditors identified a material weakness in our controls over system access, program change management and computer operations that are intended to ensure that access to data is adequately restricted. This material weakness was remediated as of December 31, 2021, but we may experience or identify additional material weaknesses relating to information security systems and vulnerabilities. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.

Security incidents, including the aforementioned, whether actual or perceived, experienced by us or third parties on whom we rely may result in adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may cause guests to stop using our services, deter new guests from using our services, and negatively impact our ability to grow and operate our business, including by damaging our reputation. We incur costs in an effort to detect and prevent security breaches and other security-related incidents and we expect our costs will increase as we make improvements to our systems and processes designed to prevent further breaches and incidents. In the event of a future breach or incident, we could be required to expend additional significant capital and other resources in an effort to prevent further breaches or incidents, which may require us to divert substantial resources. Moreover, we could be required or otherwise find it appropriate to expend significant capital and other resources to respond to, notify third parties of, and otherwise address the incident or breach and its root cause. These issues are likely to become more difficult to manage as we expand the number of jurisdictions where we operate and the number and variety of services we offer, and as the tools and techniques used in such attacks become more advanced. Our insurance policies have coverage limits and deductibles and such insurance coverage may not be adequate to reimburse us for any or all losses caused by security breaches or incidents or otherwise related to our data privacy and security obligations, and we cannot be sure that such coverage will continue to be available on commercially reasonable terms or at all. Additionally, our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations.

System capacity constraints or system or operational failures could materially adversely affect our business, results of operations, and financial condition.

Since our founding, we have experienced rapid growth in consumer traffic to our website and usage of our app, and our portfolio of properties has grown and diversified. If our technologies, systems, and network infrastructure cannot be expanded or are not scaled to cope with increased demand or fail to perform, we could experience unanticipated disruptions in bookings and guest service, slower response times, decreased guest satisfaction, and delays in launching new properties and markets.

In the event of certain system failures, we may not have back-up systems, or may be unable to switch to back-up systems immediately, and the time to full recovery could be prolonged. We have experienced system failures from time to time, including failures of important guest-facing systems such as keyless entry systems at guest properties. In addition to placing increased burdens on our engineering staff, these outages can create a significant number of guest issues and complaints that need to be resolved by our guest services team. Any unscheduled interruption in our service could result in an immediate and significant loss of revenue, an increase in guest support costs (including refunds and reimbursements), and harm our reputation, and could result in some consumers switching to competitors or making claims against us. If we experience frequent or persistent system failures, our brand and reputation could be permanently and significantly harmed, and our business, results of operations, and financial condition could be materially adversely affected. Our ongoing efforts to increase the reliability of our systems will be expensive and may not be completely effective in reducing the frequency or duration of unscheduled downtime or in system errors affecting guest experience or our operations. We do not carry business interruption insurance sufficient to compensate us for all losses that may occur.

We use both internally developed systems and third-party systems to operate our mobile app, website and other critical infrastructure, including transaction and payment processing, and financial and accounting systems, and certain technology-enabled features at guest properties. We cannot guarantee the reliability or availability of third-party systems. If the number of consumers using our website increases substantially, or if critical internally developed or third-party systems stop operating as designed, we may need to significantly upgrade, expand, or repair our systems and other infrastructure. We may not be able to upgrade our systems and infrastructure to accommodate such conditions in a timely manner, and our systems could be impacted for a meaningful period of time, which could materially adversely affect our business, results of operations, and financial condition. The software underlying our services is highly complex and may contain undetected errors or vulnerabilities, some of which may only be discovered after the code has been released. Any errors or vulnerabilities discovered in our code after release could result in damage to our reputation, loss of guests, disruption to our sales channels, loss of revenue, or liability for damages, any of which could adversely affect our growth prospects and business.

Disruptions in Internet access or guests' usage of their mobile devices could harm our business.

Our business depends on the performance and reliability of the Internet, telecommunications network operators, and other infrastructures that are not under our control. Our revenue and guest experience are also heavily dependent on consumers' ability to interact with our mobile app and guest services functions using their mobile devices. Accordingly, we depend on consumers' access to the Internet through mobile carriers and their systems and on centralized and property-level systems' Internet access, which has been in the past and may be in the future subject to outages and other disruptions. Disruptions in Internet access, whether generally, in a specific region or otherwise, could materially adversely affect our business, results of operations, and financial condition.

Supply chain interruptions may increase our costs or reduce our revenues.

We depend on good vendor relationships and the effectiveness of our supply chain management systems to ensure reliable and sufficient supply, on reasonably favorable terms, of materials used in our renovation, building openings and operating activities, such as furniture, linens, unit decor and appliances, lighting, security equipment and consumables. The materials we purchase and use in the ordinary course of our business are sourced from a wide variety of suppliers around the world, including Vietnam, China, India, and the United States. Disruptions in the supply chain (including those that resulted from the COVID-19 pandemic and may result from other public health crises), weather-related events, natural disasters, trade restrictions, tariffs, cyber-attacks, increases in interest rates, inflationary pressures, border controls, acts of war, terrorist attacks, third-party strikes, work stoppages or slowdowns, shipping capacity constraints, supply or shipping interruptions or other factors beyond our control. In the event of disruptions in our existing supply chain, the labor and materials we rely on in the ordinary course of our business may not be available at reasonable rates or at all. In some cases, we may rely on a single source for procurement of furniture or other supplies in a given region. Our supply chain also depends on third-party warehouses and logistics providers, including a central distribution center in Texas and smaller warehouses in other markets. Any disruption in the supply, storage, or delivery of materials to our leased properties could disrupt operations at our existing locations or significantly delay our opening of a new location, which may cause harm to our reputation and results of operations.

We may be subject to liability claims and our insurance may be inadequate to wholly cover our losses.

We are subject to various types of claims and liabilities in the operation of our business. Despite the procedures, systems, and internal controls we have implemented to avoid or mitigate risks, we may experience claims and incur liabilities, whether through a weakness in these procedures, systems and internal controls, or because of negligence or the willful act of an employee, contractor, guest or other third party. Our insurance policies may be inadequate to wholly cover the potentially significant losses that may result from claims arising from incidents related to our units or leased properties, guest or employee acts or omissions, disruptions in our service, including those caused by cybersecurity incidents, failures or disruptions to our infrastructure, catastrophic events, and disasters or otherwise. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, the insurance may not cover all claims made against us and may not cover potentially significant attorneys' fees, and defending a suit, regardless of its merit, could be costly and divert management's attention.

Our business is subject to the risks of earthquakes, fire, floods, and other catastrophic events.

A significant natural disaster could materially adversely affect our business, results of operations, financial condition, and prospects. In addition, climate change could result in an increase in the frequency or severity of natural disasters and cause performance problems with our technology infrastructure.

Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster (such as the typhoon that struck the Philippines in December 2021 and disrupted our outsourced service center there) or man-made problem, or outbreak of pandemic diseases or other public health crises, including COVID-19, we may be unable to continue our operations and may experience system interruptions and reputational harm. Acts of terrorism and other geopolitical unrest or armed conflict, such as the 2022 Russian invasion of Ukraine, could also cause disruptions in our business or the business of our landlords, vendors or other business partners, or the economy as a whole. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate.

Our technology contains third-party open-source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to operate as intended or could increase our costs.

Our technology contains software modules licensed to us by third-party authors under "open source" licenses. Use and distribution of open-source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. In addition, the public availability of such software may make it easier for others to compromise our technology.

Some open-source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. If we combine our proprietary software with open-source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software.

Although we monitor our use of open-source software to avoid subjecting our technology to conditions we do not intend, the terms of many open source licenses have not been interpreted by U.S. or foreign courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our technology. From time to time, there have been claims challenging the ownership of open-source software against companies that incorporate open source software into their solutions. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open-source software. Moreover, we cannot assure you that our processes for controlling our use of open-source software in our technology will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, we could face infringement or other liability, or be required to seek costly licenses from third parties to continue providing our offerings on terms that may not be economically feasible, re-engineer our technology, discontinue or delay the provision of our offerings if re-engineering could not be accomplished on a timely basis or make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition and results of operations.

We may be unable to protect our brand and other intellectual property, and we have been and may be subject to legal proceedings and claims relating to intellectual property rights.

Our intellectual property is important to our success. We rely on a combination of trademark, copyright, and trade secret laws, employee, and third-party non-disclosure and/or invention assignment agreements and other methods to protect our intellectual property. However, these only afford limited protection, and unauthorized parties may attempt to copy aspects of our services, technology, mobile app, algorithms, or other features and functionality, or to use information that we consider proprietary or confidential. There can be no assurance that any of our intellectual property will be protectable by patents, but if it is, any efforts to obtain patent protection that are not successful may harm our business in that others will be able to use our technologies. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. There can be no assurance that the steps taken by us to protect our proprietary rights will be adequate or that third parties will not infringe or misappropriate our trademarks, copyrights, and similar proprietary rights. We endeavor to defend our intellectual property rights diligently, but intellectual property litigation is expensive and time-consuming, and may divert managerial attention and resources from our business objectives. We may not be able to successfully defend our intellectual property rights, which could have a material adverse effect on our business, brand, and results of operations.

From time to time, in the ordinary course of business, we have been and may be subject to legal proceedings and claims relating to the intellectual property rights of others, and we expect that third parties will continue to assert intellectual property claims, in particular trademark claims, against us, particularly as we expand the complexity and scope of our business. Successful claims against us could result in a significant monetary liability or prevent us from operating our business, or portions of our business. In addition, resolution of claims may require us to obtain licenses to use intellectual property rights belonging to third parties, which may be expensive to procure, or to cease using those rights altogether. Any of these events could have a material adverse effect on our business, results of operations and financial condition.

Our properties are concentrated in a limited number of cities, which increases our exposure to local factors affecting demand or hospitality operations.

Our operations are relatively concentrated in a limited number of cities, and we expect that the majority of our operations will continue to be concentrated in a limited number of cities. As of December 31, 2022, our five largest cities (New York City, Dubai, Philadelphia, New Orleans, and London) accounted for approximately 38.4% of our Live Units, and our 10 largest cities accounted for approximately 59.0% of our Live Units. Geographic concentration magnifies the risk to us of localized economic, political, public health and other conditions such as natural disasters. Civil unrest, public health crises, unusual weather, natural disasters, or other factors affecting travel to these cities or other markets in which we are expanding, as well as changes in local competitive conditions and regulations affecting the hospitality industry, may have a disproportionate negative effect on our revenue and on our ability to secure sufficient staffing, supplies or services for our largest markets.

We are exposed to fluctuations in currency exchange rates.

Since we conduct a portion of our business outside the United States but report our results in U.S. dollars, we face exposure to adverse movements in currency exchange rates, which may cause our revenue and operating results to differ materially from expectations. In addition, fluctuation in our mix of U.S. and foreign currency denominated transactions may contribute to this effect as exchange rates vary. Moreover, as a result of these exchange rate fluctuations, revenue, cost of revenue, operating expenses and other operating results may differ materially from expectations when translated from the local currency into U.S. dollars upon consolidation. For example, if the U.S. dollar strengthens relative to foreign currencies our non-U.S. revenue would be adversely affected when translated into U.S. dollars. Conversely, a decline in the U.S. dollar relative to foreign currencies would increase our non-U.S. revenue when translated into U.S. dollars. As exchange rates vary, revenue, cost of revenue, operating expenses, and other operating results, when translated, may differ materially from expectations. In addition, our revenue and operating results are subject to fluctuation if our mix of U.S. and foreign currency denominated transactions and expenses changes in the future. We do not currently have hedging arrangements to manage foreign currency exposure. If we do enter into such arrangements in the future, such activity may not completely eliminate fluctuations in our operating results.

We may focus on rapid innovation, expansion and growth, over short-term financial results.

Despite our Cash Flow Positive Plan announced in June 2022, which focuses on rapidly achieving Free Cash Flow positivity, we may decide to emphasize innovation and growth over short-term financial results. We have taken actions in the past and may continue to make decisions that have the effect of reducing our short-term revenue or profitability if we believe that the decisions will benefit long-term revenue and profitability through enhanced guest experiences, penetration of new markets, greater familiarity with the Sonder brand, or otherwise. The short-term reductions in revenue or profitability could be more severe than anticipated. These decisions may not produce the expected long-term benefits, in which case our growth, guest experience, relationships with developers and landlords, and business and results of operations could be harmed.

Changes in our effective tax rate could harm our future operating results.

We are subject to federal and state income taxes in the United States and in various international jurisdictions. Our provision for income taxes and our effective tax rate are subject to volatility and could be adversely affected by several factors, including:

- Earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates;
- Effects of certain non-tax-deductible expenses, including those arising from the requirement to expense stock options;
- Changes in the valuation of our deferred tax assets and liabilities;
- Adverse outcomes resulting from any tax audit, including transfer pricing adjustments with respect to intercompany transactions;
- Our ability to utilize our net operating losses, research and development credits, and other deferred tax assets; and
- Changes in accounting principles or changes in tax laws and regulations, or the application of the tax laws and regulations, including possible U.S. changes to the deductibility of expenses attributable to foreign income or the foreign tax credit rules.

Our corporate structure and intercompany arrangements cause us to be subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which could materially adversely affect our business, financial condition, results of operations, and prospects.

We are expanding our international operations and personnel to support our business in international markets. We generally conduct our international operations through wholly owned subsidiaries and are or may be required to report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by tax authorities in various jurisdictions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of such jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws, interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The relevant tax authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations.

If existing tax laws, rules or regulations are amended, or if new unfavorable tax laws, rules or regulations are enacted, including with respect to occupancy, sales, value-added taxes, withholding taxes, revenue-based taxes, unclaimed property, or other tax laws applicable to the multinational businesses, the results of these changes could increase our tax liabilities. Possible outcomes include double taxation, multiple levels of taxation, or additional obligations, prospectively or retrospectively, including the potential imposition of interest and penalties. Demand for our products and services could decrease if such costs are passed on to our guests, result in increased costs to update or expand our technical or administrative infrastructure or effectively limit the scope of our business activities should we decide not to conduct business in particular jurisdictions.

We are subject to federal, state, and local income, sales, and other taxes in the United States and income, withholding, transaction, and other taxes in numerous foreign jurisdictions. Evaluating our tax positions and our worldwide provision for taxes is complicated and requires exercising significant judgment. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting, and other laws, regulations, principles, and interpretations, including those relating to income tax nexus, by recognizing tax losses or lower than anticipated earnings in jurisdictions where we have lower statutory rates, or higher than anticipated earnings in jurisdictions where we have higher statutory rates, by changes in foreign currency exchange rates, or by changes in the valuation of our deferred tax assets and liabilities. We have been and may in the future be audited in various jurisdictions, and such jurisdictions may assess additional taxes (including income taxes, sales taxes, and value added taxes) against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could differ materially from our historical tax provisions and accruals, which could have an adverse effect on our results of operations or cash flows in the period or periods for which a determination is made.

We may be subject to substantial liabilities if it is determined that we should have collected, or in the future should collect, additional sales and use, value added or similar taxes.

We currently collect and remit applicable sales taxes and other applicable transaction taxes in jurisdictions where we, through our employees or economic activity, have a presence and where we have determined, based on applicable legal precedents, that sales of travel accommodations are classified as taxable. We do not currently collect and remit state and local excise, utility user, or transfer taxes, fees, or surcharges in jurisdictions where we believe we do not have sufficient “nexus.” There is uncertainty as to what constitutes sufficient nexus for a state or local jurisdiction to levy taxes, fees, and surcharges on sales made over the Internet, and there is also uncertainty as to whether our characterization of our traveler accommodations in certain jurisdictions will be accepted by state and local tax authorities.

The application of indirect taxes, such as sales and use, value added, goods and services, business, and gross receipts taxes, to businesses that transact online, such as ours, is a complex and evolving area. Where we sell our services through OTAs, we do not directly control how taxes are collected or remitted. There are substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous markets in which we conduct or may conduct business. If an OTA does not collect such taxes from travelers, we could be held liable for such obligations. The application of existing or future indirect tax laws, whether in the United States or internationally, or the failure to collect and remit such taxes, could materially adversely affect our business, financial condition, results of operations, and prospects.

Failure to comply with anti-bribery, anti-corruption laws and similar laws, could subject us to penalties and other adverse consequences.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, commonly referred to as the FCPA, the U.S. Travel Act, the United Kingdom Bribery Act 2010, and possibly other anti-bribery and anti-corruption laws in countries outside of the United States in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, agents, representatives, business partners, and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or sometimes the private sector.

We sometimes engage third parties to conduct our business abroad. We and our employees, agents, representatives, business partners and third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third-party intermediaries even if we do not explicitly authorize such activities. We cannot guarantee that all of our employees and agents will not take actions in violation of applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, the risks under these laws may increase.

These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with such laws, we cannot guarantee that none of our employees, agents, representatives, business partners or third-party intermediaries will take actions in violation of Company policies and applicable law, for which we may be ultimately held responsible.

Any allegations of or actual violation of the FCPA or other applicable anti-bribery and anti-corruption laws could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, fines, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from U.S. government contracts, all of which may have an adverse effect on our reputation, business, results of operations, and prospects. Responding to any investigation or action will likely result in a materially significant diversion of management’s attention and resources and significant defense costs and other professional fees.

We are subject to governmental export and import controls and economic sanctions programs that could impair our ability to compete in international markets or subject us to liability if we violate these controls.

In many cases, our business activities are subject to U.S. and international import and export control laws and regulations including trade and economic sanctions maintained by the Office of Foreign Assets Control, or OFAC. For example, restrictions may exist on our ability to provide services to persons located in certain U.S. embargoed or sanctioned countries or listed on certain lists of sanctioned persons. U.S. and other international authorities recently imposed, and may further impose, sanctions related to the 2022 Russian invasion of Ukraine. Additionally, the import of furniture used in various properties must be conducted in accordance with applicable import laws and regulations. If we were to fail to comply with such import or export control laws and regulations, trade and economic sanctions, or other similar laws, we could be subject to both civil and criminal penalties, including substantial fines, possible incarceration for employees and managers for willful violations, and the possible loss of export or import privileges.

Risks Related to Government Regulation

Unfavorable changes in, or interpretations or enforcement of, government regulations or taxation of the evolving short-term and long-term rental, Internet and e-commerce industries could harm our operating results.

We operate in markets throughout the world and are subject to various regulatory and taxation requirements of the jurisdictions in which we operate. Our regulatory compliance efforts are burdensome because each local jurisdiction has different requirements, including with respect to zoning, licensing, permitting, sanitation, accessibility, taxes, employment, labor and health and safety, and regulations in the industry are constantly evolving. Compliance requirements that vary significantly from jurisdiction to jurisdiction reduce our ability to achieve economies of scale, add compliance costs, and increase the potential liability for compliance deficiencies. Additionally, laws or regulations that increase our costs, require changes in our business practices, or otherwise harm our business could be adopted, or interpreted in a manner that affects our activities, including but not limited to the regulation of personal and consumer information, consumer advertising, labor laws, accessibility, health and safety, taxation, and real estate and hotel licensing and zoning requirements. Violations or new interpretations of these laws or regulations may result in penalties, disrupt our ability to operate existing properties or to develop new ones, negatively impact our guest relations or operations in other ways, increase our expenses, and damage our reputation and business.

In addition, since we began operations, there have been, and continue to be, regulatory developments that affect the hospitality services industry and the ability of companies like us to offer units for specified durations or in certain neighborhoods. For example, some municipalities have adopted ordinances that limit our ability to offer certain properties to guests for fewer than a stated number of consecutive nights, such as 30 nights, or for more than an aggregate total number of nights per year, and other cities may introduce similar regulations, including after we have already leased properties and begun to offer stays to guests there. In addition, many of the fundamental statutes and regulations that impose taxes or other obligations on travel and hospitality companies were established before the growth of the Internet and e-commerce, which creates a risk of these laws being used in ways not originally intended that could harm our business. These and other similar new and newly interpreted regulations could increase our costs, require us to reduce or even cease operations in certain locations, reduce the diversity and number of units available for us to lease and offer to guests, and otherwise harm our business and operating results.

From time to time, we have been involved in and expect to continue to become involved in challenges to, or disputes with government agencies regarding interpretations of laws and regulations. There can be no assurance that we will be successful in these challenges or disputes.

New, changed, or newly interpreted or applied laws, statutes, rules, regulations or ordinances, including tax laws, could also increase landlords' compliance, operating and other costs. This, in turn, could deter landlords from renting their properties to us, negatively affect lease renewals, impair landlords' ability or willingness to repair and maintain leased properties, or increase costs of doing business. Any or all of these events could adversely impact our business and financial performance.

Furthermore, as we expand or change our business and the services that we offer or the methods by which we offer them, we may become subject to additional legal regulations, tax requirements or other risks. Whether we comply with or challenge these additional regulations, our costs may increase, and our business could otherwise be harmed.

We will continue to incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our business, results of operations and financial condition. In addition, key members of our management team have limited experience managing a public company.

As a public company, we incur substantial legal, accounting, and other expenses that we did not incur as a private company, and these expenses may increase even more after we are no longer an “emerging growth company.” For example, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, the rules and regulations of the SEC, and the listing standards of Nasdaq. Our management and other personnel devote a substantial amount of time to compliance with these requirements and we expect these rules and regulations to substantially increase our legal and financial compliance costs. For example, these rules and regulations make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to maintain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors, particularly to serve on our audit committee and compensation committee, or as our executive officers. In addition, we have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting. In that regard, we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. In addition, as a public company, we may be subject to shareholder activism, which can lead to substantial costs, distract management, and impact the manner in which we operate our business in ways we cannot currently anticipate. As a result of disclosure of information in filings required of a public company, our business and financial condition have become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and results of operations.

Some members of our management team have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage the significant regulatory oversight and reporting obligations under the federal securities laws, and the continuous scrutiny of securities analysts and investors, associated with being a public company. These obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition, and results of operations.

The costs and other risks associated with complying with the Americans with Disabilities Act and similar legislation outside of the United States may be substantial.

We are subject to the Americans with Disabilities Act, commonly referred to as the ADA, and similar laws and regulations in certain jurisdictions outside of the United States. These laws and regulations require public accommodations to meet certain requirements related to access and use by disabled people. Our landlords may not have designed, constructed, or operated their properties to comply fully with the ADA or similar laws, and our operations may not fully comply with such laws. Operators of hospitality websites, including ourselves, are also occasionally targeted by complaints that they have failed to make their sites and online reservation systems sufficiently accessible. We have been subject to minor claims by litigants regarding such website compliance in the past, and may encounter claims, governmental investigations, and potential enforcement actions in the future. We may be required to expend substantial resources to remedy any noncompliance at our leased properties or in our app or website, or to defend against complaints of noncompliance, even if they lack merit. If we fail to comply with the requirements of the ADA or similar laws, we could be subject to fines, penalties, injunctive action, costly legal proceedings, an award of damages to private litigants, mandated capital expenditures to remedy such noncompliance, reputational harm, and other business effects that could materially and adversely affect our brand and results of operations.

If we fail to comply with U.S. and foreign laws, rules, contractual obligations, policies, and other obligations relating to privacy and data protection, we may face potentially significant liability, negative publicity, and an erosion of trust, and increased regulation could materially adversely affect our business, results of operations, and financial condition.

We collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, processing), a large volume of personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third-party data, business plans, transactions, and financial information (collectively, sensitive data). Our data processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

Outside the United States, an increasing number of laws, regulations, and industry standards govern data privacy and security. For example, the EU GDPR and the UK GDPR impose strict requirements for processing personal data. In Canada, the PIPEDA and various related provincial laws, as well as Canada's Anti-Spam Legislation, may apply to our operations. Violation of PIPEDA can lead to a court action brought by individuals or by the Office of the Privacy Commissioner of Canada. In addition, under the EU GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros or 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. Other jurisdictions may adopt similar data protection regulations.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, the CCPA applies to personal information of consumers, business representatives, and employees, and requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights. The CCPA provides for civil penalties of up to \$7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Moreover, California voters approved the CPRA, which significantly modifies the CCPA, creating additional obligations relating to consumer data effective as of January 1, 2023. Other states, such as Virginia and Colorado, have also passed comprehensive privacy laws, and similar laws are being considered in several other states, as well as at the federal and local levels. These developments may further complicate compliance efforts and increase legal risk and compliance costs for us and the third parties upon whom we rely.

In the ordinary course of business, we may transfer personal data from Europe and other jurisdictions to the United States or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area ("EEA") and the UK have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA and UK's standard contractual clauses, these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. If there is no lawful manner for us to transfer personal data from the EEA, the UK or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the GDPR's cross-border data transfer limitations.

In addition to data privacy and security laws, we are also bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. We also publish privacy policies, marketing materials and other statements regarding data privacy and security. If these policies, materials, or statements are found to be deficient, lacking in transparency, deceptive, unfair, or not representative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

We could be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, results of operations, or financial condition. For example, federal, state, and international governmental authorities continue to evaluate the privacy implications inherent in the use of third-party “cookies” and other methods of online tracking for behavioral advertising and other purposes. The United States and foreign governments have enacted, have considered, or are considering legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. For example, in the EEA and the UK, regulators are increasingly focusing on compliance with requirements related to the targeted advertising ecosystem. European regulators have issued significant fines in certain circumstances where the regulators alleged that appropriate consent was not obtained in connection with targeted advertising activities. It is anticipated that the ePrivacy Regulation and national implementing laws will replace the current national laws implementing the ePrivacy Directive, which may require us to make significant operational changes. In the United States, the CCPA, for example, grants California residents the right to opt-out of a company’s sharing of personal data for advertising purposes in exchange for money or other valuable consideration and requires covered businesses to honor user-enabled browser signals from the Global Privacy Control. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could, if widely adopted, result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. Regulation of the use of these cookies and other online tracking and advertising practices, or a loss in our ability to make effective use of services that employ such technologies, could increase our costs of operations, and limit our ability to track trends, optimize our services, or acquire new guests on cost-effective terms and consequently, materially adversely affect our business, financial condition and operating results. As a result, we may be required to change the way we market our accommodations and services.

Regulators and legislatures at the local, state, and national level are also taking an increased interest in regulating the collection and use of biometric data, which plays an important role in our trust and safety processes. Specifically, the third parties that provide the identity verification process for us use facial geometry data to verify that a guest’s selfie picture matches the photograph on the government-issued identification provided by the guest, similar to a front desk worker at a traditional hotel visually comparing a guest’s government identification to the guest’s face. Legislation such as the EU GDPR and the Illinois Biometric Information Privacy Act (“BIPA”), as well as other U.S. and foreign laws and regulations, place tight regulation on the collection, use and sharing of biometric information, as well as requirements for notice and consent from individual data subjects. Violations of these laws may result in significant fines, damages, and other penalties. For example, BIPA provides for substantial penalties and statutory damages and has generated significant class action activity, and the cost of litigating and settling any claims that we have violated BIPA or similar laws could be significant. New laws and regulations regarding the collection, use, and sharing of biometric data have also recently been proposed or enacted in other states, and the eventual impact of those laws and regulations on Sonder’s operations remains uncertain. A failure, or alleged or perceived failure, by us to comply with these requirements could adversely affect our reputation, brand and business, and may result in claims, proceedings, or actions against us by governmental entities or private litigants or require us to change our operations and/or our ability to ensure the safety of our guests, which could adversely affect our reputation or require us to make significant investments in new technologies or processes.

While we have invested and continue to invest resources to comply with privacy and data security obligations, including the EU GDPR, the UK GDPR, the CCPA/CPRA, and other privacy regulations and obligations, as applicable, these obligations are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. Additionally, these obligations may be extremely complex, and subject to different and inconsistent applications and interpretations. Preparing for and complying with these obligations requires us to devote significant resources, which may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely may fail to comply with such obligations, which could negatively impact our business operations. Any failure, or perceived or alleged failure, by us or the third parties on which we rely to comply with any federal, state, local or international laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject, or other actual or asserted legal or contractual obligations relating to privacy, data protection, information security, or consumer protection could have significant consequences, including (but not limited to) government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims); additional reporting requirements and/or oversight; indemnification obligations; bans on processing personal data or credit cards; and orders to destroy or not use personal data. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of guests; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize new features, amenities, or services; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

Failure to comply with consumer protection, marketing and advertising laws, including with regard to direct marketing and internet marketing practices, could result in fines or place restrictions on our business.

Our business is subject to various laws and regulations governing consumer protection, advertising, and marketing. We may encounter governmental and private party investigations and complaints in areas such as the clarity, transparency, accuracy, and presentation of information on our website or in third-party listings of our properties, as has occurred with respect to other hospitality booking sites. In addition, as we attempt to increase the proportion of stays booked directly through our website, our marketing activities will be subject to various laws and regulations in the U.S. and internationally that govern online and other direct marketing and advertising practices. For example, the Telephone Consumer Protection Act of 1991 (“TCPA”) imposes specific requirements on communications with customers and various consumer consent requirements and other restrictions on certain communications with consumers by phone, fax or text message. TCPA violations can result in significant financial penalties, including penalties or criminal fines imposed by the Federal Communications Commission or fines of up to \$1,500 per violation imposed through private litigation or by state authorities. Our marketing activities could be restricted, our guest relationships and revenues could be adversely affected, and our costs could increase, due to changes required in our marketing, listing, or booking practices, or any investigations, complaints, or other adverse developments related to these laws and regulations.

Industry-specific payment regulations and standards are evolving, and unfavorable industry-specific laws, regulations, interpretive positions or standards could harm our business.

Our payment processors expect attestation of compliance with the Payment Card Industry (PCI) Data Security Standards. If we are unable to comply with these guidelines or controls, or if our third-party payment processors are unable to obtain regulatory approval to use our services where required, our business may be harmed. For example, failing to maintain our Attestation of Compliance for PCI could result in monthly fines or other adverse consequences until compliance is re-established via an external PCI qualified security assessor. Existing third parties or future business partnerships may opt out of processing payment card transactions if we are unable to achieve or maintain industry-specific certifications or other requirements or standards relevant to our guests, business partners, and other third parties.

Risks Related to Indebtedness and Liquidity

We may require additional capital to support business growth or respond to business challenges, and this capital might not be available in a timely manner or on favorable terms.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop or add new properties or services or enhance our existing properties or services, enhance our operating infrastructure, add personnel, and acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds in the future. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. Any debt financing could involve restrictive covenants relating to financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions or strategic partnerships. In addition, the U.S. government-arranged closure and receivership of SVB, one of our lenders, in March 2023 may make it more difficult or impossible for us to borrow further amounts under our 2022 loan and security agreement with SVB, and we may not be able to obtain additional, alternative financing on favorable terms, if at all. If we are unable to obtain adequate or satisfactory financing when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

Our indebtedness could adversely affect our business and financial condition.

As of December 31, 2022, we had indebtedness related to our Delayed Draw Notes in the aggregate principal amount of \$183.2 million, including capitalized paid-in-kind interest, secured against substantially all of our assets. Risks relating to our indebtedness include:

- Increasing our vulnerability to general adverse economic and industry conditions;
- Requiring us to dedicate a portion of our cash flow to principal and interest payments on our indebtedness, thereby reducing the availability of cash flow to fund working capital, location acquisition costs, capital expenditures, acquisitions and investments and other general corporate purposes;
- Making it more difficult for us to optimally capitalize and manage the cash flow for our businesses;
- Limiting our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate, due in part to restrictive covenants in our debt instruments;
- Possibly placing us at a competitive disadvantage compared to our competitors that have less debt, a lower cost of borrowing or less restrictive debt covenants; and
- Limiting our ability to borrow additional funds or to borrow funds at rates or on other terms that we find acceptable.

Our indebtedness and credit facilities contain financial covenants and other restrictions on our actions that may limit our operational flexibility or otherwise adversely affect our results of operations.

The terms of certain of our indebtedness and credit facilities include a number of covenants that limit our ability and our subsidiaries' ability to, among other things, incur additional indebtedness, grant liens, merge or consolidate with other companies or sell our assets, pay dividends, make redemptions and repurchases of stock, make investments, loans and acquisitions, change the nature of our business or engage in transactions with affiliates. In addition, we must comply with a minimum EBITDA covenant, a minimum adjusted quick ratio covenant, and a minimum liquidity covenant, and maintain our common stock's listing on Nasdaq. Due to the March 2023 U.S. government-arranged closure of SVB, we may seek additional or replacement credit arrangements, in part to support letters of credit or other security instruments for our leases of guest properties. Any future credit arrangements may have stricter covenants or other more onerous terms than our current arrangements. The terms of our indebtedness and credit facilities may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy, including potential acquisitions, and to compete against companies that are not subject to such restrictions.

Any failure to comply with the covenants or payment requirements specified in our credit agreements could result in an event of default under the agreements, which, if not cured or waived, would give the lenders the right to terminate their commitments to provide additional loans, declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable, increase the interest rates applicable to such debt, and exercise rights and remedies, including by way of initiating foreclosure proceedings against any assets constituting collateral for the obligations under the credit facilities. If our debt were to be accelerated, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which could immediately adversely affect our business, cash flows, results of operations, and financial condition. Even if we were able to obtain new financing, such financing may not be on commercially reasonable terms or on terms that are acceptable to us.

Risks Related to Ownership of Our Securities

We may fail to continue to meet the listing standards of Nasdaq, and as a result our common stock and publicly traded warrants may be delisted, which could have a material adverse effect on the liquidity and trading price of our common stock and warrants and on our ability to raise capital.

Our common stock and publicly traded warrants currently trade on The Nasdaq Global Select Market. The Nasdaq Stock Market LLC has requirements for our equity securities to remain listed on Nasdaq, including a rule requiring our common stock to maintain a minimum closing bid price of \$1.00 per share. On certain trading days in July 2022 and March 2023 before the filing of this Annual Report on Form 10-K, the closing price of our common stock was below \$1.00 per share, and it may remain below \$1.00 per share and/or fall below \$1.00 per share in the future. If the closing bid price of our common stock remains below \$1.00 per share for a period of 30 consecutive trading days, we expect to receive a notification from Nasdaq that our common stock would be subject to delisting if we do not regain compliance with the minimum bid price requirement within the time period specified by Nasdaq. If we were to receive such a notification, we expect that we would be afforded a grace period of 180 calendar days to regain compliance with the minimum bid price requirement, and that, to regain compliance, our common stock would need to maintain a minimum closing bid price of at least \$1.00 per share for at least 10 consecutive trading days. If we fail to meet Nasdaq's stock price requirements, or if we do not meet Nasdaq's other listing requirements, we would fail to be in compliance with Nasdaq's listing standards and our common stock and publicly traded warrants could be delisted from Nasdaq. There can be no assurance that we will continue to meet the minimum bid price requirement or any other Nasdaq listing requirement in the future. If our common stock and publicly traded warrants were to be delisted, the liquidity of our common stock and publicly traded warrants would be adversely affected, their market prices could decrease, and our ability to raise equity capital and our reputation and relationships with real estate owners and other business partners could be impaired.

Resales of shares of our common stock could depress the market price of our common stock.

A significant number of shares of our common stock have been registered under the Securities Act of 1933, as amended, or the Securities Act, and are freely tradable. In addition, a large number of shares of our common stock became freely tradable due to the expiration of market stand-off periods in July 2022. Sales of shares of common stock in the public market or the perception that these sales might occur, may depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities, including convertible debt. We are unable to predict the effect that such sales, or of future conversions or exchanges of convertible or exchangeable securities for shares of common stock may have on the prevailing market price of our common stock.

The market price and trading volume of our common stock and publicly traded warrants may be volatile and could decline significantly.

The stock markets, including Nasdaq, have, from time to time, experienced significant price and volume fluctuations. Even if an active, liquid and orderly trading market develops and is sustained for our common stock, the market price of our common stock and our publicly traded warrants may be volatile and could decline significantly. In addition, the trading volume in our common stock and warrants may fluctuate and cause significant price variations to occur. If the market price of our common stock declines significantly, you may be unable to resell your shares or warrants at or above the market price at which you acquired them. We cannot assure you that the market price of our common stock or warrants will not fluctuate widely or decline significantly in the future in response to a number of factors, including, among others, the following:

- The realization of any of the risk factors presented in this report;
- Actual or anticipated differences or changes in our estimates, or in the estimates of analysts, for our revenues, Free Cash Flow, or other cash flow measures, results of operations, operating metrics, level of indebtedness, liquidity or financial condition;
- Actual or anticipated fluctuations in our quarterly or annual operating results;
- Additions and departures of key personnel;
- Failure to comply with the listing requirements of Nasdaq, or the disclosure of any notifications from Nasdaq about the listing status of our common stock;
- Failure to comply with the Sarbanes-Oxley Act or other laws or regulations;
- Future or anticipated issuances, sales, resales or repurchases, of our securities;
- Publication of research reports about us or other publicity about us, our properties, or incidents at our properties;
- The performance and market valuations of other similar companies;
- Commencement of, or involvement in, litigation or other legal proceedings involving us;
- Broad disruptions in the financial markets, including sudden disruptions in the credit markets;
- Speculation in the press or investment community;
- Actual, potential or perceived control, accounting or reporting problems;
- Changes in accounting principles, policies, and guidelines; and
- Other events or factors, including those resulting from infectious diseases, health epidemics and pandemics (including the ongoing COVID-19 pandemic), natural disasters, war (including the 2022 Russian invasion of Ukraine), acts of terrorism, cyber-attacks, information security incidents, or responses to these events.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the market price of their shares. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on us.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our common stock adversely, then the price and trading volume of our common stock could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If few securities or industry analysts commence coverage of us, our stock price and trading volume would likely be negatively impacted. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our common stock would likely decline. If any analyst who may cover us ceases coverage of us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

Future issuances of debt securities and equity securities may adversely affect us, including the market price of our common stock, and may be dilutive to existing stockholders.

In the future, we may incur debt or issue equity securities ranking senior to our common stock. Those securities will generally have priority upon liquidation. Such securities also may be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences, and privileges more favorable than those of our common stock or provide for the issuance of additional equity securities that could be dilutive to existing stockholders. In addition, on December 1, 2022 we closed our offer to reprice certain eligible stock options. Options to purchase a total of 20,292,621 shares of our common stock were amended on that date and the exercise price of each such repriced option was reduced to \$1.74 per share. Such offer to reprice may increase the potential dilutive effect of those options. Because our decision to issue debt or equity in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. As a result, future capital raising efforts may reduce the market price of our common stock and be dilutive to existing stockholders.

There is no guarantee that the Public Warrants will ever be in the money, and they may expire worthless.

The exercise price for the Public Warrants is \$11.50 per share of common stock. There is no guarantee that the Public Warrants will ever be in the money prior to their expiration, and as such, the Public Warrants may expire worthless.

We may amend the terms of the Public Warrants in a manner that may be adverse to holders with the approval by the holders of at least 50.0% of the then-outstanding Public Warrants.

Our Public Warrants were issued in registered form under a warrant agreement with Computershare that provides that the terms of the Public Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision but requires the approval by the holders of at least 50.0% of the then-outstanding Public Warrants to make any change that adversely affects the interests of the registered holders. Accordingly, we may amend the terms of the Public Warrants in a manner adverse to a holder if holders of at least 50.0% of the then-outstanding Public Warrants approve of such amendment. Although our ability to amend the terms of the Public Warrants with the consent of at least 50.0% of the then-outstanding Public Warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the Public Warrants, shorten the exercise period, or decrease the number of shares of Common Stock purchasable upon exercise of a Public Warrant.

We may redeem unexpired Public Warrants prior to their exercise at a time and at a price that is disadvantageous to warrant holders, thereby making their Public Warrants worthless, and an exercise of a significant number of warrants could adversely affect the market price of our Common Stock.

We have the ability to redeem outstanding Public Warrants at any time after they become exercisable and prior to their expiration, at a price of \$0.01 per Public Warrant; provided that the last reported sales price of our Common Stock equals or exceeds \$18.00 per share for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which we give proper notice of such redemption to the warrant holders and provided certain other conditions are met. If and when the Public Warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Public Warrants could force the warrant holders: (i) to exercise their Public Warrants and pay the exercise price therefor at a time when it may be disadvantageous for them to do so; (ii) to sell their Public Warrants at the then-current market price when they might otherwise wish to hold their Public Warrants; or (iii) to accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of their Public Warrants. Additionally, if a significant number of Public Warrant holders exercise their Public Warrants instead of accepting the nominal redemption price, the issuance of these shares would dilute other equity holders, which could reduce the market price of our Common Stock. As of the date of this report, our Common Stock has never traded above \$18.00 per share.

In addition, we may redeem Public Warrants after they become exercisable for a number of shares of Common Stock determined based on the redemption date and the fair market value of our Common Stock, starting at a trading price of \$10.00. Any such redemption may have similar consequences to a cash redemption described above. In addition, such redemption may occur at a time when the Public Warrants are “out-of-the-money,” in which case holders of Public Warrants would lose any potential embedded value from a subsequent increase in the value of the Common Stock had such holders’ Public Warrants remained outstanding.

Provisions in the Amended and Restated Bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit the ability of our stockholders to bring a claim in a judicial forum that it finds favorable for disputes with us or with our directors, officers or employees and may discourage stockholders from bringing such claims.

Our Amended and Restated Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court of the District of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for:

- Any derivative action or proceeding brought on our behalf;
- Any action asserting a claim of breach of a fiduciary duty owed by any of our directors, stockholders, officers or other employees to us or our stockholders;
- Any action arising pursuant to any provision of the Delaware General Corporation Law, or DGCL, our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws; or
- Any action asserting a claim governed by the internal affairs doctrine.

This exclusive forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. However, this provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act, which provides for the exclusive jurisdiction of the federal courts with respect to all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Notwithstanding the foregoing, this exclusive forum provision will not apply to actions arising under the Securities Act, as other provisions in the Amended and Restated Bylaws designate the federal district courts of the United States as the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act against any person in connection with any offering of our securities. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provision. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of the Amended and Restated Bylaws. However, there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. If a court were to find the exclusive forum provision contained in the Amended and Restated Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial condition.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

A substantial percentage of Sonder’s corporate staff works remotely. Sonder leases or licenses office space for corporate and administrative purposes at various locations in the United States, Montreal, Quebec, and London, England. Sonder’s former global headquarters is located in San Francisco, California, where it leases approximately 20,000 square feet of office space under a lease that Sonder does not plan to renew when it expires in May 2023.

Sonder's principal warehouse for furniture distribution in the United States and Canada is in Roanoke, Texas at a facility owned by a third party, where Sonder is currently utilizing approximately 160,000 square feet of storage space under a contract that expires on November 30, 2023 unless earlier terminated due to failure to agree on rate adjustments or otherwise. Sonder also utilizes smaller storage spaces operated by that third party in Texas, and leases smaller warehouse and storage spaces to support various cities' operations.

Sonder believes that its existing facilities are adequate for its near-term needs, and that suitable alternative space would be available if required in the future on commercially reasonable terms.

Item 3. Legal Proceedings

Sonder has been and expects to continue to become involved in litigation or other legal proceedings from time to time, including the matter described below. Except as described below, Sonder is not currently a party to any litigation or legal proceedings that, in the opinion of Sonder's management, are likely to have a material adverse effect on Sonder's business. Regardless of outcome, litigation and other legal proceedings can have an adverse impact on Sonder because of defense and settlement costs, diversion of management resources, possible restrictions on its business as a result of settlement or adverse outcomes, and other factors.

In February 2020, Sonder was informed about an investigation underway by the New York City Department of Health and Mental Hygiene relating to possible Legionella bacteria contamination in the water supply at 20 Broad Street, New York, NY (the "Broad Street Property"). Due to the failure of the owner of the Broad Street Property (the "Broad Street Landlord") to address the Legionella bacteria contamination and the associated health risks posed to Sonder's guests, Sonder withheld payment of rent to the Broad Street Landlord on grounds of, among other reasons, constructive eviction. On July 30, 2020, the Broad Street Landlord sued Sonder USA Inc., Sonder Canada Inc., and Sonder Holdings Inc. for breach of the lease, seeking no less than \$3.9 million in damages. Sonder filed counterclaims against the Broad Street Landlord and the property management company for breach of contract, seeking significant damages. The Broad Street Landlord filed a motion for summary judgment. The hearing and oral argument for the summary judgment motion occurred on December 21, 2021. No ruling was issued by the judge. The motion for summary judgment is now under submission. Sonder intends to vigorously defend itself and believes that the claims of the Broad Street Landlord are without merit.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information, Holders of Common Stock, and Dividends

Our common stock and publicly traded warrants are traded on the Nasdaq Global Select Market under the symbols "SOND" and "SONDW," respectively. On December 31, 2022, there were 148 holders of record of our Common Stock and 15 holders of record of our publicly traded Warrants. Such numbers do not include beneficial owners holding our securities through nominees.

We do not intend to declare or pay any cash dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

See "Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Use of Proceeds

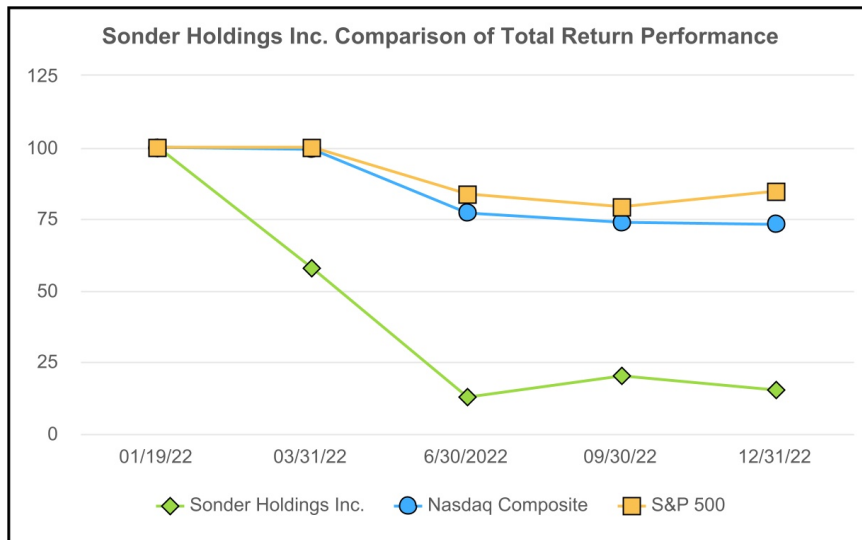
None.

Issuer Purchases of Equity Securities

None.

Stock Performance Graph

The following graph shows a comparison of the cumulative total stockholder return of an investment of \$100 from January 19, 2022, which was the first full day our common stock began publicly trading following the consummation of the Business Combination, through December 31, 2022 for (i) our common stock, (ii) the Nasdaq Composite Index (“Nasdaq Composite”), and (iii) the Standard & Poor’s 500 Stock Index (“S&P 500”). The graph also uses the closing market price on January 19, 2022 of \$8.22 per share as the initial value of our common stock. The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future price performance of our common stock. The performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.



Item 6. [Reserved]

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

The following discussion and analysis of the financial condition and results of operations of Sonder Holdings Inc. (“Sonder,” “we,” “us” or “our”) should be read together with Sonder’s audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Sonder’s actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section entitled “Risk Factors” herein or in other parts of this Annual Report on Form 10-K. Sonder’s historical results are not necessarily indicative of the results that may be expected for any period in the future. Except as otherwise noted, all references to 2022 refer to the year ended December 31, 2022, and references to 2021 refer to the year ended December 31, 2021.

The following discussion and analysis does not include certain items related to the year ended December 31, 2020, including year-over-year comparisons between the year ended December 31, 2021 and the year ended December 31, 2020. For a comparison of our results of operations for the fiscal years ended December 31, 2021 and December 31, 2020, refer to Exhibit 99.2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Form 8-K/A, filed with the SEC on March 28, 2022.

On January 18, 2022, Sonder consummated the previously announced business combination by and among Gores Metropoulos II, Inc. (“GMII”), two subsidiaries of GMII, and Sonder Operating Inc., a Delaware corporation formerly known as Sonder Holdings Inc. (“Legacy Sonder”) (the “Business Combination”).

Overview

We are on a mission to revolutionize hospitality through innovative, tech-enabled service, and inspiring, thoughtfully designed accommodations combined into one seamless experience. Sonder was born from a desire to offer the modern traveler better accommodation choices than unremarkable “big box” hotels, often unreliable home-shares, and overly expensive boutique hotels. We lease and operate a variety of accommodation options — from fully-equipped serviced apartments to spacious hotel rooms — in 43 cities in 10 countries. As of December 31, 2022, we had approximately 9,700 units available for guests to book at over 250 properties.

Management Discussion Regarding Opportunities, Challenges, and Risks

Cash Flow Positive Plan

On June 9, 2022, we announced our cash flow positive plan, which focuses on achieving positive quarterly free cash flow (“FCF”) within 2023 (the “Cash Flow Positive Plan”). The Cash Flow Positive Plan shifted our focus from hyper growth to generating positive FCF more rapidly than previously planned. This shift in focus was not due to a lack of growth opportunities, but instead because market conditions had changed, and we thought it was prudent to shift our strategy to adapt to the changing macroeconomic environment. We have continued to make meaningful progress against our Cash Flow Positive Plan, including reducing our FCF burn by over 50.0% from the first quarter of 2022 to the fourth quarter of 2022. Our focus remains on reaching our first quarter of positive FCF in 2023. Our ability to reach our overall FCF goal is subject to certain risks, including a significant change in the macroeconomic environment and its impact on travel demand, inflation, or our ability to achieve our intended cost efficiencies.

Supply Growth

A key driver of our revenue growth is our ability to convert units for which we have signed real estate contracts but are not yet available for guests to book (“Contracted Units”) into units available for guest booking (“Live Units”) and to continue signing properties with favorable terms.

As part of our Cash Flow Positive Plan, we slowed our planned pace of new unit signings to refocus on growth primarily through our already contracted portfolio. In 2022, our Live Units grew by 27.6% year-over-year to over 9,700 units, driven by strong conversion of our Contracted Units to Live Units. We are also focused on targeting high quality, 100% capital light deals (as defined below) for incremental unit signings. While we signed high quality, capital light units over the course of 2022, we also saw development cost uncertainty and augmented risk around financing in the second half of the year. We continue to meaningfully scale the business and have a robust portfolio of Contracted Units as well as a strong pipeline of potential new unit signings.

Ability to Attract and Retain Guests

Another key driver of our revenue growth is our ability to attract demand from repeat guests and to attract new guests through various channels. We source demand from a variety of channels, including indirectly, through online travel agencies (“OTAs”) such as Airbnb, Booking.com, and Expedia and directly, through Sonder.com, the Sonder app, or our sales personnel. While bookings made through OTAs incur channel transaction fees, where we pay a certain percentage of the revenue booked on the OTA in order to compensate the OTA for its listing services, they allow us to attract new guests who may not be familiar with the Sonder brand. In general, direct bookings are more advantageous to us as they do not incur channel transaction fees and also allow us to have a more direct relationship with our guests. Direct bookings as a percentage of total bookings have fluctuated in recent years due to the COVID-19 pandemic but have stabilized above 40% (42.2% for the year ended December 31, 2022).

Additionally, we are focused on expanding our corporate business, including strengthening our position on Global Distribution System (“GDS”) platforms and adding a significant amount of corporate travel accounts.

Technology

We have invested, and will continue to invest, resources in our technology architecture and infrastructure. These improvements have allowed us to deploy the latest tools and technologies to build external and internal facing technology. Our technology is essential to our user experience, as it leads guests through their entire Sonder stay, from booking through check-out. Technology also underpins our hospitality operations, from underwriting and supply growth, to building openings, pricing and revenue management, demand generation, interior design, and day-to-day operations. By leveraging technology, our goal is to reduce operating costs and provide both a better guest experience and a compelling value.

The Business Combination and Public Company Costs

On January 18, 2022, we consummated the Business Combination, pursuant to which Legacy Sonder merged into one of our subsidiaries and we changed our corporate name to Sonder Holdings Inc. Legacy Sonder has been deemed the accounting predecessor and as such, Legacy Sonder’s financial statements for previous periods are disclosed in Sonder’s periodic reports filed with the SEC subsequent to January 18, 2022. The Business Combination was accounted for as a reverse recapitalization. Under this method of accounting, GMII was treated as the acquired company for financial statement reporting purposes.

Upon consummation of the Business Combination, our Common Stock began trading on the Nasdaq Global Select Market under the ticker symbol “SOND.” As a publicly traded company, Legacy Sonder’s management team and business operations comprise our management and operations. Sonder will need to continue to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. We expect to incur additional annual expenses as a public company for, among other things, directors’ and officers’ liability insurance, director fees, and additional internal and external accounting, legal, administrative resources, including increased audit and legal fees.

Restructuring

As part of the Cash Flow Positive Plan, we completed a restructuring of our operations resulting in an approximate 21.0% reduction of then-existing corporate roles and a 7.0% reduction of then-existing frontline roles. As part of this restructuring, we incurred \$4.0 million in one-time restructuring costs in the year ended December 31, 2022, of which approximately \$3.7 million was paid out in 2022, and the remainder is expected to be paid out by early 2023.

On March 1, 2023, we announced a restructuring affecting approximately 14.0% of the corporate workforce, which is expected to lead to approximately \$10.0 million in annualized cost savings. We expect the restructuring to be substantially complete by the end of the first quarter of 2023. Total costs and cash expenditures for the restructuring are estimated at \$2.0 million to \$3.0 million, substantially all of which are related to employee severance and benefits costs and will be recognized in the first quarter of 2023. We expect to pay the majority of these restructuring amounts in the first quarter of 2023.

Key Business Metrics

We track the following key business metrics to evaluate our performance, identify trends, formulate financial projections, and make strategic decisions. Accordingly, we believe these key business metrics provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management team. These key business metrics may be different from similarly titled metrics presented by other companies.

The following table provides the key metrics for the periods indicated (rounded):

	Year ended December 31,		Change	
	2022	2021	No.	%
Live Units (End of Period)	9,700	7,600	2,100	27.6 %
Bookable Nights	3,051,000	2,032,000	1,019,000	50.1 %
Occupied Nights	2,466,000	1,380,000	1,086,000	78.7 %
Total Portfolio	17,600	18,100	(500)	(2.8)%
RevPAR	\$ 151	\$ 115	\$ 36	31.3 %
ADR	\$ 187	\$ 169	\$ 18	10.7 %
Occupancy Rate	81.0 %	68.0 %	13.0 %	19.1 %

Live Units

Live Units generate Bookable Nights (as defined below) which generate revenue. Live Units are a key driver of revenue, and a key measure of the scale of our business, which in turn drives our financial performance.

Growth in Live Units is driven by the number of units contracted in prior periods, and the lead time and opening period associated with making those units available to guests. The time from contract signing to building opening varies widely, ranging from relatively short periods for hotels that already meet Sonder's brand standards and/or that are already live hotels operating under another brand, to many months or even years for projects under renovation or construction. The number of Live Units at the end of a period is also affected by the number of units that were removed from Sonder's portfolio during that same period, which Sonder refers to as dropped units. Typically, Sonder does not drop many Live Units, other than certain units at the end of their contracts, during atypical times such as during the COVID-19 pandemic, or due to unforeseen regulatory changes within an existing market.

The increase in Live Units year-over-year was driven by our continued focus on converting Contracted Units into Live Units. As of December 31, 2022, our five largest cities (New York City, Dubai, Philadelphia, New Orleans and London) accounted for approximately 38.4% of our Live Units, and our 10 largest cities accounted for approximately 59.0% of our Live Units.

Bookable Nights / Occupied Nights

Bookable Nights represent the total number of nights available for stays across all Live Units. Occupied Nights represent the total number of nights occupied across all Live Units. Occupancy Rate ("OR") is calculated as Occupied Nights divided by Bookable Nights. Bookable Nights, Occupied Nights, and OR are key drivers of revenue, which in turn drives financial performance.

In the first quarter of 2022, we implemented a pricing strategy to target higher occupancy in order to take advantage of demand elasticity and continued to pursue this strategy throughout 2022. We are marketing bookings further in advance, continuously improving our pricing strategy, and developing additional sales and marketing capabilities and our corporate travel offering to bolster demand. We are continually evaluating the balance between demand and rate, and therefore we view occupancy as more of an output of Revenue per Available Room ("RevPAR") optimization efforts rather than a standalone strategy.

The increase in Bookable Nights and Occupied Nights year-over-year was largely driven by our focus on converting Contracted Units into Live Units. The increase in Occupied Nights year-over-year was also driven by our strategy shift targeting higher occupancy.

RevPAR and Average Daily Rate

RevPAR represents the average revenue earned per available night and can be calculated either by dividing revenue by Bookable Nights, or by multiplying Average Daily Rate (“ADR”) by OR. ADR represents the average revenue earned per night occupied and is calculated as Revenue divided by Occupied Nights. RevPAR and ADR are key drivers of revenue, and key measures of our ability to attract and retain guests, which in turn drives financial performance.

Several factors may explain period-to-period RevPAR variances, including:

- Live Units that became live in recent months and have not yet reached mature economics. Typically, new Live Units take several months to achieve mature ADR and OR as buildings stabilize and drive organic bookings. If a period has a significant increase in Live Units, this may reduce the portfolio’s RevPAR.
- Market mix represents the composition of our portfolio based on geographic presence. Certain markets such as New York or London typically earn higher RevPARs, while certain other markets such as Houston or Phoenix typically earn lower RevPARs. Therefore, if the market mix shifts toward lower RevPAR markets, it may adversely impact the portfolio’s RevPAR.
- Product mix represents the composition of our portfolio between apartment and hotel style units. In general, apartments are higher RevPAR bookings because they typically offer more amenities (e.g., kitchen, in-unit washer/dryer) and have higher square footage compared to hotel units. Therefore, if the product mix shifts towards hotel units, it may adversely impact the portfolio’s RevPAR.
- Seasonality drives typical period-to-period variances in a particular property’s RevPAR depending upon seasonal factors (e.g., weather patterns, local attractions and events, holidays) as well as property location and type. Based on results prior to the COVID-19 pandemic, RevPAR tends to be lower across our portfolio in the first quarter and fourth quarters of each year due to seasonal factors such as weather and holidays and the market mix and product mix of our portfolio at the time. However, the effect of seasonality will vary as our market mix and product mix continues to evolve.

The increase in RevPAR year-over-year was driven by a 19.1% Occupancy Rate increase due to our strategy shift targeting higher occupancy and a 10.7% increase in ADR due to continued travel recovery.

Impact of COVID-19 and Macroeconomic Factors on the Business

Our financial results for all of 2020, 2021, and the first half of 2022 were materially adversely affected by the COVID-19 pandemic, and the pandemic may continue to adversely impact business operations, results of operations, and liquidity in the near term and possibly longer if additional serious variants or resurgences of the virus occur. While quarterly RevPAR has been generally improving since May 2020, and we continue to evaluate the nature and extent of the impact of the pandemic on our business, the extent and duration of the current travel recovery remain uncertain and will be largely dependent on the effectiveness of COVID-19 prevention and treatment measures, infection rates, and governmental responses in the cities and countries in which we operate, as well as the other factors that affect travel demand. Additionally, the uncertainty surrounding macroeconomic factors in the U.S. and globally, characterized by inflationary pressures, rising interest rates, significant volatility of global markets and geopolitical conflicts, could have a material adverse effect on our business and could lead to further economic disruption and expose us to greater risk of a potential deceleration or reversal of the current travel market recovery trends.

Results of Operations

The following table sets forth our results of operations for the periods indicated and as a percentage of revenue (in thousands, except percentages):

	Year ended December 31,			
	2022		2021	
Revenue	\$ 461,083	100.0 %	\$ 232,944	100.0 %
Cost of revenue (excluding depreciation and amortization)	320,016	69.4 %	201,445	86.5 %
Operations and support	211,081	45.8 %	142,728	61.3 %
General and administrative	132,445	28.7 %	106,135	45.6 %
Research and development	28,896	6.3 %	19,091	8.2 %
Sales and marketing	51,224	11.1 %	23,490	10.1 %
Restructuring and other charges	4,033	0.9 %	—	— %
Total costs and operating expenses	\$ 747,695	162.2 %	\$ 492,889	211.6 %
Loss from operations	\$ (286,612)	(62.2)%	\$ (259,945)	(111.6)%
Total non-operating (income) expense, net	(121,403)	(26.3)%	34,200	14.7 %
Loss before income taxes	(165,209)	(35.8)%	(294,145)	(126.3)%
Provision for income taxes	533	0.1 %	242	0.1 %
Net loss	\$ (165,742)	(35.9)%	\$ (294,387)	(126.4)%
Other comprehensive loss:				
Change in foreign currency translation adjustment	5,686	1.2 %	1,633	0.7 %
Comprehensive loss	\$ (160,056)	(34.7)%	\$ (292,754)	(125.7)%

Revenue

Sonder generates revenues by providing accommodations to its guests. Direct revenue is generated from stays booked through Sonder.com, the Sonder app, or directly with our sales personnel, while indirect revenue is generated from stays booked through third-party corporate and online travel agencies.

The following table sets forth our revenue for the periods indicated (in thousands, except percentages):

	Year ended December 31,			
	2022		2021	
			Change	
	\$	%	\$	%
Revenue	\$ 461,083		\$ 232,944	\$ 228,139 97.9 %

Revenue increased, primarily due to a 31.3% increase in RevPAR, driven by continued travel market recovery and our strategy targeting higher occupancy, along with an increase of 27.6% in Live Units contributing to a 78.7% increase in Occupied Nights.

Costs and Operating Expenses

The following table sets forth our total costs and operating expenses for the periods shown (in thousands, except percentages):

	Year ended December 31,		Change	
	2022	2021	\$	%
Cost of revenue (excluding depreciation and amortization)	\$ 320,016	\$ 201,445	\$ 118,571	58.9 %
Operations and support	211,081	142,728	68,353	47.9 %
General and administrative	132,445	106,135	26,310	24.8 %
Research and development	28,896	19,091	9,805	51.4 %
Sales and marketing	51,224	23,490	27,734	118.1 %
Restructuring and other charges	4,033	—	4,033	100.0 %
Total costs and operating expenses	\$ 747,695	\$ 492,889	\$ 254,806	51.7 %

Cost of Revenue (excluding depreciation and amortization): Cost of revenue primarily consists of fixed and variable lease costs to real estate owners for our Live Units, cleaning costs, and payment processing charges. We expect our cost of revenue will continue to increase on an absolute dollar basis for the foreseeable future as we experience growth in bookings and expand our portfolio of properties. Cost of revenue may vary as a percentage of revenue from period-to-period based on the timing and seasonality of bookings. Additionally, our cost of revenue does not necessarily increase at a rate commensurate with the increase in revenue, given that drivers of increases in revenue, such as increase in occupancy, do not necessarily require additional costs.

Cost of revenue increased, primarily due to: (i) a \$87.5 million increase in rent expense related to leases as a result of a 2,100 unit increase in Live Units; (ii) a \$20.0 million increase in cleaning expenses as a result of an increase in the number of Occupied Nights; and (iii) a \$7.8 million increase in payment processing fees due to an increase in bookings, driven by continued travel recovery and our Live Unit growth.

Operations and support: Operations and support costs are related to guest-facing functions and variable expenses associated with property-level operations, such as customer service and hospitality, depreciation of property and equipment, utilities, costs to open new properties, and the cost of guest-room consumable items and low-cost furnishings. We expect operations and support costs to increase on an absolute dollar basis for the foreseeable future to the extent that we continue to grow our Live Units.

Operations and support increased, primarily due to: (i) a \$26.0 million increase in unit-related expenses due to an increase in Live Units, along with an increase in Occupied Nights; (ii) a \$22.8 million increase in employee compensation expense, inclusive of stock compensation expense, due to an increase in average headcount; (iii) a \$6.5 million increase in onboarding costs as a result of our focus on converting Contracted Units into Live Units; and (iv) a \$5.7 million increase in customer service costs, driven by an increase in Occupied Nights.

General and administrative: General and administrative costs primarily consist of personnel-related expenses for administrative functions, such as legal, finance and accounting, public policy, and human resources. It also includes certain professional services fees, corporate offices, technology expenses, bad debt expense, general corporate and director and officer insurance, and other corporate-level expenses we incur to manage and support our operations. We expect to continue to incur certain general and administrative costs as a result of operating as a public company, including expenses to comply with the rules and regulations of the SEC and Nasdaq, as well as expenses for corporate insurance, director and officer insurance, investor relations, and professional services. Overall, we expect our general and administrative costs will decrease as a percentage of revenue in 2023 as compared to 2022.

General and administrative increased, primarily due to: (i) a \$7.6 million increase in tax expense related to transaction (sales and value-added tax) taxes, largely driven by an increase in bookings due to continued travel recovery during the period and our Live Unit growth; (ii) a \$6.7 million increase in legal and professional fees due to ongoing routine legal and professional costs; (iii) a \$4.9 million increase in insurance expense due to additional costs incurred in connection with becoming a public company; and (iv) a \$3.5 million increase in employee compensation expense, inclusive of stock compensation expense, due to an increase in average headcount.

Research and development: Research and development expenses primarily consist of personnel-related expenses and an allocation of our facility expenses incurred in connection with the development of our existing and new services. Our research and development efforts in the short- to mid-term are focused primarily on increasing the functionality and enhancing the ease of use of existing services, and to a lesser extent, adding new features and services. We capitalize the portion of our software development costs that meets the criteria for capitalization. We expect that our research and development expenses will decrease as a percentage of revenue in 2023 as compared to 2022.

Research and development increased, primarily due to: (i) a \$6.1 million increase in employee compensation expense, inclusive of stock compensation expense, driven by an increase in average headcount; (ii) a \$1.6 million increase in computer software expense related to the growth of our business; and (iii) a \$1.3 million increase in professional fees related to the growth of our business and in connection with becoming a public company.

Sales and marketing: Sales and marketing expenses primarily consist of service charges for bookings made through OTAs, personnel-related expenses for sales, marketing, advertising costs, and branding. We expect our sales and marketing expense will decrease as a percentage of revenue in 2023 as compared to 2022.

Sales and marketing increased, primarily due to: (i) a \$22.9 million increase in channel transaction fees resulting from an increase in revenue booked through third-party OTAs, consistent with total revenue growth; and (ii) a \$3.4 million increase in compensation expense, inclusive of stock compensation expense, driven by an increase in average headcount.

Restructuring and other charges: Restructuring and other charges consists primarily of employee termination benefits of approximately \$4.0 million for the year ended December 31, 2022 as part of our Cash Flow Positive Plan announced in the second quarter of 2022.

The entirety of the increase in restructuring and other charges is due to the Cash Flow Positive Plan discussed above.

Total Non-operating (Income) Expense, Net

Total non-operating (income) expense, net consists primarily of the change in fair value of the Earn Out, SPAC Warrants, and other instruments carried at fair value, realized and unrealized gains and losses on foreign currency transactions and balances, and interest expense related to the term loans and convertible debt.

The following table sets forth our total non-operating (income) expense, net for the periods indicated (in thousands, except percentages):

	Year ended December 31,		Change	
	2022	2021	\$	%
Interest expense, net	\$ 21,505	\$ 44,090	\$ (22,585)	(51.2)%
Change in fair value of SPAC Warrants	(25,260)	—	(25,260)	(100.0)%
Change in fair value of Earn Out liability	(95,700)	—	(95,700)	(100.0)%
Change in fair value of share-settled redemption feature and gain on conversion of convertible notes	(29,512)	—	(29,512)	(100.0)%
Other expense (income), net	7,564	(9,890)	17,454	(176.5)%
Total non-operating (income) expense, net	\$ (121,403)	\$ 34,200	\$ (155,603)	(455.0)%

Interest expense, net: Interest expense, net decreased due to the conversion of the Convertible Notes to equity in January 2022, offset by interest expense recognized in connection with the payoff of the term loan in January 2022 and interest expense on the Delayed Draw Notes issued in January 2022.

Change in fair value of SPAC Warrants: The change in the fair value of the SPAC Warrants is impacted by the initial recognition of, and subsequent fair value adjustments to, the SPAC Warrants. The decrease in the fair value of this line item resulted from a decrease in our stock price period-over-period and is recognized as a credit on the consolidated statements of operations and comprehensive loss, thereby decreasing our net loss.

Change in fair value of Earn Out Liability: The change in the fair value of the Earn Out Liability is impacted by the initial recognition of, and subsequent fair value adjustments to, the Earn Out Liability. The decrease in the fair value of this line item resulted from a decrease in our stock price period-over-period and is recognized as a credit on the consolidated statements of operations and comprehensive loss, thereby decreasing our net loss.

Change in fair value of share-settled redemption feature and gain on conversion of convertible notes: The change in fair value of the share-settled redemption feature related to the Convertible Notes resulted from an increase in other income as a result of the conversion of the Convertible Notes.

Other expense (income), net: Other expense (income), net increased primarily due to a decrease in the fair value adjustments for preferred stock warrant liabilities that were converted to equity as a result of the consummation of the Business Combination and fluctuations in foreign currency which impacted the remeasurement of foreign balances to reporting currency.

Provision for income taxes

As of December 31, 2022 and 2021, we have recorded a full valuation allowance against our deferred tax assets due to our history of losses.

We are subject to income taxes in the United States and foreign jurisdictions in which we do business. Foreign jurisdictions have different statutory tax rates than those in the United States. Additionally, certain of our foreign earnings may also be taxable in the United States. Accordingly, our effective tax rate is subject to significant variation due to several factors, including variability in our pre-tax and taxable income and loss and the mix of jurisdictions to which they relate, intercompany transactions, changes in how we do business, changes in our deferred tax assets and liabilities and their valuation, foreign currency gains and losses, changes in statutes, regulations, case law, and other laws and accounting rules in various jurisdictions, and relative changes of expenses or losses for which tax benefits are not recognized.

We recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured as the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. We recognize interest and penalties, if any, related to income tax matters as a component of income tax expense.

The following table sets forth the provision for income taxes for the periods indicated (in thousands, except percentages):

	Year ended December 31,		Change	
	2022	2021	\$	%
Provision for income taxes	\$ 533	\$ 242	\$ 291	120.2 %

The provision for income taxes increased, primarily as a result of taxes related to operations in foreign jurisdictions.

Non-GAAP Financial Measures

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP” or “U.S. GAAP”). However, some of the financial measures discussed herein are non-GAAP financial measures. In accordance with SEC rules, we classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP in our consolidated statements of operations and comprehensive loss, balance sheets, or statements of cash flows.

To supplement the consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: Free Cash Flow (“FCF”), Cash Contribution, and Cash Contribution Margin (“CCM”) (collectively, the “non-GAAP financial measures”).

FCF

The following table presents the calculation of FCF for the periods indicated (in thousands):

	Year ended December 31,	
	2022	2021
Cash used in operating activities	\$ (149,015)	\$ (179,391)
Cash used in investing activities	(30,993)	(21,587)
FCF, including restructuring costs	(180,008)	(200,978)
Cash paid for restructuring costs	3,712	—
FCF, excluding restructuring costs	\$ (176,296)	\$ (200,978)

Free cash flow, excluding restructuring costs, represents cash used in operating activities less cash used in investing activities, excluding the impact of restructuring charges. The most directly comparable GAAP financial measure is cash used in operating activities. Our near-term focus is to reach positive FCF, as detailed in our Cash Flow Positive Plan. Our Cash Flow Positive Plan seeks to reach positive quarterly free cash flow within 2023 without additional fundraising and while preserving strong liquidity. The Cash Flow Positive Plan includes four key levers: (i) reducing cash costs; (ii) reducing planned pace of signing new units (growing primarily by opening previously Contracted Units); (iii) only targeting 100% “capital light” deals for any incremental unit signings, whereby real estate owners fund the vast majority of our upfront capital expenditures in exchange for slightly higher rents; and (iv) focusing on RevPAR initiatives with a quick return on investment, such as increasing prices, adding parking, pet fees, or other similar add-on options to bookings, and more.

We believe FCF, excluding restructuring costs, is meaningful to investors as it is the primary liquidity measure that we focus on internally to evaluate our progress towards the objectives outlined in our Cash Flow Positive Plan. We believe that achieving our goals around this measure will put us on a path to financial sustainability and will help fund our future growth.

Our FCF may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of these measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, this measure may not provide a complete understanding of our cash flow as a whole. As such, these measures should be reviewed in conjunction with our GAAP cash flow.

The change in FCF year-over-year represented a 12.3% improvement, primarily driven by a decrease in cash used in operating activities, excluding the impact of restructuring costs, of \$30.4 million, partially offset by an increase in cash used in investing activities of \$9.4 million. Refer to the section entitled “Liquidity and Capital Resources – Cash Flow Information” below for further discussion surrounding the changes in our cash flow figures period-over-period.

Cash Contribution and CCM

The following table presents the calculation of Cash Contribution and CCM for the periods indicated (in thousands):

	Year ended December 31,	
	2022	2021
Non-property level sales and marketing:		
Sales and marketing	\$ 51,224	\$ 23,490
Less: property level sales and marketing	38,752	15,916
Non-property level sales and marketing	\$ 12,472	\$ 7,574
Non-property level operations and support:		
Operations and support	\$ 211,081	\$ 142,728
Less: property level operations and support	101,157	57,879
Non-property level operations and support	\$ 109,924	\$ 84,849
Non-property level operating expenses:		
General and administrative	\$ 132,445	\$ 106,135
Add: research and development	28,896	19,091
Add: non-property level sales and marketing	12,472	7,574
Add: non-property level operations and support	109,924	84,849
Less: stock-based compensation	22,957	25,247
Less: depreciation and amortization	23,911	17,714
Non-property level operating expenses	\$ 236,869	\$ 174,688
Cash Contribution:		
Cash used in operating activities	\$ (149,015)	\$ (179,391)
Add: cash paid for restructuring costs	3,712	—
Add: non-property level operating expenses	236,869	174,688
Cash contribution (numerator)	\$ 91,566	\$ (4,703)
Revenue (denominator)	\$ 461,083	\$ 232,944
CCM ⁽¹⁾	19.9 %	(2.0)%

(1) Cash used in operating activities includes the benefit of furniture, fixtures, and equipment (“FF&E”) allowance realized, and therefore, Cash Contribution and CCM include the benefit of FF&E allowance realized. FF&E allowance realized represents payments received from the real estate owner to help offset the capital invested to prepare and furnish a building and the individual units during the period.

Cash contribution is defined as operating cash flow before non-property level costs and the impact of restructuring charges, if any. CCM is defined as cash contribution as a percentage of revenue. The most directly comparable GAAP financial measure is cash used in operating activities. CCM is a unit economics measure for our property-level cash performance. We use CCM to assess the cash performance of our Live Units portfolio, taking into account the benefit of upfront rent abatement, which is typical in the deals we sign. We believe CCM is meaningful to investors as it functions as a useful measure of property-level unit cash economics.

Our CCM may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of this measure is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, this measure may not provide a complete understanding of our operating cash flow as a whole. As such, this measure should be reviewed in conjunction with our GAAP cash flow.

CCM improved year-over-year by 2,188 basis points, driven primarily by an increase in cash contribution of \$96.3 million, which increased at a higher rate than the increase in revenue of \$228.1 million. Refer to the section entitled “Liquidity and Capital Resources – Cash Flow Information” below for further discussion surrounding the changes in our cash flow figures period-over-period.

Liquidity and Capital Resources

Sources and Uses of Cash

At December 31, 2022, we had a cash balance, not including restricted cash, of \$246.6 million, which was held for working capital purposes. Reaching Free Cash Flow positivity is our primary focus in the near-term, as detailed in our Cash Flow Positive Plan. Once we reach positive free cash flow, we expect cash from operations will provide our principal source of liquidity. We generate revenue from digital transactions through Sonder.com or the Sonder app which are settled immediately through a payment processor, from transactions with third party corporate customers which are settled based on contractual terms, and indirectly through OTAs, which are settled based on contractual terms. The most significant source of cash in 2022 was the consummation of the Business Combination. This resulted in an increase in cash of approximately \$401.9 million, which is net of \$24.7 million in payments on debt and approximately \$58.6 million of non-recurring transaction costs. Cash consists of checking, interest-bearing accounts, and AAA-rated money market funds.

We have incurred losses since inception, and we expect to continue to incur additional losses in the future. At December 31, 2022, our accumulated deficit was \$980.6 million. Our operations to date have been financed primarily by private equity investments in our common and redeemable convertible preferred stock, convertible notes, and other note and warrant purchase agreements, as described in Note 7, Debt, in the notes to our audited consolidated financial statements included in this Annual Report on Form 10-K.

We believe that our existing sources of liquidity will be sufficient to fund our operations and debt obligations for at least the next 12 months. Our future capital requirements will depend on many factors, including our rate of RevPAR growth, our ability to achieve cost efficiencies, our ability to provide security instruments such as letters of credit in lieu of cash deposits pursuant to leases, and the extent of real estate owners' funding of capital expenditures and other pre-opening costs at our leased properties. To the extent that our existing cash balance and ongoing cash from operations are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing, including convertible debt or short-term bridge financing, or otherwise, but such funds may not be available on acceptable terms. If sufficient cash from operations or external funding is not available, we may be unable to adequately fund our business plans and it could have a negative effect on our business, operating cash flows, and financial condition.

Most of our cash is held in the United States. At December 31, 2022, our foreign subsidiaries held \$20.6 million of cash in foreign jurisdictions. We currently do not intend or foresee a need to repatriate these foreign funds. As a result of the Tax Cuts and Jobs Act of 2017, however, we anticipate the U.S. federal tax impact to be minimal if these foreign funds are repatriated and would not repatriate funds where there was a material tax cost. In addition, based on our current and future needs, we believe our current funding and capital resources for our international operations are adequate.

Debt Arrangements: Debt arrangements, such as our credit facilities and delayed draw notes, have been a source of cash for our day-to-day operations. Refer to Note 7, Debt, in the notes to our audited consolidated financial statements included in this Annual Report on Form 10-K for discussion of our debt arrangements, including the timing of expected maturity of such arrangements. These arrangements include our \$60.0 million loan and security agreement with Silicon Valley Bank ("SVB"). SVB was closed and placed under government receivership in March 2023, and the receiver may not honor further borrowing requests under SVB's existing loan agreements, including ours.

Future Cash Obligations: Our estimated future obligations as of December 31, 2022 include both current and long-term obligations. As of that date, we had debt obligations of \$208.4 million, all of which is long-term and includes paid-in-kind interest. Additionally, we had \$38.8 million of irrevocable standby letters of credit outstanding which were collateralized by our restricted cash, all of which represents a long term cash obligation. Under our operating leases as discussed in Note 8, Leases, in the notes to our consolidated financial statements included in this Annual Report on Form 10-K, we had a current obligation, before imputed interest, of \$297.1 million and a long-term obligation, before imputed interest, of \$1.7 billion.

Operating lease obligations primarily represent the initial contracted term for leases that have commenced as of December 31, 2022, not including any future optional renewal periods. In addition, as of December 31, 2022, we have entered into leases that have not yet commenced with short-term future lease payments totaling \$44.7 million and long-term future lease payments totaling \$1.9 billion, excluding purchase options, that are not yet recorded on the consolidated balance sheets and are not reflected in the figure above. These leases will commence between 2023 and 2026 with lease terms of three to 20 years.

Cash Flow Information

The following table sets forth our cash flows for the periods indicated (in thousands):

	Year ended December 31,		\$ Change
	2022	2021	
Net cash used in operating activities	\$ (149,015)	\$ (179,391)	\$ 30,376
Net cash used in investing activities	(30,993)	(21,587)	(9,406)
Net cash provided by financing activities	400,599	148,571	252,028
Effects of foreign exchange on cash	(1,346)	(760)	(586)
Net change in cash and restricted cash	\$ 219,245	\$ (53,167)	\$ 272,412

Operating Activities: Net cash used in operating activities decreased year-over year, primarily due to a decrease in our net loss of \$128.6 million, the adoption of ASU 2016-02, Leases, on January 1, 2022, which resulted in an increase in amortization of operating lease right-of-use assets of \$145.3 million, partially offset by a net decrease related to operating lease right-of-use-assets and operating lease liabilities of \$73.9 million, a decrease in the fair value of the Earn Out Liability of \$95.7 million, and a decrease in the fair value of SPAC warrants of \$25.3 million. Cash used in operating activities is subject to variability period-over-period as a result of timing differences, including with respect to the collection of receivables and payments of interest expense, accounts payable, and other items, as well as variability in our stock price as it relates to fair value of the SPAC Warrants and Earn Out Liability.

Investing Activities: Net cash used in investing activities increased year-over-year, primarily as a result of an increase in purchases of property and equipment of \$12.0 million, largely related to purchases for furnishings and fixtures for our live units.

Financing Activities: Net cash provided by financing activities increased year-over-year, primarily related to proceeds of \$159.2 million from the Delayed Draw Notes, net of issuance costs and proceeds of \$325.9 million from the Business Combination and PIPE offering, partially offset by a decrease in proceeds from the issuance of debt of \$162.4 million and an increase in cash outflows of \$58.6 million for common stock issuance costs, primarily related to the close of the Business Combination.

Off-Balance Sheet Arrangements

As of December 31, 2022, we had the following off-balance sheet arrangements:

Letters of Credit: We had \$38.8 million of irrevocable standby letters of credit outstanding, of which \$36.7 million were under our revolving credit facilities. Letters of credit are primarily used as a form of security deposits for the buildings and partial buildings we lease. As of December 31, 2022, approximately \$10.1 million of these letters of credit were issued with SVB as the providing bank. SVB was closed and placed under government receivership in March 2023, and the receiver may not honor these letters of credit or further requested letters of credit under our existing loan agreement.

Surety Bonds: A portion of our leases are supported by surety bonds provided by affiliates of certain insurance companies. As of December 31, 2022, we had assembled commitments from five surety providers in the amount of \$67.1 million, of which \$35.4 million was outstanding and was an off-balance sheet arrangement. The availability, terms and conditions, and pricing of bonding capacity are dependent on, among other things, continued financial strength and stability of the insurance company affiliates providing the bonding capacity, general availability of such capacity and our corporate credit rating.

Indemnification Agreements

In the ordinary course of business, Sonder includes limited indemnification provisions under certain agreements with parties with whom Sonder has commercial relations of varying scope and terms. Under these contracts, Sonder may indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party in connection with breach of the agreements, or intellectual property infringement claims made by a third party, including claims by a third party with respect to Sonder's domain names, trademarks, logos and other branding elements to the extent that such marks are applicable to its performance under the subject agreement. It is not possible to determine the maximum potential loss under these indemnification provisions due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision. To date, no significant costs have been incurred, either individually or collectively, in connection with Sonder's indemnification provisions.

In addition, Sonder has entered into indemnification agreements with Sonder's directors, executive officers and certain other employees that require Sonder, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, executive officers, or employees.

See Note 12., Commitments and Contingencies, in the notes to our audited consolidated financial statements included in this Annual Report on Form 10-K for a description of our indemnification agreements.

Effect of Exchange Rates

Our changes in cash can be impacted by the effect of fluctuating exchange rates. Foreign exchange had a negative effect on cash in both periods, decreasing our total cash balance each year. Additionally, the effect of foreign exchange on cash had a negative impact on cash that was \$0.6 million larger in 2022 than in 2021.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of our assets, liabilities, revenue, and expenses. We have identified certain policies and estimates as critical to our business operations and the understanding of our past or present consolidated financial condition and results of operations. These policies and estimates are considered critical because they have a material impact, or they have the potential to have a material impact, on our consolidated financial statements and because they require us to make significant judgments, assumptions, or estimates. We believe that the judgments, estimates, and assumptions used in the preparation of our financial statements are reasonable and appropriate, based on the information available at the time they were made. However, actual results may differ from those estimates, and these differences may be material.

Leases

Our cost of revenue primarily consists of rental expenses from buildings or portions of buildings that serve as accommodations for our guests. We also lease other properties such as warehouses to store furniture and corporate offices. Our rent payment schedules vary by lease term per executed lease agreements and can be monthly, quarterly, or bi-annually. A large majority of our leases contain provisions for rent abatement periods, rent escalation, and tenant improvement allowances. Certain leases require the payment of real estate taxes, insurance, and certain common area maintenance costs in addition to minimum rent payments. These amounts are expensed as incurred and are included within operations and support on our consolidated statement of operations for guest properties and within general and administrative on our consolidated statement of operations for our warehouses and corporate offices in the accompanying consolidated statements of operations and comprehensive loss.

In accordance with ASU 2016-02, Leases (Topic 842), (“ASU 2016-02” or “ASC 842”), at the inception of an arrangement, we determine whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and short-term and long-term lease liabilities, as applicable. We do not have material financing leases.

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. Certain adjustments to the right-of-use asset may be required for items such as incentives received. The interest rate implicit in lease contracts is typically not readily determinable. As a result, we utilize our incremental borrowing rate to discount lease payments, which reflects the fixed rate at which we could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. The determination of our incremental borrowing rate requires estimates surrounding our credit rating, credit spread, and the impact of collateral. To estimate our incremental borrowing rate, a credit rating applicable to us is estimated using a synthetic credit rating analysis since we do not currently have an agency-based credit rating. Prospectively, we will adjust the right-of-use assets for straight-line rent expense or any incentives received and remeasure the lease liability at the net present value using the same incremental borrowing rate that was in effect as of the lease commencement or transition date.

We have elected not to recognize leases with an original term of one year or less on the balance sheet. We typically only include an initial lease term in our assessment of a lease arrangement. Options to renew a lease are not included in our assessment unless there is reasonable certainty that we will renew. Assumptions that we made at the commencement date are re-evaluated upon occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right of use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right of use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

In accordance with ASC 842, components of a lease should be split into three categories: lease components; non-lease components; and non-components. The fixed and in-substance fixed contract consideration (including any consideration related to non-components) must be allocated based on the respective relative fair values to the lease components and non-lease components. Entities may elect not to separate lease and non-lease components. Rather, entities would account for each lease component and related non-lease component together as a single lease component. We have elected to account for lease and non-lease components together as a single lease component for all underlying assets and allocate all of the contract consideration to the lease component only. ASC 842 allows for the use of judgment in determining whether the assumed lease term is for a major part of the remaining economic life of the underlying asset and whether the present value of lease payments represents substantially all of the fair value of the underlying asset. We apply the bright line thresholds referenced in ASC 842-10-55-2 to assist in evaluating leases for appropriate classification. The aforementioned bright lines are applied consistently to our entire portfolio of leases.

Upon termination of a lease, related lease balances on the consolidated balance sheet are written-off. A liability for costs to terminate a lease before the end of its term is recognized in accordance with the lease terms and recorded in operations and support on the consolidated statement of operations and comprehensive loss.

Income Taxes

We are subject to income taxes in the United States and foreign jurisdictions in which we operate. We account for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and attributable to operating loss and tax credit carry-forwards. We account for uncertainty in tax positions by recognizing a tax benefit from uncertain tax positions when it is more likely than not that the position will be sustained upon examination. Evaluating our uncertain tax positions, determining our provision for income taxes, and evaluating the impact of tax law changes, are inherently uncertain and require making judgments, assumptions, and estimates.

In determining the need for a valuation allowance, we weigh both positive and negative evidence in the various jurisdictions in which we operate to determine whether it is more likely than not that our deferred tax assets are recoverable. We regularly assess all available evidence, including cumulative historic losses and forecasted earnings. Due to cumulative losses in the U.S. during the prior three years, including tax deductible stock compensation, and based on all available positive and negative evidence, we do not believe it is more likely than not that our net U.S. deferred tax assets will be realized as of December 31, 2022. Accordingly, a full valuation allowance has been established in the United States, and no deferred tax assets and related tax benefit have been recognized in the consolidated financial statements.

While we believe that we have adequately reserved for our uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences may impact the provision for income taxes and the effective tax rate in the period in which such determination is made.

Stock-Based Compensation

Stock-based compensation expense attributable to equity awards granted to employees is measured at the grant date based on the fair value of the award. The expense is recognized on a straight-line basis over the requisite service period for awards that vest, which is generally the period from the grant date to the end of the vesting period. We estimate the fair value of stock option awards granted using the Black-Scholes option pricing model. This model requires various significant judgmental assumptions in order to derive a fair value determination for each type of award, including the fair value of our common stock, the expected term, expected volatility, expected dividend yield, and risk-free interest rate. These assumptions used in the Black-Scholes option-pricing model are estimated as follows:

- **Expected term** — The expected term for options granted to employees, officers, and directors is calculated based on our historical pattern of option exercise behavior and the period of time they are expected to be outstanding.
- **Risk-free interest rate** — The risk-free interest rate used in the valuation method is the implied yield currently available on the United States treasury zero-coupon issues, with a remaining term equal to the expected term of our options.
- **Expected volatility** — The expected volatility is based on the average volatility of similar public entities within our peer group as our stock has not been publicly trading for a long enough period to rely on our own expected volatility.
- **Expected dividend yield** — Expected dividend yield is zero, as we have not paid and do not anticipate paying dividends on our common stock.

All grants of stock options have an exercise price equal to or greater than the fair value of our common stock on the date of grant. We account for forfeitures as they occur.

Recent Accounting Standards

See Note 2, Recently Issued Accounting Standards, in the notes to our consolidated financial statements included in this Annual Report on Form 10-K for a description of recently adopted accounting standards and recently issued accounting standards not yet adopted.

Emerging Growth Company Status

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable.

We are an emerging growth company as defined in Section 2(a) of the Securities Act and have elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. We will remain an emerging growth company until the earliest of: (i) the last day of the fiscal year in which the market value of Common Stock that is held by non-affiliates exceeds \$700 million as of the end of that year's second fiscal quarter; (ii) the last day of the fiscal year in which we have total annual gross revenue of \$1.235 billion or more during such fiscal year (as indexed for inflation); (iii) the date on which we have issued more than \$1 billion in non-convertible debt in the prior three-year period; or (iv) December 31, 2026, and we expect to continue to take advantage of the benefits of the extended transition period, although we may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Sonder's substantial global operations exposes it to various market risks, primarily including foreign currency risk and interest rate risk.

Foreign Currency Exchange Risk

Sonder transacts business in multiple currencies worldwide. The most significant currency supporting Sonder's operations for the years ended December 31, 2022 and 2021 was the United States ("U.S.") dollar. Sonder's international revenue, as well as costs and expenses denominated in foreign currencies, exposes it to the risk of fluctuations in foreign currency exchange rates against the U.S. dollar. Accordingly, Sonder is subject to foreign currency risk, which may adversely impact its financial results.

Sonder has foreign currency exchange risks related primarily to:

- Revenue, rent, and cleaning fees, which are included in cost of revenue, associated with bookings through its direct and indirect channels denominated in currencies other than the U.S. dollar;
- Balances held as funds receivable and amounts held on behalf of guests as well as funds payable, amounts payable to guests and deposits due from landlords; and
- Intercompany balances primarily related to its payment entities that process guest payments.

For revenue and cost of revenue associated with bookings through its direct and indirect channels outside of the U.S., Sonder generally receives net foreign currency amounts and therefore benefits from a weakening of the U.S. dollar and is adversely affected by a strengthening of the U.S. dollar. Movements in foreign exchange rates are recorded in other expense, net in Sonder's consolidated statements of operations and comprehensive loss.

Sonder has experienced and will continue to experience fluctuations in foreign exchange gains and losses related to variable exchange rates. If Sonder's foreign-currency denominated assets, liabilities, revenue, or expenses increase, its results of operations may be more significantly impacted by fluctuations in the exchange rates of the currencies in which Sonder does business.

Interest Rate Risk

Sonder is exposed to interest rate risk related primarily to its outstanding debt. Changes in interest rates affect the interest earned on its total cash as well as interest paid on its debt.

Sonder has not been exposed to, nor anticipates exposure to, material risks due to changes in interest rates. A hypothetical 100 basis points increase or decrease in interest rates would not have had a material impact on its consolidated financial statements as of December 31, 2022.

Recent increases in interest rates have caused and may continue to cause some property owners and developers to have difficulty financing, refinancing, or completing projects that we plan to lease or that are currently under contract with us. As a result, any such properties in our forecast property pipeline may never develop into new sources of revenue when we anticipated, or at all.

Inflation Risk

Many of our major markets, including the U.S., have been experiencing elevated inflation levels as a result of global supply and demand imbalances, where global demand continues to outpace current supplies. Inflationary pressures, particularly as they relate to construction costs for properties we plan to lease, rent escalations associated with changes in price indexes, and other material costs to our business, along with supply chain disruptions, could result in increases to our operating and capital costs that are not fixed, reductions in consumers' willingness or ability to travel, and fewer units in our pipeline of potential leased properties. These economic variables are beyond our control and may adversely impact our business, financial condition, results of operations, and cash flows.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Sonder Holdings Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sonder Holdings Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive loss, mezzanine equity and stockholders' deficit, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2022, the Company adopted FASB ASU No. 2016-02, Leases ("ASC 842") using the optional transition method. This change in accounting principle is also communicated as a critical audit matter below.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Leases — Refer to Notes 1, 2, and 8 to the financial statements

Critical Audit Matter Description

The Company leases buildings or portions of buildings for guest usage, as warehouses to store furniture, and as corporate offices under operating lease agreements. The Company adopted ASC 842, Leases ("ASC 842"), effective January 1, 2022, using the modified retrospective approach and recognized \$1.0 billion in lease ROU assets, \$1.1 billion of lease liabilities, and a \$66.1 million reduction to deferred rent, which was recorded as a reduction to the ROU asset measured on the adoption date. As of December 31, 2022, lease ROU assets were \$1.2 billion, current lease liabilities were \$158.6 million, and non-current lease liabilities were \$1.1 billion. In accordance with ASC 842, the Company determines whether an arrangement is or contains a lease, and how to account for the lease, based on the unique facts and circumstances present in the arrangement.

Lease liabilities and their corresponding right-of-use (“ROU”) assets are recorded based on the present value of lease payments over the expected remaining lease term. As most of the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments used in measuring lease ROU assets and liabilities. The incremental borrowing rate reflects the fixed rate at which an entity could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. Since the Company does not currently have a ratings agency-based credit rating, the Company estimates its incremental borrowing rate using a synthetic credit rating analysis, its estimated credit spread, and an estimated impact of collateral on the respective lease.

We identified the accounting for leases as a critical audit matter because of a) the complexities associated with evaluating the unique facts and circumstances, including those in contractual provisions, present in certain of the Company’s leases, and b) the significant estimates and assumptions made by the Company such as its credit rating, credit spread, and the impact of collateral in the determination of the incremental borrowing rate. This required extensive audit effort due to the volume and complexities of the Company’s leases and a high degree of auditor judgment and an increased extent of audit effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of estimates used in the Company’s accounting for leases and determination of the incremental borrowing rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the accounting for leases included the following, among others:

- We selected a sample of leases and performed the following:
 - Tested the facts and circumstances used in the calculation of the ROU asset and the lease liability by agreeing the underlying inputs, such as the lease commencement date, lease term, and lease payments to executed lease agreements.
 - Evaluated the Company’s application of ASC 842 to the facts and circumstances of the lease.
 - Tested the mathematical accuracy of the Company’s calculation of the lease ROU asset and lease liability.
- With the assistance of our fair value specialists, we:
 - Evaluated the reasonableness of the methodology used by the Company in applying the principles of ASC 842 to estimate the incremental borrowing rate.
 - Evaluated the reasonableness of significant estimates and assumptions made by the Company such as its credit rating, credit spread, and the impact of collateral in the determination of the incremental borrowing rate by comparing them to the Company-specific benchmarks, information regarding comparable companies, and other market information.
 - Tested the mathematical accuracy of the Company’s calculation used in determining the incremental borrowing rate.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California

March 16, 2023

We have served as Sonder’s auditor since 2019.

SONDER HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021
(In thousands, except share and per share information)

	2022	2021
Assets		
Current assets:		
Cash	\$ 246,624	\$ 69,726
Restricted cash	42,562	215
Accounts receivable, net of allowance of \$972 and \$4,127 at December 31, 2022 and 2021, respectively	5,613	4,638
Prepaid rent	—	2,957
Prepaid expenses	8,066	5,029
Other current assets	10,065	16,416
Total current assets	312,930	98,981
Property and equipment, net	34,926	27,461
Operating lease right-of-use ("ROU") assets	1,209,486	—
Other non-current assets	16,270	22,037
Total assets	\$ 1,573,612	\$ 148,479
Liabilities, mezzanine equity, and stockholders' deficit		
Current liabilities:		
Accounts payable	\$ 16,082	\$ 19,096
Accrued liabilities	20,131	19,557
Taxes payable	14,418	8,412
Deferred revenue	41,664	18,811
Current portion of long-term debt	—	13,116
Convertible notes	—	184,636
Current operating lease liabilities	158,346	—
Total current liabilities	250,641	263,628
Non-current operating lease liabilities	1,166,538	—
Deferred rent	—	66,132
Long-term debt, net	172,950	10,736
Other non-current liabilities	3,430	3,906
Total liabilities	1,593,559	344,402
Commitments and contingencies (Note 12)		
Mezzanine equity:		
Redeemable convertible preferred stock	—	518,750
Exchangeable preferred stock	—	49,733
Total mezzanine equity	—	568,483
Stockholders' deficit:		
Common stock	21	1
Additional paid-in capital	947,601	43,106
Cumulative translation adjustment	12,985	7,299
Accumulated deficit	(980,554)	(814,812)
Total stockholders' deficit	(19,947)	(764,406)
Total liabilities, mezzanine equity, and stockholders' deficit	\$ 1,573,612	\$ 148,479

See accompanying notes to consolidated financial statements.

SONDER HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
Years ended December 31, 2022, 2021, and 2020
(In thousands, except share and per share information)

	2022	2021	2020
Revenue	\$ 461,083	\$ 232,944	\$ 115,678
Costs and operating expenses:			
Cost of revenue (excluding depreciation and amortization)	320,016	201,445	136,995
Operations and support	211,081	142,728	115,072
General and administrative	132,445	106,135	77,033
Research and development	28,896	19,091	17,552
Sales and marketing	51,224	23,490	12,848
Restructuring and other charges	4,033	—	—
Total costs and operating expenses	747,695	492,889	359,500
Loss from operations	(286,612)	(259,945)	(243,822)
Interest expense, net	21,505	44,090	6,402
Change in fair value of SPAC Warrants	(25,260)	—	—
Change in fair value of Earn Out liability	(95,700)	—	—
Change in fair value of share-settled redemption feature and gain on conversion of convertible notes	(29,512)	—	—
Other expense (income), net	7,564	(9,890)	(231)
Total non-operating (income) expense, net	(121,403)	34,200	6,171
Loss before income taxes	(165,209)	(294,145)	(249,993)
Provision for income taxes	533	242	323
Net loss	\$ (165,742)	\$ (294,387)	\$ (250,316)
Basic net loss per common share	\$ (0.80)	\$ (25.02)	\$ (27.22)
Diluted net loss per common share	\$ (0.80)	\$ (25.02)	\$ (27.22)
Other comprehensive loss:			
Net loss	\$ (165,742)	\$ (294,387)	\$ (250,316)
Change in foreign currency translation adjustment	5,686	1,633	(740)
Comprehensive loss	\$ (160,056)	\$ (292,754)	\$ (251,056)

See accompanying notes to consolidated financial statements.

SONDER HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND
STOCKHOLDERS' DEFICIT
Years ended December 31, 2022, 2021, and 2020
(In thousands, except share information)

	Redeemable Convertible Preferred Stock				Exchangeable Preferred Stock				Common Stock		Exchangeable Series AA Stock		Post-Combination Exchangeable Common Stock		Additional Paid-in Capital	Accumulated Translation Adjustment	Accumulated Deficit	Total Stockholders' Deficit		
	Shares		Amount		Shares		Amount		Shares		Amount		Shares						Amount	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at December 31, 2019	56,753,734	\$ 314,967	12,159,185	\$ 45,203	5,705,570	\$ 1	9,842,579	\$ —	—	\$ —	—	\$ —	5,032	\$ 6,406	\$ (270,109)	\$ (258,670)				
Retroactive adjustment to reflect the exchange ratio due to business combination	26,594,715	—	5,697,776	—	2,673,622	—	4,612,218	—	—	—	—	—	—	—	—	—				
Balance at December 31, 2019, as adjusted	83,348,449	\$ 314,967	17,856,961	\$ 45,203	8,379,192	\$ 1	14,454,797	\$ —	—	\$ —	—	\$ 5,032	\$ 6,406	\$ (270,109)	\$ (258,670)					
Series D Redeemable convertible Preferred Stock extension round	69,960	594	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
Issuance of Series E Redeemable Convertible Preferred Stock	27,702,626	202,169	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
Issuance of Exchangeable Series E Preferred Stock	—	—	656,438	4,530	—	—	—	—	—	—	—	—	—	—	—	—				
Exchange of Series AA Special Voting shares for common stock	—	—	—	—	595,107	—	(595,107)	—	—	—	—	—	—	—	—	—				
Exercise of common stock options	—	—	—	—	1,555,197	—	—	—	—	—	—	1,643	—	—	—	1,643				
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	7,223	—	—	—	7,223				
Components of comprehensive loss:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(250,316)	(250,316)				
Change in cumulative translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	(740)	—	—	(740)				
Balance at December 31, 2020	111,121,035	\$ 517,730	18,513,399	\$ 49,733	10,529,496	\$ 1	13,859,690	\$ —	—	\$ —	—	\$ 13,898	\$ 5,666	\$ (520,425)	\$ (500,860)					
Issuance of Series E Convertible Preferred Stock	136,398	1,020	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
Exchange of Series AA stock to common stock	—	—	—	—	23,744	—	(23,744)	—	—	—	—	—	—	—	—	—				
Exchange of Exchangeable Preferred Stock to Convertible Preferred Stock	13,991	—	(13,991)	—	—	—	—	—	—	—	—	—	—	—	—	—				
Exercise of common stock options	—	—	—	—	2,116,610	—	—	—	—	—	—	3,841	—	—	—	3,841				
Exercise of common stock warrants	—	—	—	—	82,352	—	—	—	—	—	—	120	—	—	—	120				
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	25,247	—	—	—	25,247				
Components of comprehensive loss:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(294,387)	(294,387)				
Change in cumulative translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	1,633	—	—	1,633				
Balance at December 31, 2021	111,271,424	\$ 518,750	18,499,408	\$ 49,733	12,752,202	\$ 1	13,835,946	\$ —	—	\$ —	—	\$ 43,106	\$ 7,299	\$ (814,812)	\$ (764,406)					

SONDER HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND
STOCKHOLDERS' DEFICIT (continued)
Years ended December 31, 2022, 2021, and 2020 (continued)
(In thousands, except share information)

	Redeemable Convertible Preferred Stock		Exchangeable Preferred Stock		Common Stock		Exchangeable Series AA Stock		Post-Combination Exchangeable Common Stock		Additional Paid-in Capital	Accumulated Translation Adjustment	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	111,271,424	\$ 518,750	18,499,408	\$ 49,733	12,752,202	\$ 1	13,835,946	\$ —	—	\$ —	\$ 43,106	\$ 7,299	\$ (814,812)	\$ (764,406)
Conversion of Sonder Legacy Warrants from liabilities to equity	—	—	—	—	—	—	—	—	—	—	2,111	—	—	2,111
CEO promissory note settlement	—	—	—	—	(2,725,631)	—	—	—	—	—	—	—	—	—
Conversion of Sonder Legacy Warrants	—	—	—	—	155,239	—	—	—	—	—	1,243	—	—	1,243
Conversion of convertible note	—	—	—	—	19,017,105	1	—	—	—	—	159,172	—	—	159,173
Conversion of preferred stock	(111,271,424)	(518,750)	—	—	111,271,424	11	—	—	—	—	518,750	—	—	518,761
Issuance of common stock in connection with the business combination and PIPE offering	—	—	—	—	43,845,835	7	—	—	—	—	267,355	—	—	267,362
Assumption of SPAC Warrants upon consummation of business combination	—	—	—	—	—	—	—	—	—	—	(25,985)	—	—	(25,985)
Earn Out liability recognized upon consummation of business combination	—	—	—	—	—	—	—	—	—	—	(98,117)	—	—	(98,117)
Issuance of Delayed Draw Warrants	—	—	—	—	—	—	—	—	—	—	5,598	—	—	5,598
Conversion of exchangeable stock in connection with the business combination	—	—	(18,499,408)	(49,733)	—	—	(13,835,946)	—	32,335,354	—	49,733	—	—	49,733
Exercise of common stock options	—	—	—	—	931,362	—	—	—	—	—	1,620	—	—	1,620
Vesting of restricted stock units	—	—	—	—	1,200,657	—	—	—	—	—	58	—	—	58
Conversion of exchangeable stock	—	—	—	—	11,946,138	1	—	—	(11,946,138)	—	—	—	—	1
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	22,957	—	—	22,957
Components of comprehensive loss:														
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	(165,742)	(165,742)
Change in cumulative translation adjustment	—	—	—	—	—	—	—	—	—	—	—	5,686	—	5,686
Balance at December 31, 2022	—	\$ —	—	\$ —	198,394,331	\$ 21	—	\$ —	20,389,216	\$ —	\$ 947,601	\$ 12,985	\$ (980,554)	\$ (19,947)

See accompanying notes to consolidated financial statements.

SONDER HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2022, 2021 and 2020
(In thousands)

	2022	2021	2020
Cash flows from operating activities:			
Net loss	\$ (165,742)	\$ (294,387)	\$ (250,316)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	23,911	17,714	16,969
Stock-based compensation	22,957	25,247	7,223
Amortization of operating lease right-of-use assets	145,250	—	—
Straight-line rent	—	37,525	1,821
Loss (gain) on foreign exchange	6,590	2,387	(245)
Capitalization of paid-in-kind interest on long-term debt	18,359	—	—
Amortization of debt issuance costs	151	2,378	716
Amortization of debt discounts	3,802	35,067	—
Change in fair value of share-settled redemption feature and gain on conversion of convertible notes	(29,512)	(14,834)	—
Change in fair value of warrants	—	2,148	26
Change in fair value of SPAC Warrants	(25,260)	—	—
Change in fair value of Earn Out Liability	(95,700)	—	—
Other operating activities	2,206	810	6,335
Changes in:			
Accounts receivable, net	(1,693)	(3,067)	1,681
Prepaid expenses	(3,016)	4,991	4,673
Other current and non-current assets	11,903	(23,011)	(3,865)
Accounts payable	(28,120)	8,199	3,668
Accrued liabilities	10,434	10,762	(590)
Taxes payable	6,074	1,366	2,062
Deferred revenue	22,400	8,643	4,841
Operating lease ROU assets and operating lease liabilities, net	(73,858)	—	—
Other current and non-current liabilities	(151)	(1,329)	2,499
Net cash used in operating activities	\$ (149,015)	\$ (179,391)	\$ (202,502)

SONDER HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2022, 2021 and 2020 (continued)
(In thousands)

	2022	2021	2020
Cash flows from investing activities:			
Purchase of property and equipment	\$ (28,197)	\$ (16,161)	\$ (12,247)
Capitalization of internal-use software	(2,796)	(5,426)	(2,603)
Net cash used in investing activities	(30,993)	(21,587)	(14,850)
Cash flows from financing activities:			
Proceeds from Delayed Draw Notes	159,225	—	—
Repayment of debt and payment of early termination fees	(27,745)	(18,776)	(6,741)
Proceeds from issuance of debt	—	162,366	24,366
Proceeds from business combination and PIPE offering	325,928	—	—
Common stock issuance costs	(58,555)	—	—
Proceeds from exercise of stock options	1,746	3,841	1,643
Proceeds from exercise of common stock warrants	—	120	—
Issuance of redeemable convertible preferred stock	—	1,020	207,293
Net cash provided by financing activities	400,599	148,571	226,561
Effects of foreign exchange on cash	(1,346)	(760)	(347)
Net change in cash and restricted cash	219,245	(53,167)	8,862
Cash and restricted cash at beginning of year	69,941	123,108	114,246
Cash and restricted cash at end of year	\$ 289,186	\$ 69,941	\$ 123,108
Supplemental disclosure of cash flow information:			
Cash paid for income taxes during the year	\$ 490	\$ 300	\$ 100
Cash paid for interest during the year	\$ 2,486	\$ 4,550	\$ 5,428
Supplemental disclosure of non-cash investing and financing activities			
Accrued purchases of property and equipment	\$ 306	\$ 44	\$ —
Conversion of Convertible Notes	\$ 159,172	\$ —	\$ —
Conversion of Legacy Sonder Warrants	\$ 1,243	\$ —	\$ —
Reclassification of liability-classified Legacy Sonder Warrants to equity	\$ 2,111	\$ —	\$ —
Recognition of Earn Out Liability	\$ (98,117)	\$ —	\$ —
Recognition of SPAC Warrants	\$ (38,135)	\$ —	\$ —
Issuance of Delayed Draw Warrants	\$ 5,598	\$ —	\$ —
Conversion of Post-Combination Exchangeable Shares	\$ 49,733	\$ —	\$ —
Conversion of Redeemable Convertible Preferred Stock	\$ 518,750	\$ —	\$ —
Reconciliation of cash and restricted cash:			
Cash	\$ 246,624	\$ 69,726	\$ 121,467
Restricted cash	42,562	215	1,641
Cash and restricted cash at end of period	\$ 289,186	\$ 69,941	\$ 123,108

See accompanying notes to consolidated financial statements.

SONDER HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation

Nature of Operations

Sonder Holdings Inc. is headquartered in San Francisco, California, and together with its wholly owned subsidiaries (collectively, the “Company”), provides short and long-term accommodations to travelers in various cities across North America, Europe, and the Middle East. The Sonder units in each apartment-style building and each hotel property are selected, designed, and managed directly by the Company.

On January 18, 2022, the Company consummated the previously announced business combination by and among Gores Metropoulos II, Inc. (“GMII”), two subsidiaries of GMII, and Sonder Operating Inc., a Delaware corporation formerly known as Sonder Holdings Inc. (“Legacy Sonder”) (the “Business Combination”). Refer to Note 15, Business Combination, for details of the transaction. The consolidated financial statements presented herein for the years ended December 31, 2021 and 2020 represent the consolidated financial statements of Legacy Sonder.

Basis of Financial Statement Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”, “U.S. GAAP”, or “generally accepted accounting principles”). The consolidated financial statements include the accounts of Sonder Holdings Inc., its wholly owned subsidiaries, and one variable interest entity (“VIE”) for which it is the primary beneficiary in accordance with consolidation accounting guidance. All intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, the accompanying consolidated financial statements contain all adjustments, including normal recurring adjustments, necessary to present fairly the Company’s financial position at December 31, 2022 and 2021 and its results of operations and comprehensive loss, mezzanine equity and stockholders’ deficit, and cash flows for the years ended December 31, 2022, 2021, and 2020.

The Company accounts for its VIE in accordance with Accounting Standards Codification (“ASC”) 810, Consolidation and evaluates its ownership, contractual, and other interests in entities to assess whether it has a variable interest in entities in which it has a financial relationship and, if so, whether or not those entities are VIEs. For an entity to qualify as a VIE, ASC 810 requires the Company to determine if it is the primary beneficiary of the VIE, and, if so, to consolidate such entity into its consolidated financial statements. If the Company determines that it is not the primary beneficiary of the VIE, the ASC 810 requires the Company, to account for the investment or other variable interest in a VIE in accordance with applicable U.S. GAAP. The Company consolidates its VIE in which it holds a controlling financial interest, and is therefore deemed the primary beneficiary. Periodically, the Company reevaluates its ownership, contractual, and other interests in entities to determine whether any changes in its interest or relationship with an entity impacts the determination of whether it is still the primary beneficiary of such entity. As of December 31, 2022 and 2021, the Company’s consolidated VIE was not material to the consolidated financial statements.

The Company qualifies as an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, and, as such, may take advantage of specified reduced reporting requirements and deferred accounting standards adoption dates, and is relieved of other significant requirements that are otherwise generally applicable to other public companies.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expense during the reporting periods. Such significant management estimates include the fair value of share-based awards, estimated useful life of software development costs, bad-debt allowances, valuation of intellectual property and intangible assets, contingent liabilities, valuation allowance for deferred tax assets, and valuation of non-routine complex transactions, such as recognition of the Earn Out Liability and SPAC Warrants, among others. These estimates are based on information available as of the date of the consolidated financial statements; therefore, actual results could differ from those estimates.

Deferred Transaction Costs

Deferred transaction costs consist of expenses incurred in connection with the Business Combination, including legal, accounting, printing, and other related costs. At December 31, 2021, deferred transaction costs totaled \$8.0 million and were included in other current assets on the consolidated balance sheet. Upon consummation of the Business Combination, the deferred transaction costs were applied as a reduction of proceeds from the Business Combination, reducing additional paid-in capital. No such costs were recorded on the consolidated balance sheet at December 31, 2022.

Segment Information

An operating segment is defined as a component of an entity that: (i) engages in business activities from which it may earn revenues and incur expenses; (ii) is regularly reviewed by the Chief Operating Decision Maker (“CODM”) for performance assessment and resource allocation decisions; and (iii) has discrete financial information available. The Company’s CODM is its Chief Executive Officer.

The Company has one operating and reportable segment, as the CODM reviews financial information presented on a consolidated basis for purposes of performance assessment and resource allocation.

Impairment of Long-Lived Assets

Long-lived assets that are held and used by the Company are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Determination of recoverability of long-lived assets is based on an estimate of the undiscounted cash flows resulting from the use of the asset and its eventual disposition. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as necessary.

Any impairments to ROU assets, leasehold improvements, or other assets as a result of a sublease, abandonment, or other similar factor are recorded as an operating expense. Similar to other long-lived assets, management tests ROU assets for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. For ROU assets, such circumstances may include subleases that do not fully recover the costs of the associated leases or a decision to abandon the use of all or part of an asset.

Revenue Recognition and Deferred Revenue

The Company generates revenues primarily by providing short-term or month-to-month accommodations to its guests. As a result, the Company’s performance obligation is to facilitate a stay, which is satisfied over time as the stay occurs. Revenues are recognized over time for guest stays, commencing upon guest check-in and ending at guest check-out, net of discounts and refunds. For short-term accommodations, the Company’s guests agree to its Terms of Service (“ToS”) and make payments for their accommodations at the time of reservation. For month-to-month accommodations, the Company’s guests agree to its ToS and make payments for their accommodations in accordance with the related contracts. For accommodations booked through online travel agencies (“OTAs”), payments for accommodations are made by OTAs to the Company based on the ToS that the Company has with travel agencies.

Guests generally have the right to cancel prior to check-in, and are entitled to refunds in accordance with the agreed-upon ToS. Payments received from guests prior to check-in are recognized as deferred revenue, a contract liability, on the consolidated balance sheet. Deferred revenue is reduced over the period in which a guest completes a stay and is recognized in revenue. Substantially all of the deferred revenue balances at the end of each fiscal year are expected to be recognized in revenue in the subsequent year. Payments received after guest check-in are primarily from OTAs that guests use to book accommodations and are recognized as accounts receivable, net of allowance, post guest check-out. The Company is required to collect certain taxes and fees from guests on behalf of governmental agencies and remit these to the applicable governmental agencies on a periodic basis. The Company recognizes revenues net of such taxes and fees collected.

Leases

The Company determines whether an arrangement is or contains a lease at inception. The lease term is also determined at lease inception and generally begins on the date the Company takes possession of the full or partial portions of leased premises. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company has certain lease agreements that contain lease and non-lease components, which are accounted for as a single lease component.

The Company's leases often contain rent escalations over the lease term. The Company recognizes expense for fixed, scheduled escalations on a straight-line basis over the lease term. The Company recognizes variable expense, accounted for as discussed below, for escalations associated with a change in an index or rate. Additionally, tenant incentives, primarily used to fund leasehold improvements, are recognized when earned and reduce the Company's ROU asset related to the lease. These are amortized through the ROU asset as reductions of expense over the lease term.

Certain leases contain variable costs such as real estate taxes, insurance, and certain common area maintenance costs in addition to minimum rent payments. These amounts are expensed as incurred and are included within operations and support for the properties used for guests and within general and administrative for warehouses and corporate offices in the accompanying consolidated statements of operations and comprehensive loss.

For leases with an initial non-cancelable lease term of less than one year and no option to purchase, the Company elected not to recognize the lease on its consolidated balance sheets and instead recognize rent payments on a straight-line basis over the lease term within operations and support on its consolidated statements of operations.

Cash and Restricted Cash

The Company considers all highly liquid investments with an original maturity of 90 days or less when purchased to be cash. Cash is held in checking and interest-bearing accounts, and is recorded at cost, which approximates fair value. Restricted cash consists of cash collateral for standby letters of credit with a bank that were issued to the Company's real estate owners and for collateral required by the bank to support the Company's corporate credit card programs.

Fair Value Measurements

The Company applies fair value accounting for certain financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Refer to Note 5, Fair Value Measurement and Financial Instruments, for additional information.

Accounts Receivable, Net of Allowance

Trade accounts receivable are recorded for guest stays primarily from bookings made through OTAs or through the Company's sales personnel where payments are made to the Company after guest check-outs. Trade accounts receivable are recorded at the invoiced amount and are non-interest bearing.

The Company maintains an allowance which reflects its best estimate of its exposure to balances deemed to be uncollectible. Accounts receivable are written off as a decrease to the allowance when all collection efforts have been exhausted and an account is deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company places the majority of its cash with financial institutions in the United States that it believes to be of high credit quality and, accordingly, believes minimal credit risk exists with respect to these instruments. Certain of the Company's cash balances held with financial institutions are in excess of Federal Deposit Insurance Corporation limits. The Company believes no significant concentration risk exists with respect to its cash.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the Company's assets are as follows:

Furniture and fixtures	3 years
Computers, equipment, and software	3 years
Internal-use software	2 years
Leasehold improvements	Shorter of remaining lease term or the estimated useful life of 3 years

Depreciation and amortization expense are generally classified within the corresponding operating expenses line items on the Company's consolidated statements of operations and comprehensive loss. The cost of maintenance and repairs is expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from their respective accounts, and any gain or loss on such sale or disposal is reflected on the consolidated statement of operations and comprehensive loss.

Internal-Use Software

The Company capitalizes certain costs associated with software developed or obtained for internal use, which includes its booking and pricing platform, mobile apps, and website development. The Company capitalizes costs when preliminary software development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. Such costs are amortized on a straight-line basis over the estimated useful life of the related asset. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred. Costs incurred for software enhancements that are expected to result in additional material functionality are capitalized and amortized over the estimated useful life of the enhancements.

Foreign Currency

The Company's reporting currency is the U.S. dollar. Functional currency is determined for each of the Company's foreign subsidiaries by reviewing its operations and currencies used in its primary economic environments. Assets and liabilities for foreign subsidiaries with functional currency other than the U.S. dollar are translated into U.S. dollars at the rate of exchange existing at the balance sheet date. Statements of operations and comprehensive loss amounts are translated at average exchange rates for the period. Translation gains and losses are recorded in cumulative translation adjustment as a component of stockholders' deficit in the consolidated balance sheets.

Remeasurement gains and losses are included in other expense, net in the consolidated statements of operations and comprehensive loss. Monetary assets and liabilities are remeasured at the exchange rate on the balance sheet date, and nonmonetary assets and liabilities are measured at historical exchange rates.

Cost of Revenue

The Company's cost of revenue primarily consists of fixed and variable lease costs to real estate owners for live units, cleaning costs, and payment processing charges.

Operations and Support

Operations and support costs are related to guest-facing functions and variable expenses associated with property-level operations, such as customer service agents and hospitality agents, depreciation of property and equipment, utilities, costs to open new properties, and the cost of guest-room consumable items and low-cost furnishings. These costs are expensed as incurred.

General and Administrative

General and administrative costs primarily consist of personnel-related expenses for administrative functions, such as legal, finance and accounting, public policy, and human resources. It also includes certain professional services fees, corporate offices, technology expenses, bad debt expense, general corporate and director and officer insurance, and other corporate-level expenses the Company incurs to manage and support its operations. These costs are expensed as incurred.

Research and Development

Research and development expenses primarily consist of personnel-related expenses and an allocation of facility expenses incurred in connection with the development of the Company's existing and new services. These costs are expensed as incurred.

Sales and Marketing

Sales and marketing expenses primarily consist of advertising expenses, personnel-related expenses for sales, marketing, and branding, as well as service charges for bookings made through OTAs. These costs are expensed as incurred.

Advertising Expenses

Advertising expenses, a majority of which consist of internet and social media marketing, were \$6.6 million, \$5.5 million, and \$4.9 million for the years ended December 31, 2022, 2021, and 2020, respectively. These costs are expensed as incurred.

Stock-Based Compensation Related to Stock Options and Restricted Stock Units (“RSUs”)

The Company recognizes stock-based compensation expense related to stock options and RSUs in the consolidated statements of operations and comprehensive loss on a straight-line basis over the requisite service period, which is generally four years. The compensation expense related to stock options is based on the fair value of stock options using the Black-Scholes-Merton option-pricing model on the grant date, which requires the use of highly subjective and complex assumptions, including the value of the underlying stock on the date of grant for options granted before the Company was publicly traded, the expected term of the option, the price volatility of the underlying stock, expected dividend yield, and risk-free interest rate. The compensation expense related to RSUs is based on the closing fair market value of our common stock.

The Company estimates the expected term for options based on its historical pattern of option exercise behavior and the period of time options are expected to be outstanding. The contractual term of the Company’s stock options is generally ten years. The Company estimates the volatility of its common stock on the date of grant based on the average historical stock price volatility of comparable publicly traded companies. Dividend yields have been, and are expected to be, zero given the Company’s dividend payment history and plans. The risk-free interest rate is based on the yield curve of a zero-coupon U.S. Treasury bond on the grant date with a maturity equal to the expected term of the stock option award. The Company has elected to account for forfeitures of stock-based compensation awards as they occur.

Stock-Based Compensation Related to Performance and Market-Based Awards

The Company recognizes the compensation expense related to performance and market-based awards based on its estimate of the fair value of the award using a Monte-Carlo simulation on the grant date. The Monte-Carlo simulation utilizes multiple input variables to estimate the probability that performance conditions will be achieved. These variables include the Company’s expected stock price volatility over the expected term of the award, actual and projected employee stock option exercise behaviors, and the risk-free interest rate for the expected term of the award. The Company recognizes compensation expense for its performance awards using an accelerated attribution method from the time it is deemed probable that the vesting condition will be met through the time the service-based vesting condition has been achieved. The Company recognizes compensation expense for its market-based awards over the requisite service period using the accelerated attribution method.

Restructuring Charges

Costs and liabilities associated with management-approved restructuring activities are recognized when they are incurred. One-time employee termination costs are recognized at the time of communication to employees, unless future service is required, in which case the costs are recognized ratably over the future service period. Ongoing employee termination benefits are recognized as a liability when it is probable that a liability exists and the amount is reasonably estimable. Restructuring charges are recognized in the restructuring and other charges line item of the consolidated statements of operations and comprehensive loss, and related liabilities are recorded within accrued liabilities and other liabilities on the consolidated balance sheets. The Company periodically evaluates and, if necessary, adjusts its estimates based on currently available information.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations and comprehensive loss as of the enactment date. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of December 31, 2022 and 2021, the Company has recorded a full valuation allowance against its deferred tax assets due to its history of losses.

The Company is subject to income taxes in the United States and foreign jurisdictions in which it does business. Foreign jurisdictions have different statutory tax rates than those in the United States. Additionally, certain of the Company's foreign earnings may also be taxable in the United States. Accordingly, the Company's effective tax rate is subject to significant variation due to several factors, including variability in the Company's pre-tax and taxable income and loss and the mix of jurisdictions to which they relate, intercompany transactions, changes in how the Company does business, changes in the Company's deferred tax assets and liabilities and their valuation, foreign currency gains and losses, changes in statutes, regulations, case law, and other laws and accounting rules in various jurisdictions, and relative changes of expenses or losses for which tax benefits are not recognized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company recognizes interest and penalties, if any, related to income tax matters as a component of income tax expense.

Taxes payable on the Company's consolidated balances sheets at December 31, 2022 and 2021 includes both income taxes payable and indirect taxes payable.

Net Loss Per Share Attributable to Common Stockholders

The Company applies the two-class method when computing net loss per share attributable to common stockholders when shares are issued that meet the definition of a participating security. The two-class method determines net loss per share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires earnings available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all earnings for the period had been distributed.

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period, less weighted-average shares subject to repurchase. The diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period. For periods in which the Company reports net losses, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, because potentially dilutive common shares are anti-dilutive.

Comprehensive Loss

Comprehensive loss consists of net loss and other comprehensive income (loss). Other comprehensive income (loss) primarily consists of foreign currency translation adjustments related to consolidation of foreign entities. Other comprehensive loss is recorded as a component of stockholders' deficit and is excluded from net loss.

Contingencies

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. The Company accrues for losses associated with legal claims when such losses are probable and can be reasonably estimated. These accruals are adjusted as additional information becomes available or circumstances change. Related legal fees are expensed as incurred.

Reclassification

Certain amounts reported in previous consolidated financial statements have been reclassified to conform to current period presentation. These reclassifications did not affect previously reported amounts of net income, total assets, or total stockholders' deficit.

Note 2. Recently Issued Accounting Standards

The following reflect recent accounting standards that have been adopted or are pending adoption by the Company. As discussed in Note 1, Basis of Presentation, the Company qualifies as an emerging growth company, and as such, has elected to use the extended transition period for complying with new or revised accounting standards and is not subject to the new or revised accounting standards applicable to public companies during the extended transition period. The accounting standards discussed below indicate effective dates for the Company as an emerging growth company with the extended transition period.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, which has subsequently been amended by ASUs 2018-01, 2018-10, 2018-11, 2018-20, 2019-01, 2019-10, and 2020-05. The guidance requires the recognition of ROU assets and lease liabilities on the balance sheet for substantially all leases under U.S. GAAP. The Company has elected to use the transition relief approach as provided in ASU 2018-11, which permits the Company to use January 1, 2022 as both the application date and the adoption date, rather than the modified retrospective approach. The Company also elected certain relief options offered within the new standard, which include the package of practical expedients, the option not to recognize an ROU asset and lease liability that arise from short-term leases (i.e., leases with terms of 12 months or less), and the option of hindsight when determining lease term. Substantially all of the Company’s lease agreements are considered operating leases and were not previously recognized on the Company’s balance sheets. On January 1, 2022, the Company recognized \$1.0 billion in operating lease ROU assets, \$1.1 billion of operating lease liabilities, and a \$66.1 million reduction to deferred rent, which was recorded as a reduction to the ROU asset measured on the adoption date. Refer to Note 8, Leases, for further discussion of the Company’s lease accounting.

In August 2020, the FASB issued ASU 2020-06, *Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. For public companies, the guidance is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The Company early adopted ASU 2020-06 beginning January 1, 2021, and the adoption did not have a material impact on its consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which has subsequently been amended by ASUs 2018-19, 2019-04, 2019-05, 2019-10, and 2019-11. The guidance changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current ‘incurred loss’ model with an ‘expected loss’ approach. This generally will result in the earlier recognition of allowances for losses and requires increased disclosures. ASU 2016-13 was effective for public business entities for fiscal years beginning after December 15, 2019. In November 2019, FASB issued amended guidance which defers the effective date for emerging growth companies for fiscal years beginning after December 15, 2022, and interim periods therein. The Company is currently evaluating the impact ASU 2016-13 will have on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*, which was subsequently amended by ASU 2021-04. The guidance provides optional expedients and exceptions to contract modifications and hedging relationships that reference the London Interbank Offered Rate or another reference rate expected to be discontinued. As amended by ASU 2022-06, the standard is effective upon issuance through December 31, 2024 and may be applied at the beginning of the interim period that includes March 12, 2020 or any date thereafter. The Company does not have any hedging relationships and currently does not have material contracts impacted by reference rate reform.

Note 3. Revenue

The Company generates revenues primarily by providing accommodations to its guests. Direct revenue is generated from stays booked through Sonder.com, the Sonder app, or directly through the Company's sales personnel. Indirect revenue is generated from stays booked through third party OTAs.

The following table sets forth the Company's total revenues for the periods indicated, disaggregated between direct and indirect (in thousands):

	Year ended December 31,		
	2022	2021	2020
Direct revenue	\$ 217,805	\$ 120,219	\$ 59,340
Indirect revenue	243,278	112,725	56,338
Total revenue	\$ 461,083	\$ 232,944	\$ 115,678

Revenue by geographic area is determined based on the location where the guest stays and was as follows for the periods indicated (in thousands):

	Year ended December 31,		
	2022	2021	2020
Americas			
United States	\$ 306,853	\$ 167,462	\$ 85,891
Other Americas ⁽¹⁾	36,563	10,830	5,520
Total Americas	343,416	178,292	91,411
Europe, Middle East, and Africa ("EMEA")			
Great Britain	28,922	16,910	8,607
United Arab Emirates	51,180	26,977	10,328
Other EMEA	37,565	10,765	5,332
Total EMEA	117,667	54,652	24,267
Total revenue	\$ 461,083	\$ 232,944	\$ 115,678

(1) As of December 31, 2022, 2021, and 2020, Other Americas is comprised of Canada and Mexico.

No individual guest represented over 10.0% of revenues for the years ended December 31, 2022, 2021, and 2020.

Two third-party corporate customers and OTAs represented 20.2% and 20.1%, respectively, of the Company's revenue for the year ended December 31, 2022; two OTAs represented 24.8% and 13.3%, respectively, of the Company's revenue for the year ended December 31, 2021; and one OTA represented 31.0% of the Company's revenue for the year ended December 31, 2020.

Four third-party corporate customers and OTAs represented approximately 23.8%, 18.3%, 17.0%, and 11.8%, respectively, of the net accounts receivable balance at December 31, 2022 and one OTA represented 29.2% of the net accounts receivable balance at December 31, 2021.

The following table summarizes the activity in the Company's allowance for doubtful accounts balance for each period indicated (in thousands):

	Year ended December 31,	
	2022	2021
Beginning balance	\$ 4,127	\$ 2,570
Additions	1,622	4,719
Write-offs, net of recoveries	(4,777)	(3,162)
Ending balance	\$ 972	\$ 4,127

Note 4. Balance Sheet Details*Other current assets*

Other current assets consists of the following (in thousands):

	December 31,	
	2022	2021
Furniture, fixtures, and equipment ("FF&E") and leasehold improvement allowances ⁽¹⁾	\$ —	\$ 8,206
Non-income-related tax assets	8,092	6,728
Deposits due from landlords	928	1,165
Other current assets	1,045	317
Total other current assets	\$ 10,065	\$ 16,416

(1) At December 31, 2022, FF&E and leasehold improvement allowances are included in the operating lease ROU assets and operating lease liabilities line items of the consolidated balance sheets, respectively, in conjunction with the adoption of ASC 842, *Leases*.

Other non-current assets

Other non-current assets consists of the following (in thousands):

	December 31,	
	2022	2021
Long-term deposits due from landlords	\$ 15,417	\$ 14,010
Deferred transaction costs	—	8,027
Debt issuance costs on undrawn credit facilities	666	—
Other non-current assets	187	—
Total non-current assets	\$ 16,270	\$ 22,037

Accrued Liabilities

Accrued liabilities consists of the following (in thousands):

	December 31,	
	2022	2021
Accrued compensation	\$ 5,102	\$ 5,607
Accrued legal expenses	1,074	595
Accrued interest	—	2,503
Accrued other liabilities	13,955	10,852
Total accrued liabilities	\$ 20,131	\$ 19,557

Note 5. Fair Value Measurement and Financial Instruments

Fair Value Hierarchy

Accounting standards require the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Preferred Stock Warrants and Share-Settled Redemption Feature related to the Convertible Notes

At December 31, 2021, the Company did not have observable inputs for the valuation of its preferred stock warrant liabilities or the share-settled redemption feature related to the Company's convertible promissory notes (the "Convertible Notes").

The Convertible Notes were initially separated into debt and share-settled redemption feature components and assigned a fair value. The value assigned to the debt component was the estimated fair value as of the issuance date of similar debt without the share-settled redemption feature. The difference between the cash proceeds and the estimated fair value represented the value which was assigned to the share-settled redemption feature and was recorded as a debt discount. The significant unobservable input used in the fair value measurement of the Convertible Notes and the share-settled redemption feature was the fair value of the underlying stock at the valuation measurement date.

At December 31, 2021, the fair value of the preferred stock warrant liabilities was based in part on aggregate equity value indications, consistent with the analysis for the Company's common stock valuation using the option pricing method. The significant unobservable input used in the fair value measurement of the preferred stock warrant liabilities was the fair value of the underlying preferred stock at the valuation measurement date.

On January 18, 2022, upon consummation of the Business Combination, the outstanding principal balance of the Convertible Notes, the accrued and unpaid interest of the Convertible Notes, and the preferred stock warrants were converted to equity. As such, there were no share-settled redemption features or preferred stock warrant liabilities at December 31, 2022.

SPAC Warrants

As part of the GMII initial public offering ("GMII IPO"), GMII issued 9,000,000 public warrants (the "Public Warrants") and 5,500,000 private placement warrants (the "Private Placement Warrants"), each of which is exercisable at a price of \$11.50 per share (collectively, the "SPAC Warrants").

Management has determined that the SPAC Warrants issued in the GMII IPO, which remained outstanding at consummation of the Business Combination and became exercisable for shares of the Company's common stock, are subject to accounting treatment as a liability.

At consummation of the Business Combination and at December 31, 2022, the Company used the Public Warrants stock price to value the Public Warrants. At consummation of the Business Combination, the Company used a Monte Carlo simulation methodology to value the Private Placement Warrants using Level 3 inputs, as the Company did not have observable inputs for the valuation.

At December 31, 2022, the Company used the Black-Scholes option-pricing model to estimate the fair value of the Private Placement Warrants using Level 3 inputs. The significant unobservable inputs used in the fair value measurement of the Private Placement Warrants liability are related to expected share-price volatility of 57.1% and the expected term of 4.05 years. The expected volatility at December 31, 2022 was derived from the volatility of comparable public companies.

At December 31, 2022, the Public and Private Placement Warrants were valued at \$0.07 and \$0.05 per warrant, respectively.

Refer to Note 9, Warrants and Stockholders' Deficit, for additional information surrounding the SPAC Warrants.

Earn Out

In addition to the consideration paid at consummation of the Business Combination, certain investors may receive their pro rata share of up to an aggregate of 14,500,000 additional shares of the Company's common stock as consideration upon the common stock achieving certain benchmark share prices, as set forth in the merger agreement (the "Earn Out").

Management has determined that the Earn Out is subject to treatment as a liability. At December 31, 2022, the Company used a Monte Carlo simulation methodology to value the Earn Out using Level 3 inputs. The key assumptions used in the Monte Carlo simulation are related to expected share-price volatility of 60.0%, expected term of 4.45 years to 4.53 years, risk-free interest rate of 4.0%, and dividend yield of 0%. The expected volatility at December 31, 2022 was derived from the volatility of comparable public companies.

Delayed Draw Warrants

The fair value of the Delayed Draw Warrants (as defined in Note 7, Debt) was estimated by separating the Delayed Draw Notes into the debt and warrants components and assigning a fair value to each component. The value assigned to the debt component was the estimated fair value as of the issuance date of similar debt without the warrants. The value assigned to the Delayed Draw Warrants component was estimated using the Black-Scholes option-pricing model using Level 3 inputs and was considered to be non-recurring in nature, in accordance with ASC 820, *Fair Value Measurement*. The warrants component was recorded as a debt discount, which is amortized using the effective interest method over the period from the date of issuance through the maturity date. Upon consummation of the Business Combination, the fair value of the Delayed Draw Warrants was \$5.6 million and was included in additional paid in capital in the consolidated balance sheets.

Disclosures about Fair Value of Financial Instruments

At December 31, 2022, the Earn Out liability, Public Warrants liability, and Private Placement Warrants liability were included in other non-current liabilities in the consolidated balance sheets. The following table summarizes the Company's Level 1, Level 2 and Level 3 financial liabilities measured at fair value on a recurring basis as of December 31, 2022 (in thousands):

	Level 1	Level 2	Level 3	Total
Earn Out liability	\$ —	\$ —	\$ 2,417	\$ 2,417
Public Warrants	630	—	—	630
Private Placement Warrants	—	—	275	275
Total financial liabilities measured and recorded at fair value	<u>\$ 630</u>	<u>\$ —</u>	<u>\$ 2,692</u>	<u>\$ 3,322</u>

At December 31, 2021, there were no assets or liabilities measured using Level 1 or Level 2 inputs. At December 31, 2021, the share-settled redemption feature and the preferred stock warrant liabilities were recorded in convertible notes and other non-current liabilities, respectively, in the consolidated balance sheet. The following table summarizes the Company's Level 3 financial liabilities measured at fair value on a recurring basis as of December 31, 2021 (in thousands):

	Level 3
Preferred stock warrant liabilities	\$ 3,288
Share-settled redemption feature	30,322
Total financial liabilities measured and recorded at fair value	\$ 33,610

The following table represents changes in the Company's Level 3 liabilities measured at fair value for the year ended December 31, 2022 (in thousands):

	Level 3
Beginning balance at January 1, 2022	\$ 33,610
Recognition of Earn Out Liability	98,117
Private Placement Warrants liability recognized upon consummation of Business Combination	14,465
Decrease in fair value of Earn Out liability	(95,700)
Decrease in fair value of share-settled redemption feature upon conversion of Convertible Notes	(30,322)
Decrease in fair value of Private Placement Warrants liability	(14,190)
Conversion of preferred stock warrant liabilities to equity	(3,288)
Total financial liabilities measured and recorded at fair value	\$ 2,692

The following table presents changes in the Company's Level 3 liabilities measured at fair value for the year ended December 31, 2021 (in thousands):

	Level 3
Beginning balance at January 1, 2021	\$ 1,140
Recognition of share-settled redemption feature	45,156
Decrease in fair value of share-settled redemption feature	(14,834)
Increase in fair value of preferred stock warrant liabilities	2,148
Total financial liabilities measured and recorded at fair value	\$ 33,610

There were no transfers of financial instruments between valuation levels during the years ended December 31, 2022 and 2021.

Management estimates that the fair values of its restricted cash, accounts receivable, prepaid rent, prepaid expenses, other current assets, accounts payable, accrued liabilities, sales tax payable, deferred revenue, current portion of long-term debt, convertible notes, and other current liabilities approximates their carrying values due to the relatively short maturity of the instruments. The carrying value of the Company's long-term debt approximates its fair value because it bears interest at a market rate and all other terms are also reflective of current market terms.

These assumptions are inherently subjective and involve significant management judgment. Any change in fair value is recognized as a component of other expense (income), net, on the consolidated statements of operations and comprehensive loss.

Note 6. Property and equipment, net

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

	December 31,	
	2022	2021
Furniture and fixtures	\$ 72,483	\$ 52,334
Computers and software	11,013	6,289
Internal-use software	14,976	12,283
Office equipment and other	722	678
Leasehold improvements	1,995	314
Property and equipment	101,189	71,898
Less accumulated depreciation	(66,263)	(44,437)
Property and equipment, net	\$ 34,926	\$ 27,461

Depreciation and amortization expense for the years ended December 31, 2022, 2021, and 2020 was \$23.9 million, \$17.7 million, and \$17.0 million, respectively. For the years ended December 31, 2022, 2021, and 2020, the Company disposed of \$2.6 million, \$2.5 million, and \$12.7 million in property and equipment and likewise wrote off previously recognized accumulated depreciation of \$2.1 million, \$1.8 million, and \$8.8 million, respectively. The disposal of property and equipment in the year ended December 31, 2020 was a result of the COVID-19 pandemic, as furniture and fixtures were disposed of from terminated leases. For the years ended December 31, 2022, 2021, and 2020, the Company recognized \$0.3 million, \$0.7 million, and \$3.5 million in loss on disposal which was recorded in operations and support on the Company's consolidated statements of operations and comprehensive loss. For the year ended December 31, 2020, the Company recognized \$0.3 million in loss on disposal which was recorded in general and administrative on the Company's consolidated statements of operations and comprehensive loss.

Note 7. Debt*Delayed Draw Note Purchase Agreement*

On December 10, 2021, the Company entered into a note and warrant purchase agreement (the "Delayed Draw Note Purchase Agreement") with certain private placement investors ("Purchasers") for the sale of delayed draw notes in aggregate of \$165.0 million to be available to the Company following the consummation of the Business Combination (the "Delayed Draw Notes").

The Delayed Draw Notes have a maturity of five years from the date of issuance and are subject to interest on the unpaid principal amount at a rate per annum equal to the three-month secured overnight financing rate ("SOFR") plus 0.3% (subject to a floor of 1.0%) plus 9.0% payable in cash. For the first two years, the Company may elect payment in kind, quarterly in arrears. The Delayed Draw Notes are secured by substantially all of the assets of the Company.

The Delayed Draw Note Purchase Agreement also provided that the Purchasers be issued warrants to purchase shares of common stock in connection with the transaction (the "Delayed Draw Warrants"). As a result, the Purchasers are entitled to purchase an aggregate of 2,475,000 shares of the Company's common stock, each with an exercise price of \$12.50 per share. The Delayed Draw Warrants expire five years after issuance.

The Delayed Draw Note Purchase Agreement includes customary events of default, including failure to pay the note obligations or other amounts when due, material breach of representations or warranties, breach of negative covenants, failure to perform or comply with obligations under the Delayed Draw Notes or the Delayed Draw Note Purchase Agreement, acceleration of certain other indebtedness, certain judgements against the Company, legal processes instituted against the Company or its assets, issues with the enforceability of the Delayed Draw Note Purchase Agreement and ancillary documents, bankruptcy, insolvency or similar proceedings with respect to the Company, and orders under debtor relief laws.

In January 2022, upon consummation of the Business Combination, the Company drew \$165.0 million in Delayed Draw Notes and issued Delayed Draw Warrants to purchase 2,475,000 shares of common stock to the Purchasers.

Long term debt, net consisted of the following at the dates indicated (in thousands):

	December 31, 2022	December 31, 2021
Principal balance, including capitalized paid-in-kind interest	\$ 183,245	\$ 11,361
Less: Debt discount related to Delayed Draw Warrants, net of amortization	(4,945)	—
Less: unamortized deferred issuance costs	(5,350)	(625)
Long-term debt, net	<u>\$ 172,950</u>	<u>\$ 10,736</u>

Convertible Notes

In March 2021, pursuant to a note purchase agreement (the “Note Purchase Agreement”), the Company issued the Convertible Notes to certain investors for an aggregate principal amount of \$165.0 million. The net proceeds from the issuance of the Convertible Notes were approximately \$162.4 million, net of deferred issuance costs of \$2.6 million.

The Convertible Notes were scheduled to mature on March 12, 2022, unless converted in accordance with the conversion terms prior to such date. The Convertible Notes were convertible either automatically, at the option of holders, or at the option of the Company upon the occurrence of certain specified events.

In January 2022, upon consummation of the Business Combination, the outstanding principal and accrued and unpaid interest of the Convertible Notes were automatically converted into 19,017,105 shares of common stock for a value of \$159.2 million. As a result, the Company recognized a gain on conversion of \$29.5 million as a result of a change in the fair value of the share-settled redemption feature and \$159.2 million additional-paid-in-capital. The Company also recognized the change in fair value of the share-settled redemption feature, prior to conversion, of \$30.3 million, expense related to the debt discount of \$10.0 million and interest expense of \$1.4 million.

2018 Loan and Security Agreement

In December 2018, Legacy Sonder entered into a loan and security agreement (the “2018 Loan and Security Agreement”) with certain venture lenders that provided aggregate borrowing capacity of \$50.0 million. At December 31, 2021, the Company’s current portion of long-term debt and the non-current portion of long-term debt on the consolidated balance sheet were solely related to the 2018 Loan and Security Agreement, and were net of \$0.6 million of deferred issuance costs. At December 31, 2021, unused commitments under the 2018 Loan and Security Agreement were \$25.0 million.

In January 2022, upon consummation of the Business Combination, the Company paid \$24.7 million of the outstanding principal of the 2018 Loan and Security Agreement and \$3.1 million in early termination fees. Additionally, in connection with the repayment of the 2018 Loan and Security Agreement, the Company wrote off \$0.4 million of deferred issuance costs and recognized \$0.2 million of interest expense.

2022 Loan and Security Agreement

In December 2022, the Company entered into a loan and security agreement with Silicon Valley Bank (the “2022 Loan and Security Agreement”) for an aggregate principal balance of \$60.0 million with a maturity date of December 21, 2025. Balances may be borrowed against the facility as revolving loans or used for the issuance of letters of credit. The 2022 Loan and Security Agreement includes: (i) a letter of credit fee for each letter of credit equal to 1.5% per annum of the dollar equivalent of the face amount of each letter of credit issued and (ii) a non-use fee equal to 0.25% per annum of the average unused portion of the revolving line of credit.

At December 31, 2022, the Company was in compliance with all financial covenants related to the 2022 Loan and Security Agreement. Additionally, at December 31, 2022, there were no borrowings outstanding on the 2022 Loan and Security Agreement. Outstanding letters of credit at December 31, 2022 under the 2022 Loan and Security Agreement totaled \$10.1 million.

Credit Facilities

2020 Credit Facility: In February 2020, Legacy Sonder entered into a revolving credit agreement (the “2020 Credit Facility”) for an aggregate principal balance of \$50.0 million with a maturity date of February 21, 2023. Balances could be borrowed against the facility as revolving loans or used for the issuance of letters of credit. Loans under the 2020 Credit Facility could be base rate loans or Eurodollar rate loans, plus a margin of 2.0% per annum. The 2020 Credit Facility included: (i) a letter of credit fee for each letter of credit equal to 1.5% per annum times amount available to be drawn under such letter of credit and (ii) a non-use fee equal to 0.3% times the actual daily amount by which the aggregate commitments provided by facility exceeded the sum of the outstanding amount of loans and letters of credit. The extensions of credit under the 2020 Credit Facility were guaranteed by certain of the Company’s subsidiaries and secured on a senior basis by a lien on substantially all of the Company’s and certain of its subsidiaries’ assets. In December 2022, the 2020 Credit Facility was terminated in conjunction with the Company obtaining the 2022 Loan and Security Agreement.

At December 31, 2021, the Company was in compliance with all financial covenants related to the 2020 Credit Facility. Additionally, at December 31, 2021, there were no borrowings outstanding on the 2020 Credit Facility. Outstanding letters of credit at December 31, 2021 under the 2020 Credit Facility totaled \$23.7 million.

2020 Québec Credit Facility: In December 2020, a Canadian subsidiary of the Company entered into an agreement with Investissement Québec, a Quebecois public investment entity, that provides a loan facility of CAD \$25.0 million and an additional loan, referred to as a conditional-refund financial contribution (“CRFC”), of CAD \$5.0 million (the “2020 Québec Credit Facility”). The loan and the CRFC bear interest at a fixed rate of 6.0% per annum for a period of 10 years starting from the first date of the loan disbursement. At December 31, 2022 and 2021, the Company was in compliance with all financial covenants related to the 2020 Québec Credit Facility, but had not yet met the drawdown requirements, and as such, there have been no borrowings against the 2020 Québec Credit Facility.

Restricted Cash

Throughout 2022 and 2021, the Company entered into multiple cash collateral agreements in connection with the issuance of letters of credit and corporate credit card programs. At December 31, 2022 and 2021, the Company had \$42.6 million and \$0.2 million, respectively, of cash collateral which is reported as restricted cash on the consolidated balance sheets.

Note 8. Leases

The Company leases buildings or portions of buildings for guest usage, warehouses to store furniture, and corporate offices under operating lease agreements which expire through 2044. The Company is required to pay property taxes, insurance, and maintenance costs for certain of these facilities.

The Company adopted ASC 842, *Leases* (“ASC 842”), effective January 1, 2022, using the modified retrospective approach. This approach allows entities to either apply the new lease standard to the beginning of the earliest period presented or only to the consolidated financial statements in the period of adoption without restating prior periods. The Company has elected to apply the new guidance at the date of adoption without restating prior periods. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed it to carry forward the historical determination of contracts as leases, lease classification, and not reassess initial direct costs for historical lease arrangements. Accordingly, previously reported financial statements, including footnote disclosures, have not been restated to reflect the application of the new standard to all comparative periods presented.

The Company has lease agreements with lease and non-lease components and has elected to utilize the practical expedient to account for lease and non-lease components together in the consolidated statements of operations.

Operating lease ROU assets are included within operating lease right-of-use assets in the consolidated balance sheets. The corresponding operating lease liabilities are included within current operating lease liabilities and non-current operating lease liabilities in the consolidated balance sheets. ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease.

The adoption of ASC 842 had a material impact on the Company's consolidated financial statements. On January 1, 2022, the Company recognized \$1.0 billion in operating lease ROU assets, \$1.1 billion of operating lease liabilities, and a \$66.1 million reduction to deferred rent, which was recorded as a reduction to the ROU asset measured on the adoption date. The standard did not materially impact the Company's consolidated statement of operations and comprehensive loss or consolidated statement of cash flows.

Lease expense for fixed operating lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option.

Components of operating lease expense were as follows (in thousands):

	Year ended December 31, 2022
Operating lease cost	\$ 268,810
Short-term lease cost	3,203
Variable lease cost	(2,582)
Total operating lease cost	<u>\$ 269,431</u>

Supplemental information related to operating leases was as follows (in thousands):

	Year ended December 31, 2022
Cash payments for operating leases	\$ 218,434
New operating lease ROU assets obtained in exchange for operating lease liabilities	\$ 356,157

At December 31, 2022, the weighted-average remaining lease term was 7.18 years and the weighted-average discount rate used to determine the net present value of the lease liabilities was 9.8%.

At December 31, 2022, remaining maturities of operating lease liabilities were as follows (in thousands):

For the year ended December 31,	
2023	\$ 297,127
2024	294,595
2025	275,297
2026	250,188
2027	205,674
Thereafter	653,992
Gross lease payments	<u>1,976,873</u>
Less: imputed interest	642,277
Total operating lease liabilities, net ¹	<u>\$ 1,334,596</u>

¹ Total operating lease obligations, net excludes \$9.7 million of FF&E allowances for leases that have not yet commenced. As such, total operating lease obligations, net per the above table does not agree to the consolidated balance sheet.

The Company does not have material lease receivables from noncancellable lease contracts that would reduce the total contractual operating lease obligations. In addition to the operating lease obligations noted above, at December 31, 2022, the Company has entered into leases that have not yet commenced with future lease payments totaling \$1.9 billion, excluding purchase options, that are not yet recorded on the consolidated balance sheets. These leases will commence between 2023 and 2026 with non-cancelable lease terms of three to 20 years.

Rental expense for operating leases for the years ended December 31, 2022, 2021, and 2020 was \$268.8 million, \$184.8 million, and \$133.1 million, respectively, of which \$263.4 million, \$176.5 million, and \$124.8 million, respectively, was recognized in cost of revenues, \$1.7 million, \$5.5 million, and \$2.8 million, respectively, was recognized in operations and support, and \$3.7 million, \$2.8 million, and \$5.5 million, respectively, was recognized in general and administrative.

Supplemental Information for Comparative Periods

At December 31, 2021, prior to the adoption of ASC 842, future minimum payments lease payments under non-cancelable operating leases were as follows (in thousands):

For the year ended December 31,	
2022	\$ 279,093
2023	366,299
2024	418,156
2025	433,541
2026	403,582
Thereafter	1,641,237
Total minimum future lease payments	<u>\$ 3,541,908</u>

Note 9. Warrants and Stockholders' Deficit

The consolidated statements of mezzanine equity and stockholders' deficit reflect the consummation of the Business Combination on January 18, 2022. As Legacy Sonder was deemed the accounting acquirer in the Business Combination with GMII, all periods prior to the closing date reflect the balances and activity of Legacy Sonder. The balances at December 31, 2021 from the consolidated financial statements of Legacy Sonder as of that date, share activity (redeemable convertible preferred stock, exchangeable shares, and common stock), and per share amounts were retroactively adjusted, where applicable, using the recapitalization exchange ratio of 1.4686. All redeemable convertible preferred stock classified as mezzanine equity was converted into common stock, and reclassified into permanent equity as a result of the Business Combination.

Preferred Stock Warrants

The Company had the following preferred stock warrants outstanding at December 31, 2021 (number outstanding and exercise price are prior to the application of the recapitalization exchange ratio discussed above):

Type of Warrant	Number Outstanding	Issuance Date	Exercise Price	Expiration Date
Series A	59,440	10/20/2016	\$ 1.36	10/20/2026
Series B	57,696	1/30/2018	\$ 2.40	1/30/2028
Series C	218,417	12/28/2018	\$ 5.04	12/28/2025
Series D	71,456	2/21/2020	\$ 10.50	2/21/2027

Upon consummation of the Business Combination, (i) the Series A and Series B preferred stock warrants were converted into 150,092 post-combination shares of the Company's common stock for a value of \$1.2 million, and (ii) the Series C and Series D preferred stock warrants automatically converted into warrants to purchase shares of the Company's common stock.

The Series C and Series D preferred stock warrants are accounted for as equity in accordance with ASC 815-40, *Derivatives and Hedging – Contracts on an Entity's Own Equity* ("ASC 815-40"). Upon consummation of the Business Combination, the Company reclassified \$2.1 million related to such warrants from other non-current liabilities to equity in the consolidated balance sheet.

Common Stock Warrants

Delayed Draw Warrants: The Delayed Draw Warrants are accounted for as equity-classified warrants in accordance with ASC 815-40. Upon consummation of the Business Combination, the value of the Delayed Draw Warrants was \$5.6 million and was recorded within additional paid-in capital in the consolidated balance sheets. The purchasers of the Delayed Draw Notes were also provided with customary registration rights for the shares issuable upon exercise of the Delayed Draw Warrants.

Public Warrants: The Public Warrants remained outstanding upon consummation of the Business Combination and became exercisable for whole shares of common stock. No fractional Public Warrants were issued upon separation of the units and only whole Public Warrants trade. Accordingly, unless a registered holder purchased at least five units, they were not able to receive or trade a whole Public Warrant. The Public Warrants will expire on January 18, 2027, or earlier upon redemption or liquidation.

The Public Warrants are accounted for as liabilities, as there are certain terms and features of the warrants that do not qualify for equity classification in accordance with ASC 815-40. The fair value of the Public Warrants upon consummation of the Business Combination was a liability of \$11.5 million, and was recorded in other non-current liabilities in the consolidated balance sheet. At December 31, 2022, the fair value was \$0.6 million and was recorded in other non-current liabilities in the consolidated balance sheets. The Company recorded \$12.2 million as an adjustment to correct the initial recorded fair value of \$23.7 million for the Public Warrants upon consummation of the Business Combination. This correction was made as a \$12.2 million reduction to the originally recorded additional paid in capital and a corresponding reduction to other income in the consolidated statements of operations and comprehensive loss. The change in fair value of \$11.1 million for the year ended December 31, 2022 is reflected as other income in the consolidated statements of operations and comprehensive loss.

Private Placement Warrants: The Private Placement Warrants have terms and provisions that are identical to those of the Public Warrants, except that the Private Placement Warrants may be physical (cash) or net share (cashless) settled and are not redeemable, so long as they are held by Gores Metropoulos Sponsor II, LLC (the "Sponsor") or its permitted transferees, and are entitled to certain registration rights. The sale of the Private Placement Warrants was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

The Private Placement Warrants are accounted for as liabilities, as there are certain terms and features that do not qualify for equity classification in accordance with ASC 815-40. The fair value of the Private Placement Warrants upon consummation of the Business Combination was a liability of \$14.5 million, which was recorded in other non-current liabilities in the consolidated balance sheet. At December 31, 2022, the fair value was \$0.3 million and was recorded in other non-current liabilities in the consolidated balance sheet. The change in fair value of \$14.2 million for the year ended December 31, 2022 is reflected as other income in the consolidated statements of operations and comprehensive loss.

Exchangeable Stock

Upon consummation of the Business Combination, each share of Sonder Canada Inc., a corporation existing under the laws of the province of Québec ("Legacy Sonder Canada") exchangeable common stock ("Legacy Sonder Canada Exchangeable Stock" and collectively, "Legacy Sonder Canada Exchangeable Shares") was exchanged into a new series of the same class of virtually identical Legacy Sonder Canada Exchangeable Common Stock ("Post-Combination Exchangeable Common Stock" and collectively, "Post-Combination Exchangeable Shares") exchangeable for the Company's common stock. At December 31, 2022, the Company had the following authorized and outstanding Post-Combination Exchangeable Common Stock (in thousands except shares and per share amounts):

	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Net Carrying Value	Aggregate Liquidation Preference
Post-Combination Exchangeable Common Stock	40,000,000	20,389,216	\$ 1.54	\$ 31,399	\$ 31,399

The net carrying value of the Post-Combination Exchangeable Shares is included in additional paid-in capital in the consolidated balance sheets.

At December 31, 2021, the Company had the following authorized and outstanding Exchangeable Shares, prior to the application of the recapitalization exchange ratio discussed above (in thousands except shares and per share amounts):

	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Net Carrying Value	Aggregate Liquidation Preference
Series AA Common	22,517,608	9,421,190	\$ —	\$ —	\$ —
Series Seed 1	2,588,866	2,588,866	\$ 0.53	\$ 1,359	\$ 1,372
Series Seed 2	1,209,160	1,209,160	\$ 0.50	\$ 606	\$ 605
Series Seed 3	704,380	704,380	\$ 1.09	\$ 787	\$ 768
Series A	183,420	183,420	\$ 1.36	\$ 250	\$ 250
Series B	2,335,500	2,335,500	\$ 2.40	\$ 5,610	\$ 5,605
Series C	3,175,207	3,175,207	\$ 5.04	\$ 15,991	\$ 16,003
Series D	2,057,926	1,953,125	\$ 10.50	\$ 20,600	\$ 20,600
Series E	420,570	420,570	\$ 10.77	\$ 4,530	\$ 4,530
Total exchangeable stock	35,192,637	21,991,418	\$ —	\$ 49,733	\$ 49,733

Upon consummation of the Business Combination, all the Exchangeable Shares were automatically converted into 32,296,539 Post-Combination Exchangeable Shares for a value of \$49.7 million (or 21,991,418 shares prior to the application of the recapitalization exchange ratio discussed above).

Redeemable Convertible Preferred Stock

The Company had the following authorized and outstanding redeemable convertible preferred stock at December 31, 2021, prior to the application of the recapitalization exchange ratio discussed above (in thousands except shares and per share amounts):

Is	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Net Carrying Value	Aggregate Liquidation Preference
Series Seed 1	3,702,526	785,420	\$ 0.53	\$ 269	\$ 416
Series Seed 1-A	3,702,526	328,240	0.53	174	174
Series Seed 2	1,719,560	470,994	0.50	222	235
Series Seed 2-A	1,719,560	39,406	0.50	20	20
Series Seed 3	704,380	—	1.09	—	—
Series Seed 3-A	704,380	—	1.09	—	—
Series A	7,023,193	6,780,333	1.36	9,241	9,221
Series A-1	7,023,193	—	1.36	—	—
Series B	15,611,276	13,218,080	2.40	27,105	31,723
Series B-1	15,611,276	—	2.40	—	—
Series C	19,070,648	12,143,631	5.04	56,496	61,204
Series C-1	19,070,648	3,513,536	5.04	17,708	17,708
Series D	21,603,476	3,481,893	10.50	35,808	36,560
Series D-1	21,603,476	16,049,365	10.50	168,518	168,518
Series E	34,932,992	18,956,184	10.77	203,189	204,159
Total redeemable convertible preferred stock	173,803,110	75,767,082	—	\$ 518,750	\$ 529,938

Upon consummation of the Business Combination, all the shares of redeemable convertible preferred stock were automatically converted into shares of post-combination common stock for a value of \$518.8 million.

Common and Preferred Stock

The Company's amended and restated certificate of incorporation following the Business Combination authorizes the issuance of 690,000,000 shares, consisting of: (a) 440,000,000 shares of general common stock ("General Common Stock"), including: (i) 400,000,000 shares of common stock, and (ii) 40,000,000 shares of Special Voting Common Stock ("Special Voting Common Stock"), and (b) 250,000,000 shares of preferred stock, par value \$0.0001 per share ("Preferred Stock").

As of December 31, 2022, the Company had reserved the following shares of common stock for future issuance:

	December 31, 2022
Conversion of exchangeable shares	20,389,216
Outstanding stock options	36,679,007
Outstanding restricted stock units ("RSUs")	11,691,813
Outstanding market stock units ("MSUs")	12,059,978
Outstanding warrants liability	14,499,946
Shares issuable pursuant to Earn Out liability	14,500,000
Outstanding Delayed Draw Note warrants liability	2,475,000
Shares available for grant under the Employee Stock Purchase Plan	4,872,922
Shares available for grant under the 2021 Equity Incentive Plan	8,887,778
Total common stock reserved for future issuance	<u>126,055,660</u>

As of December 31, 2021, the Company reserved the following shares of common stock for future issuance:

	December 31, 2021
Conversion of preferred stock and exchangeable shares ⁽¹⁾	208,995,747
Outstanding stock options	19,865,244
Options available for grant under the 2019 Equity Incentive Plan	1,859,784
Total common stock reserved for future issuance	<u>230,720,775</u>

(1) Includes the warrants reclassified to equity as of December 31, 2021 and those issued in connection with the 2018 Loan and Security Agreement and related amendment as of December 31, 2021.

Note 10. Equity Incentive Plans and Stock-Based Compensation

Equity Incentive Plans

2013 and 2019 Equity Incentive Plans: Prior to consummation of the Business Combination, Legacy Sonder provided for the grant of stock-based awards to purchase or directly issue shares of common stock to employees, directors, and consultants through its 2013 and 2019 Equity Incentive Plans (the "Legacy Equity Incentive Plans"). Options were granted at a price per share equal to the fair value of the underlying common stock at the date of grant. Stock options generally had a 10-year contractual term and vest over a four-year period starting from the date specified in each agreement.

Each Legacy Sonder stock option from the Legacy Equity Incentive Plans that was outstanding immediately prior to consummation of the Business Combination, whether vested or unvested, was converted into an option to acquire a number of shares of common stock (the “Exchanged Options”) equal to the product of: (i) the number of shares of Legacy Sonder common stock subject to such Legacy Sonder option immediately prior to consummation of the Business Combination; and (ii) the recapitalization option exchange ratio, as discussed in Note 15, Business Combination. The Exchanged Options are exercisable at an exercise price per share equal to: (i) the exercise price per share of such Legacy Sonder option immediately prior to consummation of the Business Combination; divided by (ii) the recapitalization exchange ratio. Except as specifically provided in the Merger Agreement (as defined in Note 15, Business Combination), following the Business Combination, each Exchanged Option will continue to be governed by the same terms and conditions as were applicable to the corresponding former Legacy Sonder option immediately prior to the Business Combination. All stock option activity was retroactively restated to reflect the Exchanged Options.

Sonder Holdings Inc. 2021 Management Equity Incentive Plan: In connection with the Business Combination, GMII’s stockholders approved the 2021 Management Equity Incentive Plan (the “2021 Management Equity Incentive Plan”). Employees, including directors and officers, and consultants who receive awards under the 2021 Management Equity Incentive Plan may receive their pro-rata share of awards up to an aggregate of 14,500,000 shares of common stock that will vest upon the common stock achieving certain benchmark share prices as contemplated by the Merger Agreement (as defined in Note 15, Business Combination). If these benchmark share prices are not achieved within the period specified in the Merger Agreement (as defined in Note 15, Business Combination), the unvested awards will not be issued.

Sonder Holdings Inc. 2021 Equity Incentive Plan: In connection with the Business Combination, GMII’s stockholders approved the 2021 Equity Incentive Plan (the “2021 Equity Incentive Plan”). The 2021 Equity Incentive Plan became effective upon consummation of the Business Combination and succeeds the Legacy Equity Incentive Plans. Under the 2021 Equity Incentive Plan, the Company may grant options, stock appreciation rights, restricted stock, RSUs, and performance awards to employees, directors, and consultants. Options are granted at a price per share equal to the fair value of the underlying common stock at the date of grant. Options granted are exercisable over a maximum term of 10 years from the date of grant. RSUs typically have a cliff vesting period of one year and continue to vest quarterly thereafter. The Company is authorized to issue up to 26,002,371 shares under this plan, of which 8,887,778 shares remain available for future grants as of December 31, 2022.

The total number of shares that may be issued under the 2021 Equity Incentive Plan will automatically increase on the first trading day of each calendar year, which began in calendar year 2022, by a number of shares equal to the least of: (i) 32,820,155 shares; (ii) 12.5% of the total number of shares outstanding as of immediately following consummation of the Business Combination (including the number of shares of common stock reserved for issuance upon the exchange of Canadian Exchangeable Shares (as defined in the Merger Agreement) issued in the Sonder Canada Share Capital Reorganization (as defined in the Merger Agreement) corresponding to shares of company special voting stock to be issued immediately following consummation of the Business Combination); (iii) five percent (5.0%) of the total number of shares outstanding on the last day of the immediately preceding fiscal year; and (iv) a lesser number of shares determined by the administrator.

Sonder Holdings Inc. 2021 Employee Stock Purchase Plan: In connection with the Business Combination, GMII’s stockholders approved the 2021 Employee Stock Purchase Plan (the “ESPP”). The ESPP allows eligible employees to purchase shares of the Company’s common stock at 85.0% of stock price on the first trading day of the offering period or on the last day of the offering period, whichever is lower. Employees can contribute up to 15.0% of their eligible compensation to purchase shares. The ESPP provides for either (i) a 27-month offering period, or (ii) such shorter period as may be established by the administrator from time to time. The Company is authorized to issue up to 4,872,922 shares under the ESPP, all of which remain available for future issuance as of December 31, 2022.

The number of shares of common stock available for issuance under the ESPP will automatically be increased on the first day of each fiscal year, which began in calendar year 2022 and ends in the 2041 fiscal year, equal to the least of: (i) 6,564,031 shares of common stock; (ii) 2.5% of the total number of shares of common stock outstanding immediately following consummation of the Business Combination (including the number of shares of common stock reserved for issuance upon the exchange of Canadian Exchangeable Shares (as defined in the Merger Agreement) issued in the Sonder Canada Share Capital Reorganization (as defined in the Merger Agreement) corresponding to shares of Company special voting stock to be issued immediately following consummation of the Business Combination); (iii) one percent (1.0%) of the outstanding shares of Common Stock on the last day of the immediately preceding fiscal year; or (iv) a lesser number of shares determined by the administrator.

Stock Option Repricing

On December 1, 2022 (the "Repricing Date"), the Company closed an offer to reprice certain eligible stock options, whether vested or unvested, with modified vesting terms such that all previously vested options became unvested on the Repricing Date. For senior leadership employees, the first vest date was modified to 12 months from the Repricing Date. For other employees, the first vest date was modified to six months from the Repricing Date. On the revised first vesting date, any options that were previously vested or would have become vested under the previous vesting schedule will vest in full, while the remaining unvested options will resume vesting under the original vesting schedule. As a result of the repricing, the exercise price for a total of 20,292,621 options was reduced to \$1.74 per share, or the closing price of the Company's common stock on the Repricing Date. As a result of the repricing, total incremental expense to be recognized over the remaining requisite service period of the repriced options was determined to be \$8.4 million, \$0.4 million of which was recognized in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2022.

Stock-based Compensation Expense

Total stock-based compensation expense is as follows for the periods indicated (in thousands):

	Year ended December 31,		
	2022	2021	2020
Operations and support	\$ 4,573	\$ 2,516	\$ 1,710
General and administrative	14,832	20,839	4,336
Research and development	3,189	1,740	1,171
Sales and marketing	363	152	6
Total stock-based compensation expense	\$ 22,957	\$ 25,247	\$ 7,223

During the year ended December 31, 2022, the Company recorded stock-based compensation expense of \$1.7 million related to accelerated awards in connection with the departure of certain executives, which is included in general and administrative in the consolidated statement of operations and comprehensive loss. There were no such instances of accelerated awards related to terminations in the years ended December 31, 2021 and 2020.

Stock Options: The Company measures stock-based compensation expense for stock options at the grant date fair value of the award and recognizes the expense on a straight-line basis over the requisite service period, which is generally the vesting period. The fair value of stock options is estimated using the Black-Scholes option-pricing model. During the years ended December 31, 2022, 2021, and 2020 the Company recorded stock-based compensation expense from stock options of approximately \$14.3 million, \$13.6 million, and \$7.2 million, respectively.

The Company recognizes only the portion of the option award granted that is ultimately expected to vest as compensation expense and elects to recognize gross share-based compensation expense with actual forfeitures as they occur.

The fair value of each stock option award is estimated using the Black-Scholes option-pricing model, which uses the fair value of the Company's common stock and requires the input of the following subjective assumptions:

Expected term. The expected term for options granted to employees, officers, and directors is based on the historical pattern of option exercise behavior and the period of time they are expected to be outstanding.

Expected volatility. The expected volatility is based on the average volatility of similar public entities within the Company's peer group as the Company's stock has not been publicly trading for a long enough period to rely on its own expected volatility.

Expected Dividends. The dividend assumption is based on the Company's historical experience. To date, Company has not paid any dividends on its common stock.

Risk-Free Interest Rate. The risk-free interest rate used in the valuation is the implied yield currently available on the United States Treasury zero-coupon issues, with a remaining term equal to the expected life term of the Company's options.

The following table summarizes the key assumptions used to determine the fair value of the Company's stock options granted to employees, non-employees, officers, and directors:

	Year ended December 31,		
	2022	2021	2020
Expected term (in years)	4.09 - 6.25	3.99 - 4.02	5.79
Expected volatility	50.0% - 55.4%	62.7% - 64.2%	62.9% - 69.1%
Dividend yield	— %	— %	— %
Risk-free interest rate	1.79% - 4.34%	0.40% - 1.00%	0.44% - 1.46%
Weighted-average grant-date fair value per share	\$0.87 - \$2.13	\$4.54 - \$6.59	\$2.51 - \$2.77

Option activity under the Company's equity incentive plans was as follows (in thousands, except shares, per share, and term in years):

	Options Outstanding			
	Number of Options	Weighted-Average Exercise Price per Option	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance as of December 31, 2020	19,772,797	\$ 1.96	7.97	\$ 19,219
Granted	16,654,385	\$ 6.66		
Exercised	(2,225,859)	\$ 1.72		
Forfeited	(2,462,473)	\$ 6.13		
Canceled	(1,032,001)	\$ 2.06		
Balance as of December 31, 2021	30,706,850	\$ 2.55	8.48	\$ 107,556
Granted	12,584,308	\$ 1.96		
Exercised	(931,362)	\$ 1.68		
Forfeited	(5,140,606)	\$ 5.18		
Canceled	(540,183)	\$ 3.10		
Balance as of December 31, 2022	36,679,007	\$ 1.99	7.63	\$ 87,512
As of December 31, 2022				
Options vested and exercisable	11,685,136	\$ 2.32	5.19	\$ 87,512
Options vested and expected to vest	36,679,007	\$ 1.99	7.63	\$ 87,512

The weighted-average grant-date fair value of options granted during the year ended December 31, 2022 was \$0.93. The weighted-average grant-date fair value of options granted during the years ended December 31, 2021 and 2020 was \$4.99 and \$2.60, prior to application of the recapitalization exchange ratio discussed above. The total intrinsic value of options exercised during the years ended December 31, 2022, 2021, and 2020 was \$2.7 million, \$14.5 million, and \$3.3 million, respectively.

Performance and Market-based Equity Awards: On November 15, 2019, the Legacy Sonder Board of Directors (the “Legacy Sonder Board”) granted an award to Francis Davidson, the Company’s Chief Executive Officer (“CEO”), for a total of 5,613,290 options (the “2019 CEO Option Award”), which Mr. Davidson exercised in full in December 2020, with a promissory note payable to the Company in the amount of \$24.6 million (the “Promissory Note”). 2,041,197 of these options vest in 72 equal monthly installments starting as of October 1, 2017 (the “Service-Based Options”), subject to Mr. Davidson’s continuous employment with the Company, and 3,572,093 options were performance-based (the “CEO Performance Awards”) that had vesting terms as follows, subject to Mr. Davidson’s continuous employment with the Company at each such event (the “Performance Conditions”): (i) 1,530,897 performance awards upon an initial public offering (“IPO”), if certain share price targets are met (the “IPO Condition”); (ii) 1,020,598 performance awards upon a qualified financing at certain valuation milestones (the “Qualified Financing Condition”); and (iii) 1,020,598 performance awards upon the Company achieving a certain market capitalization milestone (the “Market Capitalization Condition”).

The Promissory Note. The Promissory Note discussed above bore interest at the rate of 2.0% per annum, compounding semiannually. The principal amounts and accrued interest were due upon the consummation of the Business Combination. The Promissory Note was secured by the shares issued upon exercise of the award and in exchange for the note. While the Promissory Note is full recourse, it was considered to be non-recourse for accounting purposes and thus was not recorded in the consolidated balance sheets as a receivable. At December 31, 2021, the aggregate borrowings outstanding under the Promissory Note, including interest, was \$25.2 million.

On January 14, 2022, the aggregate outstanding principal amount and interest under the Promissory Note was repaid in full as a result of Mr. Davidson selling 1,855,938 shares of Legacy Sonder common stock to the Company at a repurchase price of \$13.85 per Legacy Sonder common share (number of shares and amount per share is not adjusted for the application of the recapitalization exchange ratio discussed above), which was equal to the fair value of a share of Legacy Sonder common stock as of the repurchase date, for a total aggregate repurchase price of \$25.7 million.

The Service-Based Options. The fair value of the Service-Based Options was estimated using the Black-Scholes option pricing model. The grant date fair value of these awards was \$3.2 million and was recognized on a straight-line basis over the term of the award.

2021 Modification of the 2019 CEO Option Award. During the three months ended March 31, 2021, the CEO Performance Awards were modified to accelerate the vesting of the IPO Condition and the Qualified Financing Condition because the Legacy Sonder Board desired to reward Mr. Davidson in leading the Company to perform above expectations given the economic impact of the COVID-19 pandemic, especially in the hospitality sector, and additionally, engaging the Company in potential strategic transactions which resulted in increased company valuations. While the vesting of the options under the Market Capitalization Condition were not accelerated by the Legacy Sonder Board, the Legacy Sonder Board approved a resolution clarifying that the Market Capitalization Condition would be eligible to vest in connection with a business combination with a special purpose acquisition company that otherwise achieves the applicable Market Capitalization Condition using an equivalent share price rather than the market capitalization. The modification-date fair values of the CEO Performance Awards was estimated using a Monte Carlo simulation. The Monte Carlo simulation utilizes multiple input variables to estimate the probability that performance conditions will be achieved. These variables include the Company’s expected stock price volatility over the expected term of the award, historical and projected employee stock option exercise behaviors, and the risk-free interest rate for the expected term of the award. The Company recognizes compensation expense for its performance awards using an accelerated attribution method from the time it is deemed probable that the vesting condition will be met through the time the service-based vesting condition has been achieved.

The Company did not recognize expense related to the IPO Condition and the Qualified Financing Condition during the year ended December 31, 2020, as it was not deemed probable that the conditions would be achieved. The Company recognized \$11.6 million in expense related to the acceleration of the IPO Condition and the Qualified Financing Condition during the year ended December 31, 2021, and did not recognize expense related to the IPO Condition or Qualified Financing Condition during the year ended December 31, 2022. Additionally, during the year ended December 31, 2022, the Company recognized \$1.5 million in stock-based compensation expense related to the vesting of the Market Capitalization Condition. The Company did not recognize expense related to the vesting of the Market Capitalization Condition during the years ended December 31, 2021 and 2020.

The 2021 CEO Option Award. On February 18, 2021, the Legacy Sonder Board granted a total of 3,061,794 options to Mr. Davidson (the “2021 CEO Option Award”). The options vest upon the successful consummation of the Business Combination and upon certain share price milestones, subject to Mr. Davidson’s continuous employment at the Company during each such event. The Company recognized \$2.2 million in expense related to the 2021 CEO Option Award during the year ended December 31, 2022 and did not recognize expense related to the 2021 CEO Option Award during the years ended December 31, 2021 and 2020.

The grant-date fair value of the 2021 CEO Option Award was estimated using the Monte Carlo simulation. The grant-date fair value of the 2021 CEO Option Award on the grant date was \$3.0 million.

2022 Modification of the 2019 CEO Option Award and the 2021 CEO Option Award. On December 28, 2022, the 2019 CEO Option Award shares subject to the Market Capitalization Condition and the 2021 CEO Option Award were amended. The amendments modified the vesting terms of the awards to align more closely with macroeconomic trends and the Company’s performance. Prior to the amendments, the 2019 CEO Option Award included that the estimated price per share of the Company’s common stock that would be required to meet the market capitalization goal of \$5.0 billion by November 19, 2026 was approximately \$18.05. Pursuant to the amendments, adjustments were made to the performance goal required to be achieved by November 19, 2026 from a market capitalization goal of \$5.0 billion to a stock price target of \$5.27. Prior to the amendments, the 2021 CEO Option Award market value targets required to be achieved by December 31, 2023, December 31, 2024, and December 31, 2025 were approximately \$15.20, \$21.10, and \$24.05. Pursuant to the amendment, the adjusted dates for the market value targets to be achieved, and the market value targets required to be achieved were changed to December 31, 2025, December 31, 2026 and December 31, 2027, and to \$4.53, \$6.39, and \$7.14, respectively. The amendment represented a modification of the awards. The impact of the modification was immaterial to the consolidated financial statements for the year ended December 31, 2022 and resulted in approximately \$1.5 million of incremental expense to be recognized in future years, over the remaining life of the awards.

RSUs: The fair value of the Company’s RSUs is expensed ratably over the vesting period. The Company’s RSUs generally vest over four years, with a cliff equal to one-fourth of the award after the first year, and then quarterly thereafter over the remaining service period. For the year ended December 31, 2022, the Company recorded stock-based compensation expense from RSUs of approximately \$4.4 million. No stock-based compensation expense from RSUs was recorded in 2021 or 2020.

RSU activity under the Company’s equity incentive plans was as follows:

	RSUs Outstanding	
	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested as of December 31, 2021	72,254	\$ 8.94
Granted	15,741,284	\$ 2.17
Vested	(1,200,657)	\$ 2.26
Forfeited	(2,921,068)	\$ 2.11
Unvested as of December 31, 2022	11,691,813	\$ 2.21

MSUs: In May 2022, the Company issued MSUs to certain key executives in accordance with the Company's 2021 Management Equity Incentive Plan. One-sixth of the MSUs vest upon (including prior to but contingent on) the occurrence of each of six distinct triggering events, including if certain share price targets are met, within the five-year period ending July 17, 2027.

The Company determined the grant-date fair value of the MSUs using a Monte Carlo simulation. The Company recognizes stock-based compensation for the MSUs over the requisite service period, which is approximately four years, using the accelerated attribution method. During the year ended December 31, 2022, the Company granted 14,499,972 MSUs at a total grant-date fair value of \$4.2 million. During the year ended December 31, 2022, the Company recognized approximately \$0.5 million in stock-based compensation expense from MSUs. No stock-based compensation expense from MSUs was recorded in 2021 or 2020.

Note 11. Net Loss Per Common Share

Net loss per share calculations and share amounts for all periods prior to the Business Combination presented below have been retrospectively adjusted for the equivalent number of shares outstanding immediately after consummation of the Business Combination to effect the reverse recapitalization. Subsequent to the Business Combination, net loss per share was calculated based on the weighted average number of common stock then outstanding.

The Company applies the two-class method when computing net loss per share attributable to common stockholders when shares are issued that meet the definition of a participating security. The two-class method determines net loss per share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires earnings available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all earnings for the period had been distributed.

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, less weighted-average shares subject to repurchase. The diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period. For periods in which the Company reports net losses, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, because potentially dilutive common shares are anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated (in thousands, except number of shares and per share information):

	Year ended December 31,		
	2022	2021	2020
Numerator:			
Net loss	\$ (165,742)	\$ (294,387)	\$ (250,316)
Less: Net loss attributable to convertible and exchangeable preferred stockholders	—	—	—
Net loss attributable to common stockholders	\$ (165,742)	\$ (294,387)	\$ (250,316)
Denominator:			
Weighted average basic common shares outstanding	206,037,605	11,765,912	9,195,258
Add: Dilutive effect of outstanding stock awards	—	—	—
Weighted average diluted common shares outstanding	206,037,605	11,765,912	9,195,258
Net loss per common share:			
Basic	\$ (0.80)	\$ (25.02)	\$ (27.22)
Diluted	\$ (0.80)	\$ (25.02)	\$ (27.22)

The following potential common shares outstanding were excluded from the computation of diluted net loss per share because including them would have been anti-dilutive:

	Year ended December 31,		
	2022	2021	2020
Options to purchase common stock	36,679,007	30,679,883	19,772,797
Common stock subject to repurchase or forfeiture	1,913,244	2,432,899	6,700,050
Outstanding RSUs	11,691,813	—	—
Outstanding MSUs	12,059,978	—	—
Redeemable convertible preferred stock ⁽¹⁾	—	111,271,424	111,121,035
Exchangeable shares	20,389,216	32,296,539	32,334,299
Total common stock equivalents	82,733,258	176,680,745	169,928,182

(1) Includes the warrants reclassified to equity as of December 31, 2021 and those issued in connection with the 2018 Loan and Security Agreement and related amendment as of December 31, 2021 and 2020.

Note 12. Commitments and Contingencies

Surety Bonds

A portion of the Company's leases are supported by surety bonds provided by affiliates of certain insurance companies. At December 31, 2022, the Company had commitments from five surety providers in the amount of \$67.1 million, of which \$35.4 million was outstanding. The availability, terms and conditions, and pricing of bonding capacity are dependent on, among other things, continued financial strength and stability of the insurance company affiliates providing the bonding capacity, general availability of such capacity, and the Company's corporate credit rating.

Legal and Regulatory Matters

The Company has been and expects to continue to become involved in litigation or other legal proceedings from time to time, including the matter described below. Except as described below, the Company is not currently a party to any litigation or legal proceedings that, in the opinion of management, is likely to have a material adverse effect on the Company's business. Regardless of outcome, litigation and other legal proceedings can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources, possible restrictions on the business as a result of settlement or adverse outcomes, and other factors.

In February 2020, the Company was informed about an investigation underway by the New York City Department of Health and Mental Hygiene relating to possible Legionella bacteria contamination in the water supply at 20 Broad Street, New York, NY (the "Broad Street Property"). Due to the failure of the owner of the Broad Street Property (the "Broad Street Landlord") to address the Legionella bacteria contamination and the associated health risks posed to guests, the Company withheld payment of rent to the Broad Street Landlord on grounds of, among other reasons, constructive eviction. On July 30, 2020, the Broad Street Landlord sued Sonder USA Inc., Sonder Canada Inc., and Sonder Holdings Inc. for breach of the lease, seeking no less than \$3.9 million in damages. The Company filed counterclaims against the Broad Street Landlord and the property management company for breach of contract, seeking significant damages. The Broad Street Landlord filed a motion for summary judgment. The hearing and oral argument for the summary judgment motion occurred on December 21, 2021. No ruling was issued by the judge. The motion for summary judgment is now under submission. The Company intends to vigorously defend itself and management believes that the claims of the Broad Street Landlord are without merit.

The Company establishes an accrued liability for loss contingencies related to legal matters when a loss is both probable and reasonably estimable. These accruals represent management's best estimate of probable losses. The Company recorded an estimated accrual of \$5.8 million and \$5.3 million in the accrued liabilities line item of the consolidated balance sheets as of December 31, 2022 and 2021, respectively. Management's views and estimates related to these matters may change in the future, as new events and circumstances arise and the matters continue to develop. Until the final resolution of legal matters, there may be an exposure to losses in excess of the amounts accrued. With respect to outstanding legal matters, based on management's current knowledge, the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows.

Tax Contingencies

The Company is subject to audit or examination by various domestic and foreign tax authorities with regards to tax matters. Income tax examinations may lead to ordinary course adjustments or proposed adjustments to the Company's taxes or net operating losses with respect to years under examination as well as subsequent periods. Indirect tax examinations may lead to ordinary course adjustments or proposed adjustments to transaction taxes which may increase operating expenses. The Company establishes an accrued liability for loss contingencies related to tax matters when a loss is both probable and reasonably estimable. These accruals represent management's best estimate of probable losses. The Company recorded estimated accruals of \$7.9 million and \$4.4 million in the taxes payable line item of the consolidated balance sheets as of December 31, 2022 and 2021, respectively, for such matters.

Changes in tax laws, regulations, administrative practices, principles, and interpretations may impact the Company's tax contingencies. Due to various factors, including the inherent complexities and uncertainties of the judicial, administrative, and regulatory processes in certain jurisdictions, the timing of the resolution of income tax controversies is highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ from the amounts accrued. It is reasonably possible that within the next twelve months the Company will receive additional assessments by various tax authorities or possibly reach resolution of tax controversies in one or more jurisdictions. These assessments or settlements could result in changes to the Company's contingencies related to positions on prior years' tax filings. The actual amount of any change could vary significantly depending on the ultimate timing and nature of any settlements, and the range of possible outcomes is not currently estimable.

Indemnifications

The Company has entered into indemnification agreements with all of its directors. The indemnification agreements and its Amended and Restated Bylaws (the "Bylaws") require the Company to indemnify these individuals to the fullest extent not prohibited by Delaware law. Subject to certain limitations, the indemnification agreements and Bylaws also require the Company to advance expenses incurred by its directors. No demands have been made for the Company to provide indemnification under the indemnification agreements or the Bylaws, and thus, there are no claims that management is aware of that could have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows.

In the ordinary course of business, the Company has included limited indemnification provisions under certain agreements with parties with whom it has commercial relations of varying scope and terms with respect to certain matters, including losses arising out of its breach of such agreements or out of intellectual property infringement claims made by third parties. It is not possible to determine the maximum potential loss under these indemnification provisions due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision. To date, no material costs have been incurred, either individually or collectively, in connection with the Company's indemnification provisions.

Note 13. Income Taxes

The Company's provision for income taxes was approximately \$0.5 million, \$0.2 million, and \$0.3 million for the years ended December 31, 2022, 2021, and 2020, respectively. The provision for income taxes for the years ended December 31, 2022, 2021, and 2020 was primarily due to state and foreign income tax expense and consisted of the following (in thousands):

	Year ended December 31,		
	2022	2021	2020
State	\$ 120	\$ 113	\$ 104
Foreign	413	129	219
Provision for income taxes	\$ 533	\$ 242	\$ 323

The domestic and foreign components of loss before income taxes were as follows for the periods indicated (in thousands):

	Year ended December 31,		
	2022	2021	2020
Domestic	\$ (94,544)	\$ (261,852)	\$ (148,332)
Foreign	(70,665)	(32,293)	(101,661)
Loss before income taxes	\$ (165,209)	\$ (294,145)	\$ (249,993)

A reconciliation of amounts computed by applying the U.S. federal statutory income tax rate to loss before income taxes to total income tax expense is as follows for the periods indicated (in thousands):

	Year ended December 31,		
	2022	2021	2020
Income tax at U.S. statutory rate of 21.0%	\$ (34,695)	\$ (61,771)	\$ (52,499)
Foreign tax rate differential	(1,528)	(7,645)	(889)
State income taxes, net of federal benefit	95	89	(8,553)
Tax credits	(873)	(1,753)	(1,214)
Stock-based compensation	1,823	1,389	66
Convertible debt instruments	(31,584)	5,399	—
Capital loss	16,105	(9,640)	—
Non-deductible expenses and other, net	(434)	(2,362)	220
Change in valuation allowance	51,624	76,536	63,192
Total provision for income taxes	\$ 533	\$ 242	\$ 323

The components of the Company's net deferred tax assets and liabilities were as follows for the periods indicated (in thousands):

	Year ended December 31,	
	2022	2021
Deferred tax assets:		
Net operating loss and capital loss carryforwards	\$ 172,955	\$ 152,091
Credit carryforwards	6,136	4,936
Fixed and intangible assets	18,601	17,870
Deferred rent	—	9,128
Deferred revenue	10,776	6,245
Interest expense carryforward	9,257	4,097
Stock-based compensation	8,360	5,284
Operating lease liabilities	271,846	—
Other	13,985	5,892
Gross deferred tax assets	511,916	205,543
Valuation allowance	(262,638)	(205,543)
Total deferred tax assets, net of valuation allowance	\$ 249,278	\$ —
Deferred tax liabilities:		
Right-of-use assets	249,278	—
Net deferred tax assets	\$ —	\$ —

Realization of the deferred tax assets is dependent upon future taxable income, the amount and timing of which is uncertain. Accordingly, the federal, state, and foreign net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by approximately \$57.1 million, \$83.5 million, and \$63.2 million during the years ended December 31, 2022, 2021, and 2020 respectively.

As of December 31, 2022, the Company had tax net operating loss carryforwards for federal, state, and foreign purposes of approximately \$520.3 million, \$449.2 million, and \$163.6 million, respectively, and as of December 31, 2021, it had tax net operating loss carryforwards for federal, state, and foreign purposes and capital loss carryforwards for federal purposes of approximately \$414.8 million, \$389.6 million, \$120.6 million, and \$62.0 million, respectively.

Of the federal net operating loss carryforwards, \$41.0 million will begin to expire in 2035, and \$479.3 million will carry forward indefinitely. The state and foreign net operating loss carryforwards will begin to expire in 2027.

As a result of consummation of the Business Combination, the foreign capital loss carryforwards available to the Company at December 31, 2021 expired and the Company is no longer eligible to utilize them in future periods.

Utilization of the U.S. Federal and state net operating loss, tax credits, and disallowed business interest expense carryforwards will be subject to an annual limitation due to the ownership change limitations provided by the U.S. Tax Code and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

Additionally, as a result of consummation of the Business Combination, the Company's ability to utilize its U.S. Federal and state net operating loss, tax credit, and disallowed business interest expense carryforwards are subject to limitations under IRC Section 382. The annual limitation may impact the Company's ability to utilize the net operating loss, tax credits, or disallowed business interest expense carryforwards.

Uncertain Tax Positions

The Company has adopted authoritative guidance, which prescribes a recognition threshold and measurement attribute for the consolidated financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in its income tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits for the periods indicated (in thousands):

	Year ended December 31,		
	2022	2021	2020
Beginning unrecognized tax benefits	\$ 1,353	\$ 683	\$ —
Addition to tax positions related to prior years	20	417	383
Addition to tax positions related to current year	274	253	300
Subtraction to tax positions related to prior years	(127)	—	—
Ending unrecognized tax benefits	\$ 1,520	\$ 1,353	\$ 683

The Company files income tax returns in U.S. federal, various states and international jurisdictions. All periods since inception are subject to examination by U.S. federal, state and foreign authorities, where applicable. The Company is under examination by the Canada Revenue Agency (“CRA”) for the income tax returns filed for tax years ended December 31, 2018, and 2019. As of December 31, 2022, the examination is on-going, and no proposed adjustments have been provided by the CRA. There are currently no other pending income tax examinations. The Company’s 2019 through 2021 tax years remains subject to examination in the United States.

Recognition of the unrecognized tax benefits would not have an impact on the effective tax because they would be offset by the reversal of related deferred tax assets which are subject to a full valuation allowance. The Company does not anticipate any significant change in the Company’s uncertain tax positions within 12 months of December 31, 2022.

The Company’s policy is to recognize interest and penalties associated with uncertain tax benefits as part of the income tax provision and include accrued interest and penalties with the related income tax liability on the Company’s consolidated balance sheets. To date, the Company has not recognized any interest and penalties in its consolidated statements of operations, nor has it accrued for or made payments for interest and penalties.

Note 14. Related Party Transactions*Francis Davidson Promissory Note*

In November 2019, Legacy Sonder entered into the Promissory Note with its CEO, Francis Davidson. At December 31, 2021, the aggregate borrowings outstanding under the note, including interest of \$1.1 million, was \$25.7 million. The aggregate outstanding principal amount and interest under the Promissory Note was repaid in full by Mr. Davidson prior to the consummation of the Business Combination, and as such, no balances were outstanding at December 31, 2022. Refer to Note 10, Equity Incentive Plans and Stock-Based Compensation, for additional details related to the Promissory Note.

Convertible Notes

The Company’s investors and their affiliates held \$43.3 million of the \$165.0 million Convertible Notes discussed in Note 7 Debt. The Convertible Notes automatically converted into shares of the Company’s common stock immediately prior to the consummation of the Business Combination. Refer to Note 7 for additional details related to the transaction.

Note 15. Business Combination

On January 18, 2022, the Company closed the previously announced Business Combination pursuant to the Agreement and Plan of Merger, dated April 29, 2021 (as amended by the Amendment No. 1 to the Agreement and Plan of Merger, dated as of October 27, 2021 (“Amendment No. 1”)) (collectively, the “Merger Agreement”), by and among GMII, Sunshine Merger Sub I, Inc., a Delaware corporation and a direct, wholly-owned subsidiary of Second Merger Sub, Sunshine Merger Sub II, LLC, a Delaware limited liability company and a direct, wholly-owned subsidiary of GMII, and Legacy Sonder.

Pursuant to the Merger Agreement: (i) First Merger Sub merged with and into Legacy Sonder, with Legacy Sonder continuing as the surviving corporation (the “First Merger”); and (ii) immediately following the First Merger and as part of the same overall transaction as the First Merger, Legacy Sonder merged with and into Second Merger Sub, with Second Merger Sub continuing as the surviving entity and, together with the other transactions contemplated by the Merger Agreement (the “Second Merger”). As a result of the First Merger, Second Merger Sub owned 100.0% of the outstanding capital stock of Legacy Sonder as the surviving corporation of the First Merger and each share of capital stock of Legacy Sonder was cancelled and converted into the right to receive the merger consideration in accordance with the terms of the Merger Agreement. As a result of the Second Merger, GMII (which was renamed Sonder Holdings Inc.) now owns 100.0% of the outstanding interests in the surviving entity of the Second Merger (the “Surviving Entity”).

The aggregate merger consideration (excluding any Earn Out shares) paid to securityholders of Legacy Sonder immediately prior to the effective time of the First Merger (the “Legacy Sonder Securityholders”) in connection with the Business Combination was approximately 190,160,300 shares of GMII’s common stock (the “Common Stock”, which term (a) with reference to GMII prior to the Business Combination and the effectiveness of the Amended and Restated Certificate of Incorporation (the “Amended and Restated Certificate of Incorporation”), means the Class A common stock (“Class A Stock”) and Class F common stock (“Class F Stock”) of GMII prior to the Business Combination, and (b) with reference to the Company from and after the effectiveness of the Amended and Restated Certificate of Incorporation and the conversion of the Class F Stock in accordance with the Amended and Restated Certificate of Incorporation, means the common stock, par value \$0.0001 per share, of the Company). Certain of these shares of Common Stock were reserved for issuance upon: (i) the exercise of Rollover Options (as defined below) and (ii) the exchange of the Post-Combination Exchangeable Common Stock (as defined below) corresponding to shares of Post-Combination Company Special Voting Common Stock (as defined below) issued in the Business Combination.

Pursuant to the Merger Agreement:

- holders of existing shares of Common Stock of Legacy Sonder, par value \$0.000001 per share (the “Legacy Sonder Common Stock”) (following the conversion of each issued and outstanding share of Legacy Sonder’s preferred stock and the convertible promissory notes issued by Legacy Sonder to certain purchasers pursuant to the Note Purchase Agreement, dated March 12, 2021, as amended, into shares of Legacy Sonder Common Stock prior to the effective time of the First Merger), received approximately 140,544,052 shares of the Company’s Common Stock, pursuant to the recapitalization exchange ratio of 1.4686 shares for each share of Legacy Sonder Common Stock held;
- holders of existing shares of Special Voting Series AA Common Stock, par value \$0.000001 per share (“Legacy Sonder Special Voting Common Stock”), received approximately 32,296,539 shares of the newly created Post-Combination Special Voting Common Stock, par value \$0.0001 per share (“Post-Combination Special Voting Common Stock”), pursuant to the recapitalization exchange ratio of 1.4686 shares for each share of Legacy Sonder Special Voting Common Stock held;
- holders of Series AA Common Exchangeable Preferred Shares (“Legacy Sonder Canada Exchangeable Common Shares”) of Sonder Canada Inc., a corporation existing under the laws of the province of Québec (“Legacy Sonder Canada”) received Post-Combination Exchangeable Common Stock whose terms provide: (i) for a deferral of any mandatory exchange caused by the Business Combination for a period of at least 12 months from the closing date of the Business Combination, and (ii) that such Post-Combination Exchangeable Common Stock shall be exchangeable for Common Stock upon the completion of the Business Combination; and
- holders of options to purchase Legacy Sonder Common Stock (“Legacy Sonder Stock Options”) received options to acquire approximately 30,535,549 shares of Company’s Common Stock (“Rollover Options”), pursuant to the option exchange ratio of 1.5444 shares for each share of Legacy Sonder Stock Options held.

As a result of the above, the share figures in the consolidated statement of mezzanine equity and stockholders' deficit for the year ended December 31, 2021 have been adjusted for the application of the recapitalization exchange ratio of 1.4686 per share. In addition, all options were adjusted for the option exchange ratio of 1.5444 shares for each share of Legacy Sonder Stock Options held.

Following consummation of the Business Combination, the Company owned all of the issued and outstanding equity interests in Legacy Sonder and its subsidiaries, and the Legacy Sonder Securityholders held approximately 79.7% of the Company. Following consummation of the Business Combination, the Company's Common Stock and the Company's Public Warrants began trading on the Nasdaq Global Select Market under the symbols "SOND" and "SONDW," respectively.

In addition to the consideration paid upon consummation of the Business Combination, immediately prior to consummation of the Business Combination, holders of Legacy Sonder Common Stock, Legacy Sonder Canada Exchangeable Common Shares, and warrants of Legacy Sonder were entitled to receive their pro-rata share of up to an aggregate of 14,500,000 additional shares of Common Stock as consideration as a result of the Common Stock achieving certain benchmark share prices as contemplated by the Merger Agreement.

The Business Combination was accounted for as a reverse recapitalization. Under this method of accounting, GMII was treated as the acquired company for financial statement reporting purposes. The most significant change in the Company's reported financial position and results is an increase in cash (as compared to the Company's consolidated balance sheet at December 31, 2021) of approximately \$401.9 million, net of the payoff of \$24.7 million outstanding principal of certain promissory notes which were executed under the 2018 Loan and Security Agreement, as well as non-recurring transaction costs of \$58.6 million. The \$401.9 million includes \$159.2 million of Delayed Draw Notes, net of issuance costs.

The Business Combination was treated as an acquisition of control of Legacy Sonder's stock for tax purposes. As a result, the foreign capital loss carryforwards available to Legacy Sonder as of December 31, 2021 expired, and the Company is no longer eligible to utilize these foreign capital loss carryforwards in future periods.

Legacy Sonder Canada Exchangeable Common Stock

On November 4, 2022, the Company extended the date on which the Post-Combination Exchangeable Stock of Sonder Canada Inc. are subject to mandatory exchange into shares of the Company's common stock for an additional five years to January 18, 2028, which may be extended further by Sonder Canada Inc. upon prior notice to the holders of the exchangeable shares.

Closing of Private Investment in Public Equity ("PIPE") Investments

Pursuant to subscription agreements entered into in connection with the Merger Agreement (the "Existing Subscription Agreements"), certain investors agreed to subscribe for an aggregate of 20,000,000 newly issued shares of Class A Stock (which became common stock upon the effectiveness of the Amended and Restated Certificate of Incorporation) for a purchase price of \$10.00 per share, or an aggregate value of approximately \$200.0 million (the "Existing PIPE Investment"). In addition, pursuant to subscription agreements entered into in connection with Amendment No.1, certain investors agreed to subscribe for an additional 11,507,074 newly issued shares of Class A Stock (which became common stock upon the effectiveness of the Amended and Restated Certificate of Incorporation) for a purchase price of \$8.89 per share, or an aggregate value of approximately \$102.3 million (the "New PIPE Investment"). In addition, concurrently with the execution of Amendment No. 1, GMII entered into a subscription agreement with the Sponsor whereby the Sponsor separately agreed to purchase an additional 709,711 shares of Class A Stock (which became common stock upon the effectiveness of the Amended and Restated Certificate of Incorporation) in a private placement for \$10.00, or an aggregate value of approximately \$7.1 million (the "Additional Sponsor PIPE Commitment" and, together with the Existing PIPE Investment and the New PIPE Investment, the "PIPE Investment"). Upon consummation of the Business Combination, the Company consummated the PIPE Investment.

The following table reconciles the elements of the Business Combination to the consolidated statement of cash flows and the consolidated statement of stockholders' deficit for the year ended December 31, 2022 (in thousands):

Cash - PIPE Financing	\$	309,398
Cash - GMII trust and cash, net of redemptions		16,530
Less: transaction costs and advisory fees		(58,555)
Net proceeds from Business Combination and PIPE	\$	267,373
Proceeds from Delayed Draw Notes, net of issuance costs		159,225
Repayment of debt		(24,680)
Net proceeds from Business Combination, PIPE, and Delayed Draw Notes	\$	401,918

Note 16. Restructuring Activities

On June 9, 2022, the Company announced its Cash Flow Positive Plan, including a restructuring of its operations which resulted in an approximate 21.0% reduction of existing corporate roles and 7.0% reduction of existing frontline roles. In the year ended December 31, 2022, total restructuring and other charges were \$4.0 million and are included in restructuring and other charges in the consolidated statement of operations and comprehensive loss.

Note 17. Subsequent Events

On January 24, 2023, the Company's Board of Directors adopted the Sonder Holdings Inc. 2023 Inducement Equity Incentive Plan (the "Inducement Plan") and reserved 5,000,000 shares of the Company's common stock for issuance pursuant to equity awards granted under the Inducement Plan. The Inducement Plan provides for the grant of equity-based awards, including nonstatutory stock options, restricted stock units, restricted stock, stock appreciation rights, and performance awards, and its terms are substantially similar to the 2021 Equity Incentive Plan. Awards under the Inducement Plan may only be made to individuals who were not previously employees or non-employee directors of the Company (or following such individuals' bona fide period of non-employment with the Company), as an inducement material to the individuals' entry into employment with the Company or, to the extent permitted by the Nasdaq Listing Rules, in connection with a merger or acquisition.

On March 1, 2023, the Company announced a reduction in force affecting approximately 100 corporate roles, or 14.0% of the corporate workforce. Affected employees were informed of the reduction in force on or about March 1, 2023. The Company expects the reduction in force to be substantially complete by the end of the first quarter of 2023.

Total costs and cash expenditures for the reduction in force are estimated at \$2.0 million to \$3.0 million, substantially all of which are related to employee severance and benefits costs and will be recognized in the first quarter of 2023. The Company expects to pay the majority of these reduction in force amounts in the first quarter of 2023.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were not effective due to the existence of the material weaknesses described below to provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and that such information is accumulated to allow timely decisions regarding required disclosures.

Management's Report on Internal Control Over Financial Reporting

Management, including our Principal Executive Officer and Principal Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. GAAP.

In designing and evaluating our internal control over financial reporting, management recognizes that internal control over financial reporting, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of internal control over financial reporting must reflect the fact that there are resource constraints, and that management is required to apply its judgment in evaluating the benefits of possible internal control over financial reporting relative to their costs.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on management's evaluation, our principal executive officer and principal financial officer concluded that because of material weaknesses disclosed below, our internal control over financial reporting was not effective.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

Notwithstanding the identified material weaknesses, management, including our Principal Executive Officer and Principal Financial Officer, believes the consolidated financial statements included in this Annual Report on Form 10-K fairly represent in all material respects our financial condition, results of operations, and cash flows at and for the periods presented in accordance with U.S. GAAP.

Material Weaknesses in Internal Control Over Financial Reporting

Leases

We previously identified a material weakness in our internal control over financial reporting related to the process to capture and record lease agreements timely and accurately. Management has concluded that this material weakness in internal control over financial reporting is due to the fact that the Company did not have the adequate resources with the appropriate level of experience and technical expertise to oversee the Company's leasing business processes and related internal controls.

Control Activities and Control Environment

Given the aggregation of the lease material weakness noted above and other control deficiencies, we have identified related COSO material weaknesses, including: (i) deficiencies in the principles associated with the control activities component of the COSO framework relating to establishment of formal policies and procedures and consistent application thereof, and (ii) deficiencies in the principles associated with the control environment component of the COSO framework relating to hiring and training sufficient personnel to timely support the Company's internal control objectives to ascertain whether the components of internal control are present and functioning.

Remediation Plan

To remediate these material weaknesses, we have identified improvements related to our lease process to capture and record lease agreements timely and accurately that we plan to implement in 2023 and will provide additional training to personnel responsible for the relevant controls. We are in the process of designing and implementing internal controls to address the material weaknesses related to the control activities and control environment. A material weakness cannot be considered remediated until applicable controls have been designed, implemented, and operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Accordingly, we will continue to monitor and evaluate the effectiveness of our internal control over financial reporting.

While we have invested in additional resources with the requisite skills and improved our processes and controls over financial reporting, these improvements have not operated for a sufficient period of time. We remain committed to taking actions to remediate the material weaknesses in our internal control over financial reporting as we work to further enhance our control environment.

Changes in Internal Control over Financial Reporting

Other than as discussed above, during the period covered by this report, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to the Company's Proxy Statement for the 2023 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of the fiscal year ended December 31, 2022.

Code of Business Conduct and Ethics

For information concerning the Company's Code of Business Conduct and Ethics (the "Code of Conduct"), the information contained under the section entitled "Information Regarding the Board of Directors and Corporate Governance" in the Company's Proxy Statement for the 2023 Annual Meeting of Stockholders is incorporated herein by reference. A copy of the Code of Conduct is available to shareholders on the Company's investor relations website at <https://investors.sonder.com/corporate-governance/documents-and-charters>.

Item 11. Executive Compensation

For information regarding executive compensation, the sections entitled "Executive Compensation" and "Information Regarding the Board of Directors and Corporate Governance — Director Compensation" in the Company's Proxy Statement for the 2023 Annual Meeting of Stockholders are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners

Information required by this item is incorporated herein by reference to the section entitled "Other Information Related to Sonder, Its Directors and Executive Officers — Security Ownership of Certain Beneficial Owners and Management" in the Company's Proxy Statement for the 2023 Annual Meeting of Stockholders.

Security Ownership of Management

Information required by this item is incorporated herein by reference to the section entitled "Other Information Related to Sonder, Its Directors and Executive Officers — Security Ownership of Certain Beneficial Owners and Management" in the Company's Proxy Statement for the 2023 Annual Meeting of Stockholders.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information about the Company common stock that may be issued upon the exercise of stock options, warrants, and rights under all the Company's equity compensation plans as of December 31, 2022.

	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options	(c) Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders ⁽¹⁾	51,130,911	\$ 1.79	8,887,778
Equity compensation plans not approved by stockholders ⁽²⁾	9,299,887	\$ 2.60	—

(1) Plans approved by stockholders include the 2021 Management Equity Incentive Plan, the 2021 Equity Incentive Plan, and the 2021 Employee Stock Purchase Plan.

(2) Plans not approved by stockholders include the Legacy Sonder 2019 Equity Incentive Plan and the Legacy Sonder Stock Option Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence**Certain Relationships and Related Transactions**

For information regarding certain relationships and related transactions, the section entitled "Certain Relationships and Related Party Transactions" in the Company's Proxy Statement for the 2023 Annual Meeting of Stockholders is incorporated herein by reference.

Director Independence

For information regarding director independence, the section entitled "Information Regarding the Board of Directors and Corporate Governance —Independence of the Board of Directors" in the Company's Proxy Statement for the 2023 Annual Meeting of Stockholders is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

For information regarding the principal accountant fees and expenses, the section entitled "Proposal No. 2: Ratification of the Selection of the Independent Registered Public Accounting Firm for Sonder — Independent Registered Public Accounting Firm Fee Information" in the Company's Proxy Statement for the 2023 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV**Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as part of this Annual Report on Form 10-K:

	Page
Report of Independent Registered Public Accounting Firm	74
Consolidated Balance Sheets	76
Consolidated Statements of Operations and Comprehensive Loss	77
Consolidated Statements of Mezzanine Equity and Stockholders' Deficit	78
Consolidated Statements of Cash Flows	80
Notes to Consolidated Financial Statements	82

(b) Exhibits: The exhibits listed in the accompanying index to the exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

EXHIBIT INDEX

Exhibit No.	Exhibit	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit No.	Filing Date	
2.1	Agreement and Plan of Merger, dated as of April 29, 2021, by and among Gores Metropoulos II, Inc., Sunshine Merger Sub I, Inc., Sunshine Merger Sub II, LLC, and Sonder Holdings Inc.	8-K	001-39907	2.1	April 30, 2021	
2.2	Amendment No. 1, dated as of October 27, 2021, by and among Gores Metropoulos II, Inc., Sunshine Merger Sub I, Inc., Sunshine Merger Sub II, LLC, and Sonder Holdings Inc.	8-K	001-39907	2.1	October 28, 2021	
3.1	Amended and Restated Certificate of Incorporation of Sonder Holdings Inc.	8-K	001-39907	3.1	January 24, 2022	
3.2	Amended and Restated Bylaws of Sonder Holdings Inc.	8-K	001-39907	3.1	November 30, 2022	
4.1	Specimen Stock Certificate of the Company	8-K	001-39907	4.1	January 24, 2022	
4.2	Specimen Warrant Certificate of the Company	S-1	333-251663	4.3	December 23, 2020	
4.3	Warrant Agreement, dated as of January 22, 2021, by and among Gores Metropoulos II, Inc., Computershare Inc., and Computershare Trust Company, N.A., as warrant agent	8-K	001-39907	4.1	January 25, 2021	

Exhibit No.	Exhibit	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit No.	Filing Date	
4.4	Form of Warrant Agreement by and among Sonder Holdings Inc., Computershare Inc., and Computershare Trust Company, N.A., dated January 19, 2022	S-1	333-262438	4.4	January 31, 2022	
4.5	Description of Securities	10-K	001-39907	4.5	March 28, 2022	
10.1	Form of Existing Subscription Agreement	8-K	001-39907	10.1	April 30, 2021	
10.2	Form of Amendment to Existing Subscription Agreement	8-K	001-39907	10.1	October 28, 2021	
10.3	Form of New Subscription Agreement	8-K	001-39907	10.2	October 28, 2021	
10.4	Amended and Restated Registration Rights Agreement, by and among Sonder Holdings Inc. (f/k/a Gores Metropoulos II, Inc.), Gores Metropoulos Sponsor II, LLC, the Gores Holders and the Sonder Holders	8-K	001-39907	10.4	January 24, 2022	
10.5	Share Surrender Agreement	8-K	001-39907	10.3	October 28, 2021	
10.6#	Management Equity Incentive Plan	S-4	333-257726	10.4	July 7, 2021	
10.7#	Form of Restricted Stock Unit Agreement under Management Equity Incentive Plan	8-K	001-39907	10.7	January 24, 2022	
10.8#	2021 Equity Incentive Plan	S-4/A	333-257726	10.8	December 13, 2021	
10.9#	Form of Option Agreement under 2021 Equity Incentive Plan	8-K	001-39907	10.9	January 24, 2022	
10.10#	Form of Restricted Stock Unit Agreement under 2021 Equity Incentive Plan	8-K	001-39907	10.10	January 24, 2022	
10.11#	Legacy Sonder 2019 Equity Incentive Plan	8-K	001-39907	10.11	January 24, 2022	
10.12#	Form of Option Agreement under Legacy Sonder 2019 Equity Incentive Plan	8-K	001-39907	10.12	January 24, 2022	
10.13#	Legacy Sonder Stock Option Plan	8-K	001-39907	10.13	January 24, 2022	
10.14#	Sonder Holdings Inc. 2023 Inducement Equity Incentive Plan	8-K	001-39907	10.1	January 24, 2023	
10.15#	Form of Option Award Agreement under 2023 Inducement Equity Incentive Plan	8-K	001-39907	10.2	January 24, 2023	
10.16#	Form of Restricted Stock Unit Agreement under 2023 Inducement Equity Incentive Plan	8-K	001-39907	10.3	January 24, 2023	

Exhibit No.	Exhibit	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit No.	Filing Date	
10.17#	Key Executive Change in Control and Severance Plan and related forms of agreement	S-4/A	333-257726	10.7	October 18, 2021	
10.18#	2021 Employee Stock Purchase Plan	S-4/A	333-257726	10.9	November 26, 2021	
10.19	Industrial Gross Lease for 101 15th Street, dated as of March 22, 2018, by and between Thomas F. Murphy and Martina Murphy as settlors and trustees of the Murphy Trust UDT dated October 3, 2003, and Sonder USA Inc.	S-4	333-257726	10.8	July 7, 2021	
10.20	First Amendment to Lease for 101 15th Street, dated as of December 3, 2019, by and between Thomas F. Murphy and Martina Murphy as settlors and trustees of the Murphy Trust UDT dated October 3, 2003, and Sonder USA Inc.	S-4	333-257726	10.9	July 7, 2021	
10.21#	Offer Letter from Sonder Holdings Inc. to Sanjay Banker, dated September 14, 2021	S-4/A	333-257726	10.10	September 17, 2021	
10.22#	Agreement between Sanjay Banker and Sonder USA Inc., dated October 15, 2022	8-K	001-39907	10.1	October 17, 2022	
10.23#	Offer Letter from Sonder Holdings Inc. to Francis Davidson, dated September 14, 2021	S-4/A	333-257726	10.11	September 17, 2021	
10.24#	Employment Agreement by and between Sonder USA Inc. and Philip Rothenberg, effective as of November 5, 2018.	8-K	001-39907	10.21	January 24, 2022	
10.25#	Employment Agreement by and between Sonder USA Inc. and Martin Picard	8-K	001-39907	10.23	January 24, 2022	
10.26	Form of Voting and Support Agreement, dated April 29, 2021, by and among Gores Metropoulos II, Inc., Sunshine Merger Sub I, Inc., Sunshine Merger Sub II, LLC, and the stockholder party thereto	S-4	333-257726	10.13	July 7, 2021	
10.27	Outside Director Compensation Policy	8-K	001-39907	10.25	January 24, 2022	

Exhibit No.	Exhibit	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit No.	Filing Date	
10.28	Note and Warrant Purchase Agreement, dated December 10, 2021, by and among Sonder Holdings Inc., BlackRock Financial Management, Inc. - Fixed Income Group, on behalf of funds and accounts under management and Senator Investment Group L.P.	S-4/A	333-257726	10.17	December 13, 2021	
10.29	Omnibus Amendment, dated as of December 21, 2022, by and among Sonder Holdings Inc., Sonder Holdings LLC, Sonder USA Inc., Sonder Hospitality USA Inc., and Sonder USA, the guarantors party thereto, the investors listed on the signature pages thereto, and Alter Domus (US) LLC, as collateral agent					X
10.30	Loan and Security Agreement dated as of December 21, 2022, between Silicon Valley Bank and the Borrowers listed on Schedule I thereto					X
10.31	Form of Indemnification Agreement	8-K	001-39907	10.28	January 24, 2022	
21.1	Subsidiaries of the Registrant					X
23.1	Consent of Deloitte & Touche LLP					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

Exhibit No.	Exhibit	Incorporated by Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit No.	Filing Date	
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					

Indicates management contract or compensatory plan or arrangement.

* This certification is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 16. Form 10-K Summary

None.

OMNIBUS AMENDMENT

This OMNIBUS AMENDMENT, dated as of December 21, 2022 (this “Amendment”), is entered into among SONDER HOLDINGS INC., a Delaware corporation (“Parent”), SONDER HOLDINGS LLC, a Delaware limited liability company (“Holdings”), SONDER USA INC., a Delaware corporation (“Sonder USA”), SONDER HOSPITALITY USA INC., a Delaware corporation (“Sonder Hospitality” and together with Parent, Holdings, and Sonder USA, each, a “Note Obligor” and, collectively, “Note Obligors”), the guarantors party hereto (the “Guarantors”), the investors listed on the signature pages hereto (“Investors”), and Alter Domus (US) LLC, as collateral agent (“Agent”).

WHEREAS, Note Obligors and Investors are party to a Note and Warrant Purchase Agreement, dated as of December 10, 2021, by and among the Note Obligors, the Guarantors and the Investors (as in effect immediately prior to the date hereof, the “Existing Purchase Agreement”, and as the Existing Purchase Agreement shall be further amended, restated, modified or supplemented from time to time, including by this Amendment, the “Purchase Agreement”), providing for the issuance of Notes by the Note Obligors to the Investors and the purchase of such Notes by the Investors;

WHEREAS, Note Obligors, Guarantors and Agent are party to a Security and Pledge Agreement, dated as of January 19, 2021 (as in effect immediately prior to the date hereof, the “Existing Security Agreement”, and as the Existing Security Agreement shall be further amended, restated, modified or supplemented from time to time, including by this Amendment, the “Security Agreement”), granting liens on substantially all assets of the Note Obligors and Guarantors to secure the obligations under the Purchase Agreement; and

WHEREAS, Note Obligors, Guarantors, Investors, and Agent wish to amend certain provisions of the Existing Purchase Agreement, Existing Security Agreement and Notes, subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, the parties hereto hereby agree as follows:

Section 1. Definitions. Except as otherwise expressly defined herein, terms defined in the Purchase Agreement or Security Agreement are used herein as defined therein, as applicable.

Section 2. Amendment of the Existing Purchase Agreement. Subject to the satisfaction of the terms and conditions set forth in Section 5, the Existing Purchase Agreement (excluding the schedules, exhibits, annexes and signature pages thereto) is hereby amended (a) to delete the stricken text (indicated textually in the same manner as the following examples: ~~stricken text~~ and ~~stricken text~~) and (b) to add the double-underlined text (indicated textually in the same manner as the following examples: double-underlined text and double-underlined text), in each case, as set forth in the marked copy of the Existing Purchase Agreement attached hereto as Annex A (and any formatting changes reflected therein shall be deemed to be inserted and reflected in the text of the Purchase Agreement).

Section 3. Amendments of the Existing Security Agreement. Subject to the satisfaction of the terms and conditions set forth in Section 5, the Existing Security Agreement (excluding the schedules, exhibits, annexes and signature pages thereto) is hereby amended as follows:

(a) The second paragraph of Section 2 thereof is hereby amended and restated to read as follows:

“Notwithstanding anything to the contrary contained herein, the security interests granted under this Agreement shall not extend to, and the term Collateral shall not include, (a) any United States intent-to-use trademark applications to the extent that, and solely during the period in which the grant of a security interest therein would impair the validity or enforceability of or render void or result in the cancellation of, any registration issued as a result of such intent-to-use trademark applications under applicable Law; provided that upon submission and acceptance by the USPTO of an amendment to allege pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Collateral, (b) any rights or interest in any license, contract or agreement if under the terms of such license, contract or agreement or applicable law with respect thereto, the valid grant of a Lien therein to Collateral Agent is prohibited as a matter of law or under the terms of such license, contract or agreement (including where the violation of any such prohibition would result in the termination of the applicable license, contract or agreement), and such prohibition has not been or is not waived or the consent of the other party to such license, contract or agreement has not been or is not otherwise obtained, (c) Equipment and the proceeds thereof that is subject to a Lien that is otherwise permitted pursuant to Section 8(b)(ix) of the Note Purchase Agreement if the holder of such Lien has expressly prohibited in writing Grantors from granting Liens on such property in favor of third parties, (d) furniture, décor and other kitchenware and household supplies like linens and towels any Grantor provides located in any of such Grantor’s properties held out for rent in the ordinary course of business provided that the total book value of such furniture, décor, and other kitchenware and household supplies like linens and towels does not exceed \$25,000,000 in the aggregate, and that such furniture, décor, and other kitchenware and household supplies like linens and towels is otherwise subject to a Permitted Lien as set forth in Section 8(b)(xvii) or Section 8(b)(xxv) of the Note Purchase Agreement, (e) Deposit Accounts and the cash collateral maintained therein, solely to the extent securing reimbursement obligations under letters of credit issued under the Senior Credit Agreement, and provided that the aggregate cash balance in such Deposit Account does not exceed the maximum amount required under the Senior Credit Agreement, (f) the Permitted HSBC Cash Collateral Accounts and the cash maintained therein and (g) Deposit Accounts and the cash collateral maintained therein , solely to the extent subject to Liens permitted by Section 8(b)(xx) of the Note Purchase Agreement (the foregoing, collectively, the “Excluded Assets”). The exclusions to Collateral set forth above in no way shall be construed (i) to apply if any described prohibition is unenforceable under applicable laws, including Section 9-406, 9-407 or 9-408 of the UCC, (ii) to apply after the cessation of any such prohibition, and upon the cessation of such prohibition, such license, contract or agreement shall automatically become part of the Collateral, (iii) so as to limit, impair or otherwise affect Collateral Agent’s continuing Lien upon any of the Grantors’ rights or interests in or to monies due or to become due under any described license, contract or agreement (including any Accounts), or (iv) to limit, impair or otherwise affect Collateral Agent’s continuing Lien upon any of the Grantors’ rights or interest in and to any proceeds from the sale, license, lease or other disposition of any such license, contract or agreement.”

(b) Section 3(l) thereof is hereby amended by replacing “\$250,000” therein with “\$500,000”.

Section 4. Amendment of the Notes. Subject to the satisfaction of the terms and conditions set forth in Section 5, the last paragraph of the legend on each of the Notes is hereby amended and restated as follows:

“Anything herein to the contrary notwithstanding, the liens and security interests securing the obligations evidenced by this promissory note, the exercise of any right or remedy with respect thereto, and certain of the rights of the holder hereof are subject to the provisions of the Intercreditor and Subordination Agreement dated as of December 21, 2022 (as amended, restated, supplemented,

or otherwise modified from time to time, the “Subordination Agreement”), by and among Silicon Valley Bank, as Senior Lender, the Subordinated Claimholders party thereto, and acknowledged by Sonder USA Inc., Sonder Holdings, Inc., Sonder Hospitality USA Inc. and certain other Obligors. In the event of any conflict between the terms of the Subordination Agreement and this note, the terms of the Subordination Agreement shall govern and control.”

Section 5. Conditions Precedent to Amendments. The amendments specified in Section 2, Section 3 and Section 4 of this Amendment shall be effective upon the satisfaction of the following conditions (or the waiver thereof by the Required Investors and Agent in writing) (such date, the “First Amendment Effective Date”):

(a) Agent and the Investors shall have received fully-executed copies of the following documents:

(i) this Amendment;

(ii) the Loan and Security Agreement, dated as of the First Amendment Effective Date, among the Issuer Parties and Silicon Valley Bank;

(iii) the Intercreditor and Subordination Agreement, dated as of the First Amendment Effective Date, by and among the Issuer Parties, Silicon Valley Bank, Agent and the Investors;

(b) the representations and warranties contained herein, in the Purchase Agreement and in each other Transaction Document shall be true and correct in all material respects on and as of the First Amendment Effective Date; provided that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects as of such date, and no Event of Default shall have occurred and be continuing on and as of the First Amendment Effective Date; and

(c) the Note Obligors shall have paid or cause to be paid the reasonable and documented costs and expenses of counsel to the Investors and the Agent, to the extent invoiced at least one (1) Business Day prior to the First Amendment Effective Date.

Section 6. Representations and Warranties. Each Issuer Party represents and warrants to Agent and the Investors, as of the First Amendment Effective Date, both immediately prior to and after giving effect to the amendments set forth in Section 2, Section 3 and Section 4, that:

(a) the execution, delivery and performance by each Issuer Party of this Amendment has been duly authorized by all necessary corporate or other organizational action, and do not and will not (i) contravene the terms of any of such Person’s Organization Documents; (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, (x) any Contractual Obligation to which such Person is a party or by which such Person or the properties of such Person or any of its Subsidiaries is bound or (y) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (iii) violate any Law, except in each case referred to in clause (ii) or (iii), to the extent that such conflict, breach, contravention or violation could not reasonably be expected to have a Material Adverse Effect;

(b) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (i) the

execution, delivery or performance by, or enforcement against, any Issuer Party of this Amendment, the Purchase Agreement or the Security Agreement, or (ii) the exercise by the Agent of its rights under this Amendment, the Purchase Agreement or the Security Agreement;

(c) this Amendment has been duly executed and delivered by each Issuer Party that is party hereto. This Amendment constitutes a legal, valid and binding obligation of such Issuer Party, enforceable against each Issuer Party that is party hereto in accordance with its terms except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law);

(d) the representations and warranties of each Issuer Party contained in the Purchase Agreement and in any other Transaction Document are true and correct in all material respects; provided that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects as of such date; and

(e) no Event of Default has occurred and is continuing as of the First Amendment Effective Date.

Section 7. Ratification. Each Issuer Party hereby ratifies and reaffirms the validity and enforceability of all of the Liens and security interests heretofore granted and pledged by such Issuer Party pursuant to the Security Agreement and the other Collateral Documents to the Agent as collateral security for the Obligations, and acknowledges that all of such Liens and security interests, and all Collateral heretofore granted, pledged or otherwise created as security for the Obligations continue to be and remain collateral security for the Obligations from and after the date hereof. Each Issuer Party hereby acknowledges and agrees that the Purchase Agreement, the Security Agreement and all other Transaction Documents remain in full force and effect, and each Issuer Party confirms and ratifies all of its Obligations thereunder. Each Guarantor hereby agrees that the Guaranty pursuant to the Purchase Agreement shall continue in full force and effect, is valid and enforceable and is not impaired or otherwise affected by the execution of this Amendment.

Section 8. Consent to Transfer of Control Collateral. Upon the Senior Priority Termination Date (as such term is defined in that certain Intercreditor and Subordination Agreement, dated as of December 10, 2021 (the "Existing Subordination Agreement"), by and among Agent, each of the other subordinated parties party thereto and HSBC Bank USA, N.A. ("HSBC")), notwithstanding anything in the Existing Subordination Agreement, including Section 3(e)(2) thereof, the Investors direct Agent to consent to the transfer of the Control Collateral (as defined in the Existing Subordination Agreement) that is in HSBC's or its agents' or representatives' possession to Silicon Valley Bank or its designees.

Section 9. Miscellaneous. Except as otherwise expressly set forth herein, nothing in this Amendment shall be deemed to constitute an amendment, modification or waiver of any provision of the Purchase Agreement or the Security Agreement nor shall anything contained herein be deemed to imply any willingness of the Agent to agree to, or otherwise prejudice any rights of the Agent with respect to, any similar amendments, consents, waivers or agreements that may be requested for any future period, and this Amendment shall not be construed as a waiver of any other provision of the Transaction Documents or to permit any Note Obligor to take any other action which is prohibited by the terms of the Purchase Agreement, the Security Agreement or the other Transaction Documents. Each reference in the Purchase Agreement or any other Transaction Document to this "Agreement", "hereunder", "herein", "hereof", "thereunder", "therein", "thereof", or words of like import referring to the Purchase Agreement or any other Transaction Document shall mean and refer to such agreement as supplemented by this Amendment. This

Amendment is a Transaction Document. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by fax transmission or e-mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment. This Amendment and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Amendment and the transactions contemplated hereby shall be governed by, and construed in accordance with, the Law of the State of New York. The words "delivery," "execute," "execution," "signed," "signature," and words of like import in this Amendment or any other document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary, Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by Agent pursuant to procedures approved by it; provided further without limiting the foregoing, upon the request of Agent, any electronic signature shall be promptly followed by such manually executed counterpart.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the day and year first above written.

NOTE OBLIGORS

SONDER HOLDINGS INC.

By: /s/ David Watt
Name: David Alan Watt
Title: Treasurer / Head of Treasury

SONDER HOLDINGS LLC

By: /s/ David Watt
Name: David Alan Watt
Title: Treasurer / Head of Treasury

SONDER USA INC.

By: /s/ David Watt
Name: David Alan Watt
Title: Treasurer / Head of Treasury

SONDER HOSPITALITY USA INC.

By: /s/ David Watt
Name: David Alan Watt
Title: Treasurer / Head of Treasury

GUARANTORS

SONDER GROUP HOLDINGS LLC

By: /s/ David Watt
Name: David Alan Watt
Title: Treasurer / Head of Treasury

SONDER TECHNOLOGY INC.

By: /s/ David Watt
Name: David Alan Watt
Title: Treasurer / Head of Treasury

SONDER HOSPITALITY HOLDINGS LLC

By: /s/ David Watt
Name: David Alan Watt
Title: Treasurer / Head of Treasury

SONDER PARTNER CO.

By: /s/ David Watt
Name: David Alan Watt
Title: Treasurer / Head of Treasury

SONDER GUEST SERVICES LLC

By: /s/ David Watt
Name: David Alan Watt
Title: Treasurer / Head of Treasury

INVESTORS

BLACKROCK STRATEGIC INCOME
OPPORTUNITIES PORTFOLIO OF
BLACKROCK FUNDS V

By: BlackRock Advisors, LLC, its Investment
Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BLACKROCK GLOBAL ALLOCATION FUND,
INC.

By: BlackRock Advisors, LLC, its Investment
Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BLACKROCK CAPITAL ALLOCATION
TRUST

By: BlackRock Advisors, LLC, its Investment
Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

MASTER TOTAL RETURN PORTFOLIO OF
MASTER BOND LLC

By: BlackRock Financial Management, Inc., its
Register Sub-Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BLACKROCK GLOBAL ALLOCATION V.I.
FUND OF BLACKROCK VARIABLE SERIES
FUNDS, INC.

By: BlackRock Advisors, LLC, its Investment
Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BLACKROCK ESG CAPITAL ALLOCATION
TRUST

By: BlackRock Advisors, LLC, its Investment
Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BLACKROCK TOTAL RETURN BOND FUND

By: BlackRock Institutional Trust Company, NA,
not in its individual capacity but as Trustee of the
BlackRock Total Return Bond Fund

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BLACKROCK GLOBAL ALLOCATION
COLLECTIVE FUND

By: BlackRock Institutional Trust Company, NA,
not in its individual capacity but as Trustee of the
BlackRock Global Allocation Collective Fund

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BRIGHTHOUSE FUNDS TRUST II –
BLACKROCK BOND INCOME PORTFOLIO

By: BlackRock Advisors, LLC, its Investment
Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BLACKROCK GLOBAL LONG/SHORT
CREDIT FUND OF BLACKROCK FUNDS IV

By: BlackRock Advisors, LLC, its Investment
Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BLACKROCK STRATEGIC GLOBAL BOND
FUND, INC.

By: BlackRock Advisors, LLC, its Adviser AND
BlackRock International Limited, its Sub-Adviser;
BlackRock (Singapore) Limited, its Sub-Adviser

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

STRATEGIC INCOME OPPORTUNITIES
BOND FUND

By: BlackRock Institutional Trust Company, NA,
not in its individual capacity but as Trustee of the
Strategic Opportunities Bond Fund

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

FOR BLACKROCK INVESTMENT
MANAGEMENT (AUSTRALIA) LIMITED AS
RESPONSIBLE ENTITY OF THE
BLACKROCK GLOBAL ALLOCATION FUND
(AUST)

By: BlackRock Investment Management, LLC, its
Sub-Investment Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

BLACKROCK GLOBAL ALLOCATION
PORTFOLIO OF BLACKROCK SERIES FUND,
INC.

By: BlackRock Advisors, LLC, its Investment
Advisor

By: /s/ Henry Brennan
Name: Henry Brennan
Title: Managing Director

SENATOR GLOBAL OPPORTUNITY
MASTER FUND, L.P.

By: Senator GP LLC, its General Partner

By: /s/ Evan Gartenlaub
Name: Evan Gartenlaub
Title: General Counsel

AGENT

ALTER DOMUS (US) LLC

By: /s/ Pinju Chiu

Name: Pinju Chiu

Title: Associate Counsel

Signature Page to Sonder – Omnibus Amendment

Annex A

Amended Purchase Agreement

Attached.

NOTE AND WARRANT PURCHASE AGREEMENT

This Note and Warrant Purchase Agreement, dated as of December 10, 2021 (this “**Agreement**”, as the same may hereafter be modified, supplemented, extended, amended, restated or amended and restated from time to time), is entered into by and among **Sonder Holdings Inc.**, a Delaware corporation (“**Sonder Holdings**”), Sonder USA Inc., a Delaware corporation (“**Sonder USA**”), Sonder Hospitality USA Inc., a Delaware corporation (“**Sonder Hospitality**”), the Guarantors listed on the signature pages hereof, and the Persons listed on the schedule of investors attached hereto as **Schedule I** (as updated from time to time in accordance with **Section 10(d)**) (each an “**Investor**” and collectively, the “**Investors**”).

RECITALS

A. On the terms and subject to the conditions set forth herein, each Investor is willing from time to time to purchase promissory notes constituting obligations of the Note Obligors (as defined in **Appendix 1** attached hereto) in up to the principal amounts set forth opposite such Investor’s name on **Schedule I** hereto. In consideration of the Investors’ commitment to purchase the Notes, each investor shall be issued a warrant for the number of shares of common stock set forth opposite such Investor’s name on **Schedule I** hereto.

B. Capitalized terms not otherwise defined herein shall have the meaning set forth in **Appendix 1** attached hereto.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing, and the representations, warranties, and conditions set forth below, the parties hereto, intending to be legally bound, hereby agree as follows:

1. ***The Notes and Warrants.***

(a) *Issuance of Notes.* Subject to all of the terms and conditions hereof, the Note Obligors agree to issue and sell to each of the Investors, and each of the Investors severally agrees to purchase, one or more Notes up to the principal amount of such Investor’s Commitment; provided that, after giving effect to each such purchase and sale of Notes, the aggregate Original Principal Amounts of all Notes issued to an Investor would not exceed the Commitment of such Investor set forth on **Schedule I** hereto. From time to time, prior to the First Funding Event, the Company shall have the right to add Commitments from investors (“**Additional Investors**”) reasonably acceptable to the Investors who are parties to this Agreement on the date hereof. Such Additional Investors shall be added by way of a joinder to this Agreement which shall also amend and restate **Schedule I** to include the Commitments of the Additional Investors and the number of Warrant Shares for each Additional Investor (determined as set forth in **Section 1(b)**), and such Additional Investors shall also (i) execute and deliver to Collateral Agent a “Joinder Agreement” (as defined in the Collateral Agency Agreement) and (ii) deliver to Collateral Agent and Notes Agent a completed administrative questionnaire, tax forms, any “know your customer” documentation and other forms with respect to any new Investors as may be required or requested by the Collateral Agent pursuant to the Collateral Agency Agreement. After compliance with the

foregoing and the entry of such Additional Investors on the Notes Register, such Additional Investors shall be Investors hereunder. The obligations of the Investors to purchase Notes are several and not joint. The aggregate principal amount for all Notes issued hereunder shall not exceed \$220,000,000.

(b) *Issuance of Warrants.* On the date of the First Funding Event, Parent will execute and deliver to the Warrant Agent the Warrant Agreement in the form attached hereto as **Exhibit B** (the “**Warrant Agreement**”) and issue to each Investor a warrant certificate, in the form of **Exhibit A** to the Warrant Agreement (each, a “**Warrant**” and, collectively, the “**Warrants**”), to purchase up to a number of shares of Common Stock of Parent set forth opposite each Investor’s name on **Schedule I** hereto. If Additional Investors are added to **Schedule I**, the number of shares opposite each such Additional Investor’s name shall be equal to the quotient of (x) such Additional Investor’s Commitment multiplied by 15%, divided by (y) \$10.00. Each Warrant shall be registered in the applicable Investor’s name by the Warrant Agent in the Warrant Register.

(c) *Note Fundings.* The Note Obligors may issue and sell Notes at up to two closings (each, a “**Funding Event**”).

(i) *First Funding Event.* On or prior to the third Business Day following the closing of the Merger Transaction, subject to the terms and conditions of this Agreement, the Note Obligors shall request, as set forth in **Section 1(e)**, and the Investors shall purchase Notes issued by the Note Obligors in a principal amount equal to not less than 65% and up to 100% of the aggregate Commitments at a Funding Event (the “**First Funding Event**”) on the date specified in the Funding Notice by the Note Obligors.

(ii) *Second Funding Event.* If the First Funding Event occurs on or before December 31, 2021 and the principal amount of Notes issued in connection with such First Funding Event was equal to less than 100% of the Commitments, then subject to the terms and conditions of this Agreement, upon the Note Obligors request, as set forth in **Section 1(e)**, on or after January 3, 2022, the Investors shall purchase Notes issued by the Note Obligors in a principal amount equal to not more than the remaining Commitments at a Funding Event (the “**Second Funding Event**”) on a date specified in the Funding Notice by the Note Obligors.

(iii) *Purchase Price.* At each Funding Event, the Note Obligors will deliver to each Investor participating in each such Funding Event the Note to be purchased by such Investor, against receipt by the Note Obligors of the corresponding purchase price (the “**Purchase Price**”) payable by such Investor for such Note. Each of the Notes shall be registered by the Notes Agent in the applicable Investor’s name in the Notes Register. All of the transactions set forth herein to be taken at each such Funding Event, including the delivery of documents, shall be deemed to take place simultaneously at each such Funding Event.

(iv) *Original Issue Discount; Commitment Fee.* In respect of the purchase and sale of Notes at the First Funding Event, each Investor shall have the option to elect, which election shall be specified in **Schedule I** hereto, to (x) reduce the Purchase Price due in respect of its Notes purchased at the First Funding Event by an amount equal to three-and-one-half percent (3.5%) of the aggregate amount of such Investor’s Commitment, or

(y) receive a cash payment as a fee from the Note Obligors equal to three-and-one-half percent (3.5%) of the aggregate amount of such Investor's Commitment.

(d) *Independent Nature of Investors' Obligations and Rights.* The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents.

(e) *Procedures for Funding Events.* Subject to the prior satisfaction or waiver of all other applicable conditions to the sale and purchase of a Note set forth in this Agreement (other than conditions that by their nature are to be satisfied at the relevant Funding Event), to request a Funding Event, the Note Obligors (via a Responsible Officer) shall notify the Investors (which notice shall be irrevocable) by electronic mail at least five (5) Business Days prior to the applicable Funding Event (which notice may be conditional on the closing of the Merger Transaction in the case of the First Funding Event), provided that no Funding Event shall occur after December 31, 2022. Such notice (a "**Funding Notice**") shall (i) specify the amount to be funded by each Investor (which shall be such Investor's pro rata portion of the aggregate amount to be funded, but not in excess of such Investor's individual Commitment), (ii) include evidence of the satisfaction of each condition in **Section 5**, (iii) attach any documents, including a counterpart signature page of the Note, to be executed by such Investor (which shall be returned to the Note Obligors prior to the Funding Event), (vi) be executed by a Responsible Officer and (vii) be sent to Notes Agent at the same time it is sent to the Investors. The Investors participating in such Funding Event shall deliver proceeds of any Note to the account designated by the Note Obligors for such purpose.

2. *Representations and Warranties of the Issuer Parties.*

Each Issuer Party represents and warrants to the Investors, as of the date made or deemed made, that:

(a) *Existence, Qualification and Power.* Each Issuer Party is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization. Each Issuer Party and each Subsidiary (a) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Transaction Documents to which it is a party, and (b) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (a)(i) or (b), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect. As of the Closing Date, the copy of the Organization Documents of each Issuer Party provided to the

Investors pursuant to the terms of this Agreement is a true and correct copy of each such document, each of which is valid and in full force and effect.

(b) *Authorization; No Contravention.* The execution, delivery and performance by each Issuer Party of each Transaction Document to which such Person is a party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, (i) any Contractual Obligation to which such Person is a party or by which such Person or the properties of such Person or any of its Subsidiaries is bound or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law, except in each case referred to in clause (b) or (c), to the extent that such conflict, breach, contravention or violation could not reasonably be expected to have a Material Adverse Effect.

(c) *Governmental Authorization; Other Consents.* No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, any Issuer Party of this Agreement or any other Transaction Document, (b) the grant by any Issuer Party of the Liens granted by it pursuant to the Collateral Documents, (c) the perfection or maintenance of the Liens created under the Collateral Documents (including the first priority nature thereof) or (d) the exercise by the Investors or the Collateral Agent of their rights under the Transaction Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, other than (i) authorizations, approvals, actions, notices and filings which have been duly obtained and (ii) filings to perfect the Liens created by the Collateral Documents.

(d) *Binding Effect.* This Agreement has been, and each other Transaction Document, when delivered hereunder, will have been, duly executed and delivered by each Issuer Party that is party thereto. This Agreement constitutes, and each other Transaction Document when so delivered will constitute, a legal, valid and binding obligation of such Issuer Party, enforceable against each Issuer Party that is party thereto in accordance with its terms except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

(e) *Financial Statements; No Material Adverse Effect.*

(i) Audited Financial Statements. The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (ii) fairly present in all material respects the financial condition of the Group Members as of the date thereof and their results of operations, cash flows and changes in stockholder's equity for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein. No Group Member has, as of the Closing Date, any material Guarantees, material contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap

or exchange transaction or other obligation in respect of derivatives (in each case excluding leases entered into in the ordinary course of business for apartment units, hotel units or other accommodations and guarantees in respect thereof), that (x) are not reflected in the Audited Financial Statements or (y) have been incurred after the date of such financial statements and have not been disclosed to the Investors.

(ii) Quarterly Financial Statements. The most recent unaudited Consolidated balance sheets of the Group Members delivered to the Investors, and the related Consolidated statements of income or operations and cash flows for the quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present in all material respects the financial condition of the Group Members as of the date thereof and their results of operations and cash flows for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(iii) Material Adverse Effect. Since December 31, 2020 (and, in addition, after delivery of the most recent annual audited financial statements in accordance with the terms hereof, since the date of such annual audited financial statements), there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(f) *Litigation*. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Issuer Parties, threatened in writing at law, in equity, in arbitration or before any Governmental Authority, by or against any Issuer Party or any Subsidiary or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Transaction Document or any of the transactions contemplated hereby, or (b) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(g) *No Default*. Neither any Issuer Party nor any Subsidiary thereof is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Transaction Document.

(h) *Ownership of Property*. Each Issuer Party and each of its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(i) *Environmental Compliance*.

(i) The Issuer Parties and their respective Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof the Issuer Parties have reasonably concluded that such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ii) Neither any Issuer Party nor any of its Subsidiaries is undertaking, and has not completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law, except as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; and all Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by any Issuer Party or any of its Subsidiaries have been disposed of in a manner not reasonably expected to result in material liability to any Issuer Party or any of its Subsidiaries.

(j) *Offering.*

(i) Subject in part to the truth and accuracy of each Investor's representations set forth in **Section 3** of this Agreement, the offer, sale and issuance of the Notes as contemplated by this Agreement are exempt from the registration requirements of any applicable state and federal securities laws, and none of the Note Obligors nor any authorized agent acting on their behalf will take any action hereafter that would cause the loss of such exemption.

(ii) Prior to the date hereof, the Note Obligors have exercised reasonable care, in accordance with Securities and Exchange Commission rules and guidance, to determine whether any Covered Person (as defined below) is subject to any of the "bad actor" disqualifications described in Rule 506(d)(1)(i) through (viii) under the Securities Act ("**Disqualification Events**"). To the Note Obligors' knowledge, no Covered Person is subject to a Disqualification Event, except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3) under the Act. The Note Obligors have complied, to the extent applicable, with any disclosure obligations under Rule 506(e) under the Securities Act. "**Covered Persons**" are those persons specified in Rule 506(d)(1) under the Act, including the Note Obligors; any predecessor or affiliate of any of the Note Obligors; any director, executive officer, other officer participating in the offering, general partner or managing member of any of the Note Obligors; any beneficial owner of 20% or more of any of the Note Obligors' outstanding voting equity securities, calculated on the basis of voting power; any promoter (as defined in Rule 405 under the Act) connected with any of the Note Obligors in any capacity at the time of the sale of the Notes; and any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of the Notes (a "**Solicitor**"), any general partner or managing member of any Solicitor, and any director, executive officer or other officer participating in the offering of any Solicitor or general partner or managing member of any Solicitor.

(k) *Maintenance of Insurance.* The properties of each Note Obligor and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of such Note Obligor, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the applicable Issuer Party or the applicable Subsidiary operates.

(l) *Taxes.* Each Issuer Party and its Subsidiaries have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any Issuer Party or any Subsidiary that would, if made, have a Material Adverse Effect, nor is there any tax sharing agreement applicable to any Note Obligor or any Subsidiary. The filing and recording of any and all documents required to perfect the security interests granted to the Collateral Agent (for the benefit of the Secured Parties) will not result in any documentary, stamp or other taxes.

(m) *ERISA Compliance.*

(i) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state laws. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter or is subject to a favorable opinion letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS. To the best knowledge of the Issuer Parties, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(ii) There are no pending or, to the best knowledge of the Issuer Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(iii) (A) No ERISA Event has occurred, and no Issuer Party nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (B) each Note Obligor and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (C) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is sixty percent (60%) or higher and no Issuer Party nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below sixty percent (60%) as of the most recent valuation date; (D) no Issuer Party nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (E) no Note Obligor nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (F) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no

event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(iv) No Note Obligor nor any ERISA Affiliate maintains or contributes to, or has any unsatisfied obligation to contribute to, or liability under, any active or terminated Pension Plan.

(n) *Margin Regulations; Investment Company Act.*

(i) Margin Regulations. No Note Obligor is engaged nor will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each Funding Event, not more than twenty-five percent (25%) of the value of the assets (either of the Parent only or of the Parent and its Subsidiaries on a Consolidated basis) will constitute margin stock (within the meaning of Regulation U issued by the FRB).

(ii) Investment Company Act. None of the Note Obligors is required to be registered as an “investment company” under the Investment Company Act of 1940.

(o) *Disclosure.* Each Note Obligor has disclosed to the Investors, either directly or through public filings with the Securities and Exchange Commission, all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries or any other Issuer Party is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of any Issuer Party to the Investors in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Transaction Document (in each case as modified or supplemented by other information so furnished), when furnished, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, each Issuer Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time; provided further that it is understood that (1) projections relate to future events and are not to be viewed as facts, (2) that the actual results during the period or periods covered by the projections may differ from the projected results included in such projections, and that such differences may be material, (3) the projections are subject to significant uncertainties, many of which are beyond the control of the Group Members and (4) no assurance can be given that the projections will be realized.

(p) *Solvency.* The Parent is, together with its Subsidiaries on a Consolidated basis, Solvent.

(q) *Casualty, Etc.* Neither the businesses nor the properties of any Issuer Party or any of its Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or

other casualty (whether or not covered by insurance) that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(r) *Sanctions Concerns; Anti-Bribery Laws.*

(i) Sanctions Concerns. The Group Members have implemented and maintain in effect policies and procedures reasonably designed to ensure compliance by the Group Members and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions. The Group Members are not knowingly engaged in any activity that would reasonably be expected to result in any Group Member being listed on any Sanctions related list referred to in clause (a) of “Sanctioned Person”. No Group Member, or to the knowledge of any Note Obligor, any of their respective directors, officers, employees that will act for any Group Member in any capacity in connection with the credit facility established hereby, is listed on any Sanctions related list referred to in clause (a) of the definition of “Sanctioned Person”.

(ii) Anti-Bribery Laws. No Group Member, nor to the knowledge of any Group Member, or other Person acting on behalf of any such Group Member has taken any action, directly or indirectly, that would result in a violation by such person of any applicable anti-bribery law, including but not limited to, the United Kingdom Bribery Act 2010 (the “**UK Bribery Act**”) and the U.S. Foreign Corrupt Practices Act of 1977 (the “**FCPA**”). Furthermore, each Note Obligor and, to the knowledge of such Note Obligor, its Affiliates have conducted their businesses in compliance in all material respects with the UK Bribery Act, the FCPA and similar laws, rules or regulations and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(s) *Issuer Parties.* As of the Closing Date, the Issuer Parties constitute all of the parties that are party to the Senior Credit Agreement.

(t) *Labor Matters.* Except as set forth on **Schedule 2(t) to the Disclosure Letter**, there are no collective bargaining agreements or Multiemployer Plans covering the employees of the Parent or any of its Subsidiaries as of the Closing Date and none of the Note Obligors nor any Subsidiary has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five (5) years preceding the Closing Date.

3. ***Representations and Warranties of Investors.*** Each Investor, for that Investor alone, represents and warrants to the Note Obligors, as of the Closing Date and as of the date of acquisition of a Note, as follows:

(a) *Authorization.* Such Investor has all requisite power and authority to enter into the Transaction Documents, to purchase such Note and to carry out and perform its obligations under the terms of the Transaction Documents. All action on the part of such Investor, its officers, directors and stockholders necessary for the authorization, execution and delivery of the Transaction Documents has been taken or will be taken prior to the applicable Closing, and the Transaction Documents constitute valid and legally binding obligations of such Investor, enforceable in accordance with their respective terms, except (i) as limited by applicable

bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority on the part of such Investor is required in connection with the consummation of the transactions contemplated by the Transaction Documents.

(b) *Purchase Entirely for Own Account.* This Agreement is made with such Investor in reliance upon, among other things, such Investor's representation to the Note Obligors, which by such Investor's execution of this Agreement such Investor hereby confirms, that the Notes will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing, the Notes. By executing this Agreement, such Investor further represents that such Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Notes.

(c) *Reliance Upon the Investor's Representations.* Such Investor acknowledges that the Notes are not registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the Securities Act and that the Note Obligors' reliance on such exemption is based, in part, on such Investor's representations set forth herein.

(d) *Receipt of Information.* Such Investor acknowledges that there has been provided or made available to it all the information it considers necessary or appropriate for deciding whether to purchase the Notes. Such Investor further represents that through its representatives it has had an opportunity to ask questions and receive answers from the Note Obligors regarding the terms and conditions of the offering of the Notes and the business, properties, prospects and financial condition of the Note Obligors. The foregoing, however, does not limit or modify the representations and warranties of the Note Obligors in **Section 2** of this Agreement or the right of such Investor to rely thereon.

(e) *Investment Experience.* Such Investor is experienced in evaluating and investing in securities of companies in the development stage, is able to bear the economic risk of its investment in a Note and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Notes and is able, without impairing such Investor's financial condition, to hold the Notes to be purchased by such Investor for an indefinite period of time and to suffer a complete loss of such Investor's investment. Such Investor also represents it has not been organized solely for the purpose of acquiring the Notes.

(f) *Understanding of Risk.* Such Investor is aware of (i) the highly speculative nature of the Notes, (ii) the financial hazards involved and (iii) the lack of liquidity of the Notes.

(g) *Accredited Investor.* Such Investor represents and warrants that it is an "accredited investor," as such term is defined in Rule 501(a) of Regulation D of the Securities Act. Such Investor has furnished or made available any and all information requested by the Note

Obligors or otherwise necessary to satisfy any applicable verification requirements as to accredited investor status. Such Investor covenants to provide prompt written notice to the Note Obligors in the event it ceases to be an accredited investor at any time in the future during which it continues to hold any of the Notes or any other securities of the Note Obligors.

(h) *No Public Market.* Such Investor understands and acknowledges that no public market now exists for any of the securities issued by the Note Obligors and that the Note Obligors have made no assurances that a public market will ever exist for the Notes or any other securities of the Note Obligors.

(i) *Restricted Securities.* Such Investor understands that the Notes may not be sold, transferred or otherwise disposed of without registration under the Securities Act and applicable state securities laws or an exemption therefrom, and that in the absence of an effective registration statement covering the Notes or an available exemption from registration under the Securities Act, the Notes must be held indefinitely. Investor acknowledges that the Note Obligors have no obligation to make or keep “current public information” (as defined in Rule 144 under the Securities Act).

(j) *Legends.* To the extent applicable, each certificate or other document evidencing any of the Notes shall be endorsed with the legend set forth below, and such Investor covenants that, except to the extent such restrictions are waived by the Note Obligors, such Investor shall not transfer the Notes without complying with the restrictions on transfer described in the legends endorsed on any such Note (except that the Note Obligors shall not require an opinion of counsel in connection with a transfer to an affiliated entity or pursuant to Rule 144):

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY JURISDICTION AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, ASSIGNED, ENCUMBERED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT (I) PURSUANT TO A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES THAT IS EFFECTIVE UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAW, OR (II) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAW, INCLUDING PURSUANT TO RULE 144 OR RULE 144A OR TO PERSONS OUTSIDE OF THE UNITED STATES PURSUANT TO REGULATIONS UNDER THE SECURITIES ACT, PROVIDED THAT, EXCEPT IN THE CASE OF ANY TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PURSUANT TO RULE 144 OR RULE 144A OR TO PERSONS OUTSIDE OF THE UNITED STATES PURSUANT TO REGULATIONS UNDER THE ACT, AN OPINION OF COUNSEL SHALL BE FURNISHED TO THE NOTE OBLIGORS (IF REQUESTED BY THE NOTE OBLIGORS), IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE NOTE OBLIGORS, TO THE EFFECT THAT

SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE ACT AND/OR APPLICABLE STATE SECURITIES LAW.”

(k) *Tax Advisors.* Such Investor has reviewed with its own tax advisors the U.S. federal, state and local and non-U.S. tax consequences of this investment and the transactions contemplated by this Agreement. With respect to such matters, such Investor relies solely on any such advisors and is not relying on any statements or representations of the Note Obligors or any of its agents, written or oral, as tax advice.

(l) *Exculpation.* Such Investor acknowledges that it is not relying upon any person, firm or corporation, other than the Note Obligors and their respective officers and directors, in making its investment or decision to invest in the Note Obligors.

(m) *No “Bad Actor” Disqualification Events.* Neither (i) such Investor, (ii) any of its directors, executive officers, other officers that may serve as a director or officer of any company in which it invests, general partners or managing members, nor (iii) any beneficial owner of any of the Note Obligors’ voting equity securities (in accordance with Rule 506(d) of the Securities Act) held by such Investor is subject to any Disqualification Events, except for Disqualification Events covered by Rule 506(d)(2) or (d)(3) under the Securities Act and disclosed reasonably in advance of the Closing in writing in reasonable detail to the Note Obligors. Such Investor covenants to provide such information to the Note Obligors as the Note Obligors may reasonably request in order to comply with the disclosure obligations set forth in Rule 506(e) of the Securities Act.

(n) *No Restricted Entities.* Such Investor represents that neither it, nor any of its officers, directors or beneficial owners, is an individual or entity with whom the transactions described herein would be prohibited by a governmental authority, as identified on the United States Government Consolidated Screening List, or any other applicable governmental list or regulation that would prohibit or restrict the transactions described herein, including any prohibitions or restrictions based on the nationality of an entity or individual.

(o) *No Brokers or Finders.* Except as previously disclosed to the Note Obligors prior to the date of this Agreement, neither such Investor nor any of its Affiliates has retained, utilized or been represented by, or otherwise become obligated to, any broker, placement agent, financial advisor or finder in connection with the transactions contemplated by this Agreement whose fees the Note Obligors would be required to pay.

4. *Conditions to the Closing Date of the Investors.* The occurrence of the Closing Date and each Investor’s obligations under this Agreement are subject to the fulfillment of all of the following conditions, any of which may be waived in whole or in part by the Required Investors (and with respect to the conditions set forth in Sections 4(g), 4(l) and 4(m), the Collateral Agent):

(a) *Representations and Warranties.* The representations and warranties made by the Issuer Parties in **Section 2** hereof shall be true and correct on the Closing Date.

(b) *Performance.* The Issuer Parties shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Issuer Parties on or before the Closing Date.

(c) *Closing Certificate.* A Responsible Officer of the Note Obligors Representative shall have delivered to the Investors a certificate in the form of **Exhibit G** certifying that the conditions specified in **Section 4(a)** and **Section 4(b)** have been fulfilled.

(d) *Governmental Approvals and Filings.* Except for any notices required or permitted to be filed after the Closing Date with certain federal and state securities commissions, the Note Obligors shall have obtained all governmental approvals required in connection with the lawful sale and issuance of the Notes and Warrants.

(e) *Legal Requirements.* The sale and issuance by the Note Obligors, and the purchase by such Investor, of the Notes and Warrants shall be legally permitted by all laws and regulations to which such Investor or the Note Obligors are subject.

(f) *Proceedings and Documents.* All corporate and other proceedings in connection with the transactions contemplated at the Closing Date and all documents and instruments incident to such transactions shall be reasonably satisfactory in substance and form to the Required Investors.

(g) *Transaction Documents.* Each Issuer Party shall have duly executed and delivered to the Investors the following documents to which it is a party:

- (i) this Agreement;
- (ii) the Collateral Agency Agreement; and
- (iii) the Fee Letter.

(h) *Filings.* All necessary filings, registrations, recordings and other actions required to be taken as of the Closing Date, and all filing, recordation, and other similar fees and all recording, stamp and other Taxes and expenses related to such filings, registrations and recordings required to be paid, for the consummation of the transactions contemplated by the Transaction Documents (or arrangements satisfactory to the Required Investors to make any such filings, registrations, recordings or other actions or to make any such payment on or immediately following the Closing Date) shall have been taken and paid, respectively (to the extent that the obligation to make payment then exists), by the Issuer Parties.

(i) *Approvals.* The Note Obligors shall have obtained any necessary approvals by each Note Obligor's Board of Directors, the Note Obligors' stockholders or applicable third parties.

(j) *Secretary's Certificate.* The Secretary of each Note Obligor and each Guarantor shall have delivered to the Investors a certificate certifying (i) a true and complete copy of the such Issuer Party's certificate of incorporation or formation, bylaws, operating agreement or similar governing documents, (ii) resolutions of each Note Obligor's Board of Directors and

the governing body of each Guarantor approving the Transaction Documents to which such Person is party and the transactions contemplated thereunder, (iii) a certificate as to the good standing in its jurisdiction of organization and each additional jurisdiction in which such Issuer Party is qualified or licensed to do business or the failure to be so qualified or licensed could reasonably be expected to result in a Material Adverse Effect and (iv) as to the incumbency and signatures of officers of such Issuer Party.

(k) *Opinion.* The Investors (as of the date hereof) and Collateral Agent shall have received a written opinion (addressed to the Investors and dated the Closing Date) of Wilson Sonsini Goodrich & Rosati, P.C., counsel for the Issuer Parties, in form and substance reasonably satisfactory to the Required Investors.

(l) *Fees.* Subject to **Section 7(q)**, concurrently with the consummation of the transactions contemplated hereby, the Note Obligors shall have paid all accrued and unpaid fees and all accrued and unpaid expenses required to be paid on the Closing Date in each case, of the Investors, Collateral Agent and Notes Agent (including, the reasonable, documented and out-of-pocket accrued and unpaid fees and expenses of counsel thereto) to the extent invoiced at least one Business Day prior to the Closing Date.

(m) *KYC.* The Investors and the Collateral Agent shall have received, on or before the date which is three Business Days prior to the Closing Date (i) all documentation and other information regarding the Issuer Parties required by regulatory authorities under applicable “know your customer” and Anti-Corruption Laws and the USA PATRIOT Act and (ii) a completed Beneficial Ownership Certification from each Issuer Party.

5. ***Conditions to Funding Events of the Investors.***

(a) *Conditions to the First Funding Event.* Each Investor’s obligations at any Funding Event are subject to the fulfillment, on or prior to such Funding Event, of all of the following conditions to the extent applicable, any of which may be waived in whole or in part by the Required Investors (and with respect to the conditions set forth in Section 5(a)(iv), the Collateral Agent):

(i) *Representations and Warranties.* The representations and warranties made by the Issuer Parties in **Section 2** hereof shall be true and correct in all material respects on the date of such Funding Event; provided that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the issuance of any Notes at such Funding Event.

(ii) *Performance.* The Note Obligors shall have performed and complied in all material respects with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Note Obligors on or before such Funding Event.

(iii) *Closing Certificate.* A Responsible Officer of the Note Obligors Representative shall deliver to the Investors at such Funding Event a certificate certifying that the conditions specified in **Section 5(a)(i)** and **Section 5(a)(ii)** have been fulfilled.

(iv) *Governmental Approvals and Filings.* Except for any notices required or permitted to be filed after such Funding Event with certain federal and state securities commissions, the Note Obligors shall have obtained all governmental approvals required in connection with the lawful sale and issuance of the Notes issued at such Funding Event, except where a failure to obtain such approvals would not reasonably be expected to have a Material Adverse Effect.

(v) *Legal Requirements.* At such Funding Event, the sale and issuance by the Note Obligors, and the purchase by such Investor, of the Notes and Warrants shall be legally permitted by all laws and regulations to which such Investor or the Note Obligors are subject.

(vi) *Transaction Documents.* Each Issuer Party shall have duly executed and delivered to the Investors and, if applicable, the Collateral Agent, the Notes Agent or the Warrant Agent, the following documents to which it is a party:

- (A) the Security Agreement;
- (B) the Warrant Agreement;
- (C) a Funding Notice in the time period specified in **Section 1(e)**;
- (D) each Note to be issued hereunder at such Funding Event;
- (E) each Warrant to be issued hereunder.

(vii) *Opinion.* The Investors and the Collateral Agent shall have received a written opinion (addressed to the Investors and dated the date of the First Funding Event) of Wilson Sonsini Goodrich & Rosati, P.C., counsel for the Issuer Parties, in form and substance reasonably satisfactory to the Required Investors.

(viii) *Lien Searches.* The Collateral Agent shall have received completed requests for information or similar search report, dated within thirty days of the Closing Date, listing all effective financing statements filed in the Office of the Secretary of State of the state of incorporation or formation, as applicable, that name any Issuer Party as debtor, together with copies of such other financing statements.

(ix) *Filings.* All necessary filings, registrations, recordings and other actions required to be taken as of the date of such Funding Event (including filing of UCC-1 financing statements), and all filing, recordation, and other similar fees and all recording, stamp and other Taxes and expenses related to such filings, registrations and recordings required to be paid, for the consummation of the transactions contemplated by the Transaction Documents (or arrangements satisfactory to the Required Investors to make any such filings, registrations,

recordings or other actions or to make any such payment on or immediately following the date of such Funding Event) shall have been taken and paid, respectively (to the extent that the obligation to make payment then exists), by the Issuer Parties.

(x) *TPC Credit Agreement.* Prior to or substantially concurrently with the First Funding Event, all obligations under the TPC Credit Agreement shall have been repaid and any Liens securing such obligations shall have been released and terminated.

(xi) *Parent Joinder.* Parent (as defined following the completion of the Merger Transaction) shall have become a Note Obligor immediately after the completion of the Merger Transaction by way of execution of the Joinder Agreement attached hereto as **Exhibit D**.

(xii) *Solvency Certificate.* A Responsible Officer of the Note Obligors Representative shall deliver to the Investors the Solvency Certificate.

(xiii) *Merger Transactions.* The Merger Transactions shall have been consummated in accordance with the terms and conditions of the Merger Agreement, without giving effect to any amendment, waiver, consent or other modification thereof that is materially adverse to the interests of the Investors (in their capacities as such) unless it is approved by the Investors (which approval shall not be unreasonably withheld, delayed or conditioned).

(b) *Conditions to the Second Funding Event.*

(i) *Representations and Warranties.* The representations and warranties made by the Issuer Parties in **Section 2** hereof shall be true and correct in all material respects on the date of such Funding Event; provided that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the issuance of any Notes at such Funding Event.

(ii) *Performance.* The Note Obligors shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Note Obligors on or before such Funding Event, except where a failure to perform or comply would not reasonably be expected to have a Material Adverse Effect.

(iii) *Closing Certificate.* A Responsible Officer of the Note Obligors Representative shall deliver to the Investors and Collateral Agent at such Funding Event a certificate certifying that the conditions specified in **Section 5(b)(i)** and **Section 5(b)(ii)** have been fulfilled.

(iv) *Governmental Approvals and Filings.* Except for any notices required or permitted to be filed after such Funding Event with certain federal and state securities commissions, the Note Obligors shall have obtained all governmental approvals required in connection with the lawful sale and issuance of the Notes issued at such Funding Event, except

where a failure to obtain such approvals would not reasonably be expected to have a Material Adverse Effect.

(v) *Legal Requirements.* At such Funding Event, the sale and issuance by the Note Obligors, and the purchase by such Investor, of the Notes and Warrants shall be legally permitted by all laws and regulations to which such Investor or the Note Obligors are subject.

(vi) *Transaction Documents.* Each Issuer Party shall have duly executed and delivered to the Investors and, if applicable, the Collateral Agent and the Notes Agent, the following documents to which it is a party:

(A) Funding Notice in the time period specified in **Section 1(e)**;
and

(B) each Note to be issued hereunder at such Funding Event.

(c) *Second Funding Event Occurring On or After July 1, 2022.*

(i) If the Second Funding Event occurs on a date that is on or after July 1, 2022 to and including September 30, 2022, the Investors' obligation to purchase Notes at the Second Funding Event shall, in addition to the conditions set forth in **Section 5(b)**, be subject to the condition that the Note Obligors' GAAP Net Revenue for the quarter ended June 30, 2022 was equal to or greater than \$110,000,000.

(ii) If the Second Funding Event occurs on a date that is on or after October 1, 2022 to and including December 31, 2022, the Investors' obligation to purchase Notes at the Second Funding Event shall, in addition to the conditions set forth in **Section 5(b)**, be subject to the condition that the Note Obligors' GAAP Net Revenue for the quarter ended September 30, 2022 was equal to or greater than \$130,000,000.

6. ***Conditions to Obligations of the Note Obligors.*** The Note Obligors' obligation to issue and sell the Notes at each Funding Event to each respective Investor is subject to the fulfillment, on or prior to the applicable Funding Event, of the following conditions, any of which may be waived in whole or in part by the Note Obligors:

(a) *Representations and Warranties.* The representations and warranties made by such Investor in **Section 3** hereof shall be true and correct when made and shall be true and correct on the applicable Funding Event.

(b) *Governmental Approvals and Filings.* Except for any notices required or permitted to be filed after the applicable Funding Event with certain federal and state securities commissions, the Note Obligors shall have obtained all governmental approvals required in connection with the lawful sale and issuance of the Notes.

(c) *Legal Requirements.* At the applicable Funding Event, the sale and issuance by the Note Obligors, and the purchase by the Investors, of the Notes shall be legally permitted by all laws and regulations to which the Investors or the Note Obligors are subject.

(d) *Purchase Price.* Such Investor shall have delivered to the Note Obligors the Purchase Price in respect of the Notes and Warrants being purchased by such Investor referenced in **Section 1(b)** hereof.

7. *Affirmative Covenants.* Each of the Issuer Parties hereby covenants and agrees that on the Closing Date and thereafter until the Termination Date, such Issuer Party shall, and shall cause each of its Subsidiaries to:

(a) *Financial Statements; Other Information.*

(i) Audited Financial Statements. (A) With respect to each fiscal year prior to Parent being a publicly reporting company, within one-hundred eighty (180) days after the end of such fiscal year of Parent, and (B) with respect to each fiscal year following Parent being a publicly reporting company, within 90 days after the end of such fiscal year of Parent, deliver a Consolidated balance sheet of the Group Members as at the end of such fiscal year, and the related Consolidated statements of income or operations, changes in stockholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, such Consolidated statements to be audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Investors, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit.

(ii) Quarterly Financial Statements. Within forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year of the Note Obligors, deliver a Consolidated balance sheet of the Group Members as of the end of such fiscal quarter, and the related Consolidated statements of income or operations and cash flows for such fiscal quarter and for the portion of the Note Obligors' fiscal year than ended setting forth in each case in comparative form for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and duly certified by the chief executive officer, chief financial officer, treasurer or controller of the Note Obligors Representative who is a Responsible Officer as fairly presenting in all material respects the financial condition, results of operations and cash flows of the Group Members, subject only to normal year-end audit adjustments and the absence of footnotes.

(iii) Other Information. Deliver to the person(s) designated by an Investor such other information that a Major Investor (as defined in the Investor Rights Agreement) is entitled to receive under the Investor Rights Agreement that such Investor may from time to time reasonably request.

Information required to be delivered pursuant to this **Section 7(a)** may be delivered electronically through public filings and if so delivered, shall be deemed to have been delivered

on the date (i) on which Parent posts such information, or provides a link thereto on Parent's website on the Internet or at <http://www.sec.gov>; or (ii) on which such information is posted on Parent's behalf on an Internet or intranet website, if any, to which the Investors have been granted access (whether a commercial, third-party website or whether sponsored by the Investors). Upon the request of any Investor, the Issuer Parties shall provide the information required to be delivered pursuant **Section 7(a)(iii)** only to the person(s) designated by such Investor to receive such information or shall not provide such information to such Investor at all.

(b) *Notice of Event of Default.* Promptly (but in any event, unless otherwise provided below, within ten (10) Business Days) notify the Investors and the Collateral Agent of the occurrence of any Event of Default;

Each notice pursuant to this **Section 7(b)** shall be accompanied by a statement of a Responsible Officer of the Note Obligors Representative setting forth details of the occurrence referred to therein and to the extent applicable, stating what action the Note Obligors have taken and proposes to take with respect thereto. Each notice pursuant to this **Section 7(b)** shall describe with particularity any and all provisions of this Agreement and any other Transaction Document that have been breached.

(c) *Payment of Obligations.* Pay and discharge as the same shall become due and payable, all its material obligations and liabilities, including (i) all material tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by such Note Obligor or such Subsidiary; and (ii) all lawful claims which, if unpaid, would by law become a Lien (other than a Permitted Lien) upon its property.

(d) *Preservation of Existence, Etc.*

(i) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a Material Adverse Effect, in each case, except in a transaction permitted by **Section 8(c)** or **Section 8(g)**;

(ii) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(iii) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

(e) *Maintenance of Properties.*

(i) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; and

(ii) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(f) *Maintenance of Insurance.* Maintain with financially sound and reputable insurance companies not Affiliates of any Note Obligor, insurance with respect to its properties and business against loss or damage of the any customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, including, without limitation, terrorism insurance.

(g) *Compliance with Laws.* Comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

(h) *Books and Records.* Maintain proper books of record and account, in which full, true and correct entries shall be made sufficient to prepare financial statements in accordance with GAAP and maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over such Issuer Party or such Subsidiary, as the case may be.

(i) *Use of Proceeds.* Use the proceeds of the issuance of the Notes for working capital and general corporate purposes not in contravention of any Law or of any Transaction Document, including repayment of the obligations under the TPC Credit Agreement.

(j) *Material Contracts.* Perform and observe all the terms and provisions of each Material Contract to be performed or observed by it, maintain each such Material Contract in full force and effect (other than any Material Contract that expires in accordance with its terms), enforce each such Material Contract in accordance with its terms, and cause each of its Subsidiaries to do so, in each case except where compliance or performance with any such Material Contract is subject to a good faith dispute or where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(k) *Covenant to Guarantee Obligations.*

(i) With respect to each Issuer Party, cause each of (1) its Domestic Subsidiaries (excluding any FSHCO), whether newly formed, after acquired, formed by Division or otherwise existing (including by conversion from a Foreign Subsidiary) to a Domestic Subsidiary) and (2) its other Subsidiaries, whether newly formed, after acquired, formed by Division or otherwise existing, that is a guarantor with respect to the obligations under the Senior Credit Agreement, in each case to promptly (and in any event upon the earliest of (x) within forty-five (45) days after such Subsidiary is formed or acquired (or such longer period of time as agreed to by the Investors in their discretion), (y) substantially concurrently with the formation of

such Subsidiary if such Subsidiary is formed by Division or (z) substantially concurrently with such Subsidiary becoming a guarantor under the Senior Credit Agreement) become a Guarantor hereunder by way of execution of a Joinder Agreement attached hereto as Exhibit C and to become party (which may be by way of joinder) to the Security Agreement. In connection therewith, the Issuer Parties shall also comply with the requirements of the Collateral Documents.

(l) *Covenant to Give Security.* With respect to each Issuer Party, comply with the requirements of the Collateral Documents.

(m) *Compliance with Terms of Leaseholds.* Make all payments and otherwise perform all obligations in respect of all leases of real property to which the Parent or any of its Subsidiaries is a party, keep such leases in full force and effect (except to the extent any such lease expires by its terms) and not allow any rights to renew such leases to be forfeited or cancelled, and cause each of its Subsidiaries to do so, except, in any case, where the failure to do so, either individually or in the aggregate, could not be reasonably likely to have a Material Adverse Effect.

(n) *Compliance with Environmental Laws.* Comply, and maintain its real property, whether owned, subleased, or otherwise operated or occupied in compliance, in all material respects with all applicable Environmental Laws and Environmental Permits; obtain and renew all Environmental Permits necessary for its operations and properties; and conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws; provided, however, that neither the Parent nor any of its Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

(o) *Approvals and Authorizations.* Maintain all authorizations, consents, approvals and licenses from, exemptions of, and filings and registrations with, each Governmental Authority of the jurisdiction in which each Issuer Party is organized and existing, and all approvals and consents of each other Person in such jurisdiction, in each case that are required in connection with the Transaction Documents, in each case except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(p) *Anti-Corruption Laws.* Conduct its business in compliance in all material respects with the FCPA, the UK Bribery Act and other similar anti-corruption legislation in other jurisdictions and maintain policies and procedures designed to promote and achieve compliance with such laws.

(q) *Fees.* Pay all reasonable documented accrued and unpaid out-of-pocket fees and expenses of the Investors associated with performance of due diligence, structuring, negotiation, documentation and closing of this Agreement, including the costs, fees and expenses of one primary counsel and any other third-party paid by the Investors (including one local counsel in each applicable jurisdiction) invoiced at least one Business Day prior to the Closing

Date, provided that the Note Obligors shall not be required to pay any such fees and expenses in excess of \$400,000. Pay to Collateral Agent and Notes Agent all amounts due under the Collateral Agency Agreement and the Fee Letter.

(r) *Issuance of Warrant.* Cause the Warrants to be issued as and when required under **Section 1(b)**.

8. *Negative Covenants.* Until the Termination Date, each Issuer Party covenants and agrees with the Investors that:

(a) *Indebtedness.* The Issuer Parties shall not, nor shall they permit any of their Subsidiaries to, create, incur or assume, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(i) Indebtedness under the Notes and the other Transaction Documents;

(ii) Indebtedness outstanding on the date hereof or that may be incurred pursuant to commitments existing on the date hereof and listed on **Schedule 8(a) to the Disclosure Letter** and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder and the direct or any contingent obligor (or Persons that may be required to become direct or contingent obligors) with respect thereto is not changed, as a result of or in connection with such refinancing, refunding, renewal or extension;

(iii) Indebtedness incurred pursuant to the Senior Credit Agreement which, with respect to the original principal amount of loans plus the face amounts of outstanding letters of credit, shall not exceed at the time of incurrence or commitment, when taken together with the then outstanding principal amount of Indebtedness incurred pursuant to Section 8(a)(xvii), the greater of (x) ~~(A) \$50,000,000~~ 60,000,000 plus (B) the result of (1) the product of the number of Live Units multiplied by \$4,000 minus (2) \$10,000,000, and (y) ~~(A) \$50,000,000~~ 60,000,000 plus (B) the result of (1) 100% of Consolidated Adjusted EBITDA as calculated as of the four quarter period most recently ended minus (2) \$10,000,000;

(iv) Indebtedness in respect of Capitalized Leases, Synthetic Lease Obligations and purchase money obligations for fixed or capital assets within the limitations set forth in **Section 8(b)(ix)**; provided, however, that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed \$1,100,000;

(v) Unsecured Indebtedness of (i) any Issuer Party to any other Issuer Party, (ii) any Issuer Party to any Subsidiary that is not an Issuer party, (iii) any Subsidiary that is not an Issuer Party to any Issuer Party in connection with an Investment permitted under the provisions of **Section 8(f)(iii)(iv)**, and (iv) any Subsidiary that is not an Issuer Party to any other Subsidiary that is not an Issuer Party; provided, in each case, that such indebtedness shall (x) to the extent required by the Investors, be evidenced by promissory notes which shall be pledged to

the Collateral Agent as Collateral for the Secured Obligations in accordance with the terms of the Security Agreement and (y) be on terms (including subordination terms) acceptable to the Investors;

(vi) Guarantees of the Parent or any Subsidiary in respect of Indebtedness otherwise permitted hereunder of any Note Obligor or any other Guarantor;

(vii) Indebtedness of any Person that becomes a Subsidiary of the Parent after the date hereof in a transaction permitted hereunder in an aggregate principal amount not to exceed \$1,100,000; provided that such Indebtedness is existing at the time such Person becomes a Subsidiary of the Parent (and was not incurred solely in contemplation of such Person's becoming a Subsidiary of the Parent);

(viii) obligations (contingent or otherwise) existing or arising under any Swap Contract, provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in interest rates or foreign exchange rates and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party; provided that the aggregate Swap Termination Value thereof shall not exceed \$1,100,000 at any time outstanding

(ix) on or prior to the date of the First Funding Event, Indebtedness outstanding pursuant to the TPC Credit Agreement;

(x) Indebtedness consisting of obligations of any Group Member incurred in a Permitted Acquisition or any other Investment permitted by **Section 8(f)** or any Disposition permitted by **Section 8(c)** constituting indemnification obligations or obligations in respect of purchase price or consideration (including earnout obligations) or similar adjustments payable in cash in an aggregate amount at any time outstanding not to exceed \$1,100,000;

(xi) unsecured Indebtedness in an aggregate principal amount not to exceed \$5,500,000 at any time outstanding;

(xii) Indebtedness incurred pursuant to the IQ Loan Agreement and the Guarantee thereof by Parent pursuant to the IQ Loan Documents in an aggregate principal amount not to exceed \$30,000,000 (Canadian) at any time outstanding;

(xiii) Pari Passu Lien Indebtedness;

(xiv) Indebtedness which may be deemed to exist pursuant to any Guarantees, performance, statutory or similar obligations (including in connection with workers' compensation) or obligations in respect of letters of credit, surety bonds, bank guarantees or similar instruments related thereto incurred in the ordinary course of business, or pursuant to any appeal obligation, appeal bond or letter of credit in respect of judgments that do not constitute an Event of Default under **Section 5(h)(i) of the Notes**; **and**

(xv) Indebtedness incurred with corporate credit cards not exceeding ~~\$75,000~~3,500,000 in the aggregate at any time outstanding;

(xvi) Indebtedness for reimbursement obligations under the Existing HSBC Letters of Credit;

(xvii) Indebtedness secured by Liens permitted by Section 8(b)(xxv);

(xviii) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business; and

(xix) Indebtedness arising from customary cash management and treasury services, and the honoring of a check, draft or similar instrument against insufficient funds.

(b) *Liens.* The Issuer Parties shall not, nor shall they permit any of their Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues whether now owned or hereafter acquired except for the following (the “**Permitted Liens**”):

(i) Liens pursuant to any Transaction Document;

(ii) Liens existing on the Closing Date and listed on **Schedule 8(b)(ii) of the Disclosure Letter** and any renewals or extensions thereof, provided that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by **Section 8(a)(ii)**, (iii) the direct or any contingent obligor with respect thereto is not changed except as permitted by **Section 8(a)**, and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by **Section 8(a)(ii)**;

(iii) Liens for taxes, fees, assessments or other governmental charges or levies not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(iv) Liens of carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s or other like Liens arising in the ordinary course of business which are not overdue for a period of more than thirty (30) days or which are being contested in good faith and by appropriate proceedings diligently conducted; provided adequate reserves with respect thereto are maintained on the books of the applicable Person;

(v) pledges or deposits in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(vi) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(vii) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(viii) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under **Section 5(h)(i) of the Notes**;

(ix) Liens securing Indebtedness permitted under **Section 8(a)(iv)**; provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, and additions, accessions and improvements to such property and the proceeds of such property, and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;

(x) Liens arising out of judgments or awards not resulting in an Event of Default; provided the applicable Issuer Party or Subsidiary shall in good faith be prosecuting an appeal or proceedings for review;

(xi) any interest or title of a lessor, licensor or sublessor under any lease, license or sublease entered into by any Issuer Party or any Subsidiary thereof in the ordinary course of business and covering only the assets so leased, licensed or subleased;

(xii) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Parent or any Subsidiary of the Parent or becomes a Subsidiary of the Parent; provided that such Liens were not created in contemplation of such merger, consolidation or Investment and do not extend to any assets other than those of the Person merged into or consolidated with the Parent or such Subsidiary or acquired by the Parent or such Subsidiary, and the applicable Indebtedness secured by such Lien is permitted under **Section 8(a)(vii)**;

(xiii) Liens securing obligations under the Senior Credit Agreement or, on or prior to the date of the First Funding Event, the TPC Credit Agreement;

(xiv) Liens on insurance proceeds in favor of insurance companies granted solely as security for financed premiums;

(xv) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods;

(xvi) inchoate or statutory Liens or other possessory Liens and public utility Liens; provided that the same are either in respect of obligations not in default or being contested in good faith by appropriate proceedings;

(xvii) Liens in favor of any landlord on furniture, décor and other kitchenware and household supplies like linens and towels located in any leased properties held out for rent in the ordinary course of business; provided that (i) such Liens are granted in

exchange for favorable security deposit terms and (ii) such Liens do not at any time encumber any property other than furniture and décor located in such leased property;

(xviii) Liens granted by Hospitalité securing obligations permitted pursuant to **Section 8(a)(xii)**;

(xix) Liens securing additional Pari Passu Lien Indebtedness in an original principal amount not to exceed (i) \$220,000,000, less the original principal amount of Indebtedness incurred under **Section 8(a)(i)**, that are pari passu with the Liens securing the Notes;

(xx) without duplication of Liens permitted by Section 8(b)(xxiii), Liens on cash collateral securing obligations incurred under **Section 8(a)(xv)**;

(xxi) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by the Parent or any of its Subsidiaries, in each case in the ordinary course of business in favor of the bank or banks or financial institutions with which such accounts are maintained, securing solely the customary amounts owing to such bank or financial institution with respect to cash management and account arrangements; provided, that in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness; **and**

(xxii) Liens securing obligations in an aggregate principal amount not to exceed the greater of \$30,000,000 or 15% of the consolidated total assets of Parent determined in accordance with GAAP at any time;

(xxiii) Liens in favor of HSBC Bank USA, N.A. on (i) the Permitted HSBC Accounts during the Transition Period and (ii) the Permitted HSBC Cash Collateral Accounts in an amount not to exceed (x) 110% of the aggregate amount to be drawn under, and related reimbursement obligations in respect of, the Existing HSBC Letters of Credit, subject to any reasonable time periods required by HSBC Bank USA, N.A. to facilitate release of such cash collateral, plus (y) obligations with respect to credit cards issued by HSBC Bank USA, N.A. or its affiliates in an aggregate amount not to exceed \$3,500,000.00 that are permitted by Section 8(a)(xv);

(xxiv) (i) non-exclusive licenses of Intellectual Property granted in the ordinary course of business, and (ii) licenses of Intellectual Property that could not result in a legal transfer of title of the licensed property that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States; and

(xxv) Liens (i) on furniture, décor and other kitchenware and household supplies acquired or held by Issuer Parties or their Subsidiaries incurred for financing the acquisition of such furniture, décor and other kitchenware and household supplies securing no more than \$25,000,000 in the aggregate amount outstanding, or (ii) existing on such furniture, décor and other kitchenware and household supplies when acquired, if the Lien is confined to the

property and accessions, improvements and the proceeds of such furniture, décor and other kitchenware and household supplies.

(c) *Dispositions.* The Issuer Parties shall not, nor shall they permit any of their Subsidiaries to, make any Disposition, except:

(i) Permitted Transfers;

(ii) Dispositions of obsolete or worn-out property, whether now owned or hereafter acquired, in the ordinary course of business;

(iii) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(iv) Dispositions by the Parent and its Subsidiaries not otherwise permitted under this Section; provided that (i) at the time of such Disposition, no Default shall exist or would result from such Disposition and (ii) the aggregate book value of all property Disposed of in reliance on this clause (iv) in any fiscal year shall not exceed \$5,500,000;

(v) Dispositions permitted by Section 8(b), Section 8(d), Section 8(f) or Section 8(g);

(vi) Dispositions of new or used furniture, décor and other kitchenware and household supplies such as linens and towels, and any other similar personal property located in units leased by Parent or any of its Subsidiaries or used in connection with the operations of Parent or any of its Subsidiaries, to landlords or guests on such terms and conditions as may be determined by Parent or such Subsidiary in its reasonable business judgment;

(vii) Any Disposition with respect to which:

(A) the Parent or one of its Subsidiaries receives consideration at least equal to the fair market value (as determined in good faith by Parent and such fair market value shall be determined as of the date of contractually agreeing to such Disposition) of the assets subject to such Disposition; and

(B) at least 75% of the consideration from such Disposition received by the Parent or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and

(C) the proceeds are applied or to be applied in accordance with clauses (1), (2) or (3) of the definition of Net Available Cash or, when required, are offered or to be offered to redeem Notes in compliance with Section 4(c) of each Note; and

(viii) Dispositions in connection with the Permitted Tax Restructuring.

(d) *Restricted Payments.* The Issuer Parties shall not, nor shall they permit any of their Subsidiaries to declare or make, directly or indirectly, any Restricted Payment, except that, so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(i) each Subsidiary may make Restricted Payments to any Issuer Party or any of their Subsidiaries that owns Equity Interests in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(ii) the Parent and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;

(iii) the Parent or any Subsidiary may redeem, retire, purchase or otherwise acquire for value Equity Interests of the Parent or such Subsidiary (i) in exchange for other Equity Interests of the Parent or such Subsidiary permitted to be issued under this Agreement or (ii) upon the conversion of Qualified Equity Interests or the exercise, exchange or conversion of stock options, warrants or other rights to acquire Equity Interests of the Parent or such Subsidiary;

(iv) redemptions, exchanges or other transfers of Equity Interests, and cash in lieu of fractional shares, pursuant to the Exchange Rights Agreement, dated as of December 18, 2019, by and among Parent, Sonder Canada, Sonder Exchange ULC and the holders of Sonder Canada exchangeable shares and the related provisions of Sonder Canada's Articles of Arrangement and the Parent's certificate of incorporation; ~~and~~

(v) the Parent may make other Restricted Payments in an aggregate amount during any fiscal year of the Parent not to exceed \$5,500,000; ~~and~~

(vi) [Subsidiaries may make Restricted Payments in connection with the Permitted Tax Restructuring.](#)

(e) *Transactions with Affiliates.* The Issuer Parties shall not, nor shall they permit any of their Subsidiaries to enter into or permit to exist any transaction or series of transactions with any officer, director or Affiliate of such Person other than (a) advances of working capital to any Issuer Party, (b) transfers of cash and assets to any Issuer Party, (c) intercompany transactions (i) between Issuer Parties not involving any other Affiliate or (ii) expressly permitted by this Agreement, (d) normal and reasonable compensation and reimbursement of expenses of officers and directors, (e) Restricted Payments permitted by **Section 8(d)**, and (f) except as otherwise specifically limited in this Agreement, other transactions which are entered into in the ordinary course of such Person's business on fair and reasonable terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arms-length transaction with a Person other than an officer, director or Affiliate.

(f) *Investments.* The Issuer Parties shall not, nor shall they permit any of their Subsidiaries to, make or hold any Investments, except:

(i) Investments held by the Parent and its Subsidiaries in the form of cash or Cash Equivalents;

(ii) advances to officers, directors and employees of the Parent and Subsidiaries in an aggregate amount not to exceed \$165,000 in any fiscal year of the Parent for travel, entertainment, relocation and analogous ordinary business purposes;

(iii) (i) Investments by the Parent and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, (ii) additional Investments by the Parent and its Subsidiaries in Issuer Parties, (iii) additional Investments by Subsidiaries of the Parent that are not Issuer Parties in other Subsidiaries that are not Issuer Parties and (iv) so long as no Default has occurred and is continuing or would result from such Investment, additional Investments by the Issuer Parties in wholly-owned Subsidiaries that are not Issuer Parties (x) to fund capital requirements of Subsidiaries in an aggregate amount under this clause (x) not to exceed \$11,000,000 in any fiscal year, (y) for one time start-up costs associated with any newly created Foreign Subsidiary in an aggregate amount under this clause (y) not to exceed \$11,000,000 in any fiscal year and (z) in connection with a Permitted Acquisition in an aggregate amount under this clause (z) not to exceed \$11,000,000 in any fiscal year; provided that the aggregate Investments in respect of this **Section 8(f)(iii)(iv)** shall not at any time exceed \$27,500,000 at any time outstanding;

(iv) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(v) Guarantees permitted by **Section 8** and unsecured guarantees of obligations not constituting Indebtedness in the ordinary course of business;

(vi) Investments existing on the date hereof (other than those referred to in **Section 8(f)(iii)(i)**) and set forth on **Schedule 8(f) of the Disclosure Letter**;

(vii) Permitted Acquisitions (other than of CFCs and Subsidiaries held directly or indirectly by a CFC which Investments are covered by **Section 8(f)(iii)(iv)**);

(viii) Investments not exceeding \$5,500,000 in the aggregate in any fiscal year of the Borrowers; provided that no Event of Default has occurred and is continuing or would result from such Investment;

(ix) Loans to employees, officers and directors relating to the purchase of Equity Interests pursuant to employee stock option or purchase plans or agreements; provided that the aggregate outstanding amount of any such Loans made in cash shall not exceed \$275,000 per year

(x) intercompany liabilities arising from cash management, tax, and accounting operations and intercompany loans, advances or indebtedness, in each case having a

term not exceeding 364 days (inclusive of any rollover or extension of terms) and made in the ordinary course of business;

(xi) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business; and

(xii) Investments of any Person that becomes a Subsidiary after the Closing Date pursuant to a Permitted Acquisition; provided that (i) such Investments exist at the time such Person is acquired and (ii) such Investments are not made in anticipation or contemplation of such Person becoming a Subsidiary;

(xiii) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and

(xiv) Investments in connection with the Permitted Tax Restructuring.

(g) *Fundamental Changes.* The Issuer Parties shall not, nor shall they permit any of their Subsidiaries to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom, ~~except:~~

(i) any Subsidiary may merge with (i) any Note Obligor; provided that such Note Obligor shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries (other than a Note Obligor), provided that when any Issuer Party (other than a Note Obligor) is merging with another Subsidiary, such Issuer Party or a Person that becomes an Issuer Party substantially concurrently with such merger shall be the continuing or surviving Person;

(ii) any Issuer Party (other than a Note Obligor) may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to a Note Obligor or to another Issuer Party;

(iii) any Subsidiary that is not an Issuer Party may dispose of all or substantially all its assets (including any Disposition that is in the nature of a liquidation or dissolution) to (i) another Subsidiary that is not an Issuer Party or (ii) to an Issuer Party;

(iv) so long as no Default has occurred and is continuing, any Subsidiary of the Parent may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; provided that (i) the Person surviving such merger or consolidation shall be a wholly-owned (other than director's qualifying shares or shares required by applicable law to be held by a third party) Subsidiary of the Parent, (ii) in the case of any such merger or consolidation to which a Note Obligor is a party, such Note Obligor is the surviving Person and, (iii) in the case of any such merger or consolidation to which any Issuer Party (other

than any Note Obligor) is a party, such Issuer Party or a Person that becomes an Issuer Party substantially concurrently with such merger or consolidation is the surviving Person; and

(v) the Issuer Parties and their Subsidiaries may consummate the Permitted Tax Restructuring.

(h) *Changed in Nature of Business.* The Issuer Parties shall not, nor shall they permit any of its Subsidiaries to, engage in any material line of business substantially different from those lines of business conducted by the Parent and its Subsidiaries on the date hereof or any business substantially related or incidental thereto.

(i) *Amendments to Organization Documents; Fiscal Year; Legal Name; Accounting Changes.* The Issuer Parties shall not, nor shall they permit any of its Subsidiaries to, (a) amend or permit any amendments to any of its Organization Documents, if such amendment, termination, or waiver would be adverse to the Investors in any material respect; (b) change its fiscal year; provided that any acquired Subsidiary may change its fiscal year to coincide with the Note Obligors' fiscal year; (c) without providing at least ten (10) days prior written notice to the Investors (or such shorter period of time as agreed to by the Required Investors), change its name, state of formation, form of organization or principal place of business; or (d) make any change in accounting policies or reporting practices, except as required by GAAP.

(j) *Additional Guarantors.* The Issuer Parties will not permit any of their Subsidiaries to become an obligor with respect to any Indebtedness under the Senior Credit Agreement unless such Subsidiary, contemporaneously, executes and delivers a joinder, a form of which is attached as **Exhibit C**, providing for a Guaranty of the Guaranteed Obligations and joinders to the Subordination Agreement and Collateral Documents, together with any other filings and agreements required by the Collateral Documents to create or perfect the security interests benefit of the Collateral Agent in the Collateral of such Subsidiary, if applicable.

Notwithstanding the foregoing, (i) no covenant that would breach the terms of Section 7.09 of the Senior Credit Agreement or Section 12; Dispositions, Liens and Encumbrances of the TPC Credit Agreement shall be effective until the date of the First Funding Event and (ii) nothing in any Note Document shall prohibit or restrict the consummation of the Merger Transaction and the transactions related thereto.

9. **Guaranty.**

(a) *Guaranty of the Obligations.* The Guarantors jointly and severally hereby irrevocably, absolutely and unconditionally guaranty the due and punctual payment in full of all Obligations when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "**Guaranteed Obligations**"); provided that the Guaranteed Obligations of each Note Obligor in its capacity as a Guarantor shall exclude any Direct Issuer Obligations.

(b) *Payment by Guarantors.* The Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Beneficiary may have at law or in equity against any Guarantor by virtue hereof, that upon the

failure of the Note Obligors or any other Guarantor to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, Guarantors will upon demand pay, or cause to be paid, in cash, ratably to the Beneficiaries, an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Note Obligors' becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Note Obligors for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to the Beneficiaries as aforesaid.

(c) *Liability of Guarantors Absolute.* Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(i) this Guaranty is a guaranty of payment when due and not of collectability and this Guaranty is a primary obligation of each Guarantor and not merely a contract of surety;

(ii) the Issuer Party may enforce this Guaranty during the continuation of an Event of Default notwithstanding the existence of any dispute between the Note Obligors and any Beneficiary with respect to the existence of such Event of Default;

(iii) the obligations of each Guarantor hereunder are independent of the obligations of the Note Obligors and the obligations of any other guarantor (including any other Guarantor) of the obligations of the Note Obligors, and a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against the Note Obligors, any such other guarantor or any other Person and whether or not the Note Obligors, any such other guarantor or any other Person is joined in any such action or actions;

(iv) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid. Without limiting the generality of the foregoing, if the Beneficiaries are awarded a judgment in any suit brought to enforce any Guarantor's covenant to pay a portion of the Guaranteed Obligations, such judgment shall not be deemed to release such Guarantor from its covenant to pay the portion of the Guaranteed Obligations that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Guarantor, limit, affect, modify or abridge any other Guarantor's liability hereunder in respect of the Guaranteed Obligations;

(v) any Beneficiary, upon such terms as it deems appropriate under the relevant Transaction Document, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms

of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations; (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment hereof or the Guaranteed Obligations; (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; (v) enforce and apply any security now or hereafter held by or for the benefit of such Beneficiary in respect hereof or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that such Beneficiary may have against any such security, in each case as such Beneficiary in its discretion may determine consistent herewith and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against any other Issuer Party or any security for the Guaranteed Obligations; and (vi) exercise any other rights available to it under the Transaction Documents; and

(vi) this Guaranty and the obligations of the Guarantors hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations (other than contingent indemnification obligations for which no claim has been made)), including the occurrence of any of the following, whether or not any Guarantor shall have had notice or knowledge of any of them: (i) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under the Transaction Documents, at law, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to events of default) hereof, any of the other Transaction Documents or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, in each case whether or not in accordance with the terms hereof or such Transaction Document or any agreement relating to such other guaranty or security; (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the application of payments received from any source (other than payments received pursuant to the other Transaction Documents or from the proceeds of any security for the Guaranteed Obligations, except to the extent such security also serves as collateral for indebtedness other than the Guaranteed Obligations) to the payment of indebtedness other than the Guaranteed Obligations, even though any Beneficiary might have elected to apply such payment to any part or all of the Guaranteed Obligations; (v) the change, reorganization or termination of the corporate structure or existence of the Note Obligors or any of their Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations, whether or not consented to by any Beneficiary; (vi) any failure to perfect or continue perfection of a security interest in any

collateral which secures any of the Guaranteed Obligations; (vii) any defenses, set offs or counterclaims which the Note Obligors or any other Person may allege or assert against any Beneficiary in respect of the Guaranteed Obligations, including failure of consideration, breach of warranty, payment, statute of frauds, accord and satisfaction and usury; and (viii) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

Anything contained in this Agreement to the contrary notwithstanding, the obligations of each Guarantor in respect of its Guaranty shall be limited to an aggregate amount equal to the largest amount that would not render its obligations under this Agreement subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code of the United States or any comparable provisions of any similar federal or state law; provided, however, that this limitation shall not apply to any Note Obligor with respect to its Direct Issuer Obligations.

(d) *Waivers by Guarantors.* Each Guarantor hereby waives, for the benefit of the Beneficiaries: (a) any right to require any Beneficiary, as a condition of payment or performance by such Guarantor, to (1) proceed against the Note Obligors, any other guarantor (including any other Guarantor) of the Guaranteed Obligations or any other Person, (2) proceed against or exhaust any security held from the Note Obligors, any such other guarantor or any other Person, (3) proceed against or have resort to any balance of any deposit account or credit on the books of any Beneficiary in favor of any Issuer Party or any other Person, or (4) pursue any other remedy in the power of any Beneficiary whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Note Obligors or any other Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Note Obligors or any other Guarantor from any cause other than payment in full of the Guaranteed Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Beneficiary's errors or omissions in the administration of the Guaranteed Obligations, except behavior which amounts to bad faith, gross negligence or willful misconduct; (e) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (ii) any rights to set offs, recoupments and counterclaims, (iii) promptness, diligence and any requirement that any Beneficiary protect, secure, perfect or insure any security interest or lien or any property subject thereto, and (iv) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto, notices of any extension of credit to the Note Obligors and notices of any of the matters referred to in **Section 9(c)** and any right to consent to any thereof; and (f) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof, in each case other than the indefeasible payment in full of the Guaranteed Obligations.

(e) *Guarantors' Rights of Subrogation, Contribution, Etc.* Until the Guaranteed Obligations shall have been paid in full (other than contingent indemnification obligations for which no claim has been made), each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Note Obligors or any other Guarantor or any of its assets in connection with this Guaranty or the performance by such Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise and including, (i) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against the Note Obligors with respect to the Guaranteed Obligations, (ii) any right to enforce, or to participate in, any claim, right or remedy that any Beneficiary now has or may hereafter have against the Note Obligors, and (iii) any benefit of, and any right to participate in, any collateral or security now or hereafter held by any Beneficiary. In addition, until the Guaranteed Obligations shall have been paid in full (other than contingent indemnification obligations for which no claim has been made), each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations. Each Guarantor further agrees that, to the extent the waiver or agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Guarantor may have against the Note Obligors or against any collateral or security, and any rights of contribution such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights any Beneficiary may have against the Note Obligors, to all right, title and interest any Beneficiary may have in any such collateral or security, and to any right any Beneficiary may have against such other guarantor. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations (other than contingent indemnification obligations for which no claim has been made) shall not have been paid in full, such amount shall be held in trust for the Beneficiaries and shall forthwith be paid over to Beneficiaries to be credited and applied ratably against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

(f) *Subordination of Other Obligations.* Any Indebtedness of the Note Obligors or any Guarantor now or hereafter held by any Guarantor (the "**Obligee Guarantor**") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such Indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Beneficiaries and shall forthwith be paid over to the Beneficiaries to be ratably credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

(g) *Continuing Guaranty.* This Guaranty is a continuing guaranty and shall (i) remain in effect until all of the Guaranteed Obligations (other than contingent indemnification obligations for which no claim has been made) shall have been paid in full (ii) be binding upon each Guarantor, its successors and assigns and (iii) inure to the benefit of and be enforceable by the Beneficiaries and their successors, transferees and assigns. Each Guarantor hereby irrevocably

waives any right to revoke this Guaranty as to future transactions giving rise to any Guaranteed Obligations.

(h) *Authority of Guarantors or the Note Obligors.* It is not necessary for any Beneficiary to inquire into the capacity or powers of any Guarantor or the Note Obligors or the officers, directors or any agents acting or purporting to act on behalf of any of them.

(i) *Financial Condition of the Note Obligors.* Any Note may be sold by the Note Obligors, in each case without notice to or authorization from any Guarantor regardless of the financial or other condition of the Note Obligors or any other Issuer Party at the time of any such grant or continuation, as the case may be. No Beneficiary shall have any obligation to disclose or discuss with any Guarantor its assessment, or any Guarantor's assessment, of the financial condition of the Note Obligors or any other Issuer Party. Each Guarantor has adequate means to obtain information from the Note Obligors and the other Issuer Parties on a continuing basis concerning the financial condition of the Note Obligors and the other Issuer Parties and their respective ability to perform their obligations under the Transaction Documents, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Note Obligors and each other Issuer Party and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations. Each Guarantor hereby waives and relinquishes any duty on the part of any Beneficiary to disclose any matter, fact or thing relating to the business, operations or conditions of the Note Obligors or any other Issuer Party now known or hereafter known by any Beneficiary.

(j) *Bankruptcy, Etc.*

(i) So long as any Guaranteed Obligations remain outstanding, no Guarantor shall, without the prior written consent of the Required Investors, commence or join with any other Person in commencing any bankruptcy, reorganization or insolvency case or proceeding of or against the Note Obligors or any other Issuer Party. The obligations of the Guarantors hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of the Note Obligors or any other Issuer Party or by any defense which the Note Obligors or any other Issuer Party may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(ii) Each Guarantor acknowledges and agrees that any interest on any portion of the Guaranteed Obligations which accrues after the commencement of any case or proceeding referred to in clause (a) above (or, if interest on any portion of the Guaranteed Obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, such interest as would have accrued on such portion of the Guaranteed Obligations if such case or proceeding had not been commenced) shall be included in the Guaranteed Obligations because it is the intention of Guarantors and the Beneficiaries that the Guaranteed Obligations which are guaranteed by Guarantors pursuant hereto should be determined without regard to any rule of law or order which may relieve the Note Obligors or any other Issuer Party of any portion of such Guaranteed Obligations. Guarantors will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar Person to pay the

Investors in respect of, any such interest accruing after the date on which such case or proceeding is commenced.

In the event that all or any portion of the Guaranteed Obligations are paid by the Note Obligors, or any Subsidiary of the Note Obligors, the obligations of Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Beneficiary as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder

10. *Miscellaneous.*

(a) *Waivers and Amendments.* Any provision of this Agreement and the Notes may be amended, waived or modified only upon the written consent of the Note Obligors and the Required Investors; provided, however, that no such amendment, waiver or consent shall without each affected Investor's written consent: (i) reduce the principal amount of or change the Maturity Date of any Note, (ii) reduce the rate of or change the stated time for payment of principal or interest of any Note, (iii) extend or increase any Commitment of any Investor without the written consent of such investor, (iv) reserved, (v) make any Note payable in a currency other than that stated in such Note, (vi) change the ranking of any Note in any manner adverse to the rights of the affected Investor, (vii) modify in a manner adverse to the rights of any Investor the provisions related to the redemption of any Note, (viii) impair the right of any Investor to receive payment on, or with respect to, any Note or impair the right to initiate suit for the enforcement of any delivery or payment on, or with respect to, any Note, (ix) modify any Transaction Document in a manner that disproportionately adversely affects any Investor; provided, that treating all Investors in the same manner shall be deemed not to disproportionately adversely affect any Investor, (x) waive any condition set forth in **Sections 4** or **5** or (xi) waive compliance with or modify this **Section 10(a)** in a manner adverse to any Investor; provided further, however, that no such amendment, waiver or consent shall without the written consent of Collateral Agent and Notes Agent, change the duties, rights, benefits or responsibilities of such Person or otherwise impact such Person. Any amendment or waiver effected in accordance with this paragraph shall be binding upon all of the parties hereto. Notwithstanding the forgoing, the Note Obligors and the Collateral Agent may amend or supplement any Transaction Document without the consent of any Investor to (1) cure any ambiguity, defect or inconsistency which is not material, (2) to make, complete or confirm any grant of Collateral permitted or required by any of the Collateral Documents, (3) to revise any schedule to reflect any change in notice information, (4) to revise the name of the Collateral Agent on any UCC financing statement or other Collateral Document as may be necessary to reflect the replacement of the Collateral Agent; provided that the Collateral Agent shall receive and may conclusively rely upon an Officers' Certificate of the Note Obligors stating that the execution of such amendment, modification or supplement is authorized and permitted by this Agreement and the Transaction Documents and that all conditions precedent to the execution thereof have been complied with.

(b) *Governing Law.* This Agreement and all actions arising out of or in connection with this Agreement shall be governed by and construed in accordance with the laws

of the State of New York, without regard to the conflicts of law provisions of the State of New York or of any other state.

(c) *Survival.* The representations, warranties, covenants and agreements made herein shall survive the execution and delivery of this Agreement.

(d) *Successors and Assigns.* Subject to the restrictions on transfer described in **Section 10(g)** and the Notes, the rights and obligations of the Note Obligors and the Investors shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties. In connection with any assignment or transfer of the Notes by an Investor in accordance with the terms of the Notes, (i) the Notes Agent shall update **Schedule I** to reflect such assignment or transfer and provide a copy of such updated **Schedule I** to the Collateral Agent, (ii) the assigning Investor shall, on the date of any such transfer or assignment, provide written notice to the Notes Agent and Collateral Agent of such assignment or transfer (including the amount of such assignment or transfer and the name of the assignee or transferee) together with a completed administrative questionnaire, tax forms, any “know your customer” documentation and other forms with respect to any new Investors as may be required or requested by the Collateral Agent pursuant to the Collateral Agency Agreement, (iii) any new Investor shall execute a “Joinder Agreement” (as defined in the Collateral Agency Agreement) and (iv) a processing and recordation fee of \$3,500 shall be paid by assignor to Notes Agent. Notwithstanding the foregoing, no Investor may directly or indirectly offer, sell, assign or transfer its commitment to purchase Notes without the prior written consent of the Note Obligors (such consent not to be unreasonably withheld). Notwithstanding the foregoing an Investor may transfer its commitment in whole or in part without the consent of the Note Obligors to any Affiliate which (i) is not a natural person and is an “accredited investor” (as defined in Regulation D under the Securities Act), and (ii) has the financial ability to perform the obligation to purchase Notes, provided notice of such assignment is delivered to the Notes Agent. In connection with any assignment or direct transfer of a commitment hereunder (in whole or in part), the transferor and transferee shall enter into an Assignment and Assumption Agreement in the form of **Exhibit E** hereto. Any purported assignment of a Note made without complying with the provisions of this Section 10(d) shall be void and of no effect. For the avoidance of doubt, nothing herein shall restrict in any way any transfer or assignment by an Investor of the Warrants (or any portion thereof) or the shares of Common Stock acquired pursuant to the exercise of such Warrants.

(e) *Jurisdiction and Process; Waiver of Jury Trial.*

(i) Each Issuer Party irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement, the Notes or the other Transaction Documents. To the fullest extent permitted by applicable law, each Issuer Party irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(ii) Each Issuer Party agrees, to the fullest extent permitted by applicable law, that a final judgment in any suit, action or proceeding of the nature referred to in **Section 10(e)(i)** brought in any such court shall be conclusive and binding upon it subject to rights of appeal, as the case may be, and may be enforced in the courts of the United States of America or the State of New York (or any other courts to the jurisdiction of which it or any of its assets is or may be subject) by a suit upon such judgment.

(iii) Each Issuer Party consents to process being served by or on behalf of any Investor in any suit, action or proceeding by mailing a copy thereof by registered, certified, priority or express mail (or any substantially similar form of mail), postage prepaid, return receipt or delivery confirmation requested, to it at its address specified in **Section 10(i)** or at such other address of which such holder shall then have been notified pursuant to said Section. Each Issuer Party agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(iv) Nothing in this **Section 10(e)** shall affect the right of any Investor, Collateral Agent or Notes Agent to serve process in any manner permitted by law, or limit any right that the Investors, Collateral Agent or Notes Agent may have to bring proceedings against any Issuer Party in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(v) EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT. EACH PARTY HERETO (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTE DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 10(e)**.

(f) *Tax Treatment.* The parties agree that for U.S. federal income tax purposes, (i) the Notes shall be treated as “debt” and shall not be treated as “contingent payment debt instruments” within the meaning of U.S. Treasury regulation section 1.1275-4, (ii) the Warrants and the Notes are part of an “investment unit” within the meaning of Section 1273(c)(2) of the Code, and (iii) the fair market values of the Warrants will be determined in good faith by the Note Obligor Representative after the Closing Date in accordance with Section 1273(c)(2)(B) of the Code and Treasury Regulations Section 1.1273-2(h). No party will take a position that is

inconsistent with the foregoing on any tax return unless otherwise required by applicable law or a final determination of the IRS or other applicable Governmental Authority.

(g) *Assignment by the Note Obligors.* The rights, interests or obligations hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Note Obligors without the prior written consent of each of the Required Investors.

(h) *Entire Agreement.* This Agreement together with the other Transaction Documents constitute and contain the entire agreement among the Note Obligors and the Investors and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(i) *Notices.* All notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall in writing and mailed or delivered to each party as follows: (i) if to an Investor, at such Investor's address set forth in the Notes Register, or (ii) if to the Note Obligors, at the address set forth on the Note Obligors' signature page hereto, or at such other address as the Note Obligors shall have furnished to the Investors and Collateral Agent in writing. All such notices and communications will be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one Business Day after being deposited with an overnight courier service of recognized standing or (iv) four days after being deposited in the U.S. mail, first class with postage prepaid.

(j) *Expenses.* The Note Obligors will pay the reasonable costs and expenses of the Investors, including legal fees and expenses (limited to legal fees and expenses of a single counsel to the Investors and, if reasonably required by the Required Investors, a single local counsel of the Investors, (and solely in the case of a conflict of interest, one additional counsel in each relevant material jurisdiction, but specifically excluding any separate counsel engaged by any individual Investor)) relating to (i) enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being an Investor, (ii) any work-out or restructuring of the transactions contemplated hereby and by the Notes and (iii) preparing, recording and filing all financing statements, instruments and other documents to create, perfect and fully preserve the liens granted pursuant to the Transaction Documents and the rights of the Investors or of the Collateral Agent for the benefit of the Secured Parties. The Note Obligors will pay the fees and expenses of the Collateral Agent as set forth in the Collateral Agency Agreement and the Fee Letter.

(k) *Confidentiality.* Each Investor acknowledges and agrees that such Investor will keep confidential and will not disclose, divulge or use for any purpose any business, technical, financial or other information or materials (whether written, oral or in any other form) provided to such Investor (whether by the Note Obligors or its advisors or other representatives) in connection with or pursuant to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, together with all analyses, compilations, interpretations, notes, studies or other documents prepared by such Investor or its Permitted Disclosees (as defined below) which contain or otherwise reflect such information or materials or

such Investor's review of, or interest in, the Note Obligors or any of the foregoing (collectively, the "**Confidential Information**"), unless such Confidential Information (a) is known or becomes known to the public in general (other than as a result of a breach of this **Section 10(k)** by such Investor), (b) is required to be disclosed by law or a governmental authority; provided, however, that an Investor may disclose Confidential Information to officers, directors, members, Affiliates or limited partners or their respective general partners, employees and legal, tax and accounting advisors of such Investor who have a need to know such information for the purpose of monitoring and evaluating such Investor's investment in the Note Obligors (and/or advising such Investor in connection with such purpose) and who have expressly agreed to treat such Confidential Information confidentially in accordance with this Agreement (collectively, the "**Permitted Disclosees**"), (c) is disclosed to any Qualified Transferee (as defined in the Notes) to which any Investor sells or offers to sell a Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by this **Section 10(k)**) or (d) if an Event of Default has occurred and is continuing, is disclosed to any Person to the extent that any Secured Party may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under any Transaction Document, provided that such Secured Party uses reasonable efforts to ensure that the recipient of such information maintains the confidentiality of such Confidential Information. For the avoidance of doubt, such Investor shall not be permitted to disclose, divulge or use any Confidential Information to any Person if such Person, in the reasonable good faith determination of each Note Obligor's Board of Directors, carries on any business that is substantially similar to such Note Obligor's business. Even where any disclosure, divulgence or use of any Confidential Information is permitted pursuant hereto, each Investor agrees that it will not export or re-export any Confidential Information except in compliance with all United States and other export control laws and regulations. Each Investor further agrees to protect and maintain, and to cause each Permitted Disclosee to protect and maintain, the confidentiality and security of, and to exercise the highest standard of care as it exercises to prevent the unauthorized disclosure or unauthorized use of its own proprietary information, which shall be no less than reasonable care, with respect to, the Confidential Information. Each Investor shall be liable for any disclosure or unauthorized use by the Permitted Disclosees or other representatives of such Investor in contravention of this **Section 10(k)**, and shall take reasonably appropriate steps to safeguard the Confidential Information from disclosure, misuse, espionage, loss and theft. Each Investor further agrees to notify the Note Obligors in writing of any actual or suspected misuse, misappropriation or unauthorized disclosure of the Confidential Information, which may come to its attention. In the event that an Investor or any of its Permitted Disclosees receives a request or is required by a governmental authority to disclose all or any Confidential Information, such Investor or its Permitted Disclosees, as the case may be, agree to (A) immediately notify the Note Obligors of the existence, terms and circumstances surrounding such request, (B) consult with the Note Obligors on the advisability of taking legally available steps to resist or narrow such request and (C) assist the Note Obligors in seeking a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained or that the Note Obligors waives compliance with the provisions hereof, such Investor or its Permitted Disclosees, as the case may be, may disclose to any governmental authority only that portion of the Confidential Information which such Investor is advised by counsel is legally required to be disclosed, and such Investor shall exercise its best efforts to obtain assurance that confidential treatment will be accorded such Confidential Information. Nothing in this **Section**

10(k) shall in any way limit or otherwise modify any confidentiality covenants entered into by any Investor pursuant to any other agreement entered into with the Note Obligors. Notwithstanding anything to the contrary herein, the Note Obligors acknowledges and agrees that each Investor may disclose such information in respect of the Note Obligors and the Investor's interest therein as is required under applicable securities laws, rules or regulations or rules of a national securities exchange. The Note Obligors consent in advance to such disclosure and any such disclosure shall not constitute a breach of this **Section 10(k)**.

(l) *Separability of Agreements; Severability of this Agreement.* The Note Obligors' agreement with each of the Investors is a separate agreement and the sale of the Notes to each of the Investors is a separate sale. Unless otherwise expressly provided herein, the rights of each Investor hereunder are several rights, not rights jointly held with any of the other Investors. Any invalidity, illegality or limitation on the enforceability of the Agreement or any part thereof, by any Investor whether arising by reason of the law of the respective Investor's domicile or otherwise, shall in no way affect or impair the validity, legality or enforceability of this Agreement with respect to other Investors. If any provision of this Agreement shall be judicially determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(m) *Counterparts.* This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement. Facsimile copies of signed signature pages will be deemed binding originals.

(n) *Collateral Agent.*

(i) Each Investor hereby appoints and authorizes Alter Domus (US) LLC as Collateral Agent hereunder and in respect of the Collateral Documents, with such powers as are expressly delegated to the Collateral Agent in the Collateral Agency Agreement and the other Transaction Documents, together with such other powers as are reasonably incidental thereto.

(ii) Each Investor hereby instructs the Collateral Agent to enter into the Collateral Agency Agreement and the other Collateral Documents on the Closing Date.

(iii) The Collateral Agent shall be entitled to the same rights, protections, immunities and indemnities as set forth in the Collateral Agency Agreement and the Pledge and Security Agreement, as if the provisions setting forth those rights, protections, immunities and indemnities are fully set forth herein.

(o) *Release of Guarantors and Collateral.* A Guarantor shall automatically be released from its obligations under the Transaction Documents upon the request of the Note Obligors, in connection with a transaction permitted under this Agreement, as a result of which such Guarantor ceases to be a wholly owned Subsidiary; provided that, if so required by this Agreement, the Required Investors shall have consented to such transaction and the terms of such consent shall not have provided otherwise.

(i) Upon the occurrence of the Termination Date, all obligations under the Transaction Documents shall be automatically released.

(ii) In connection with any termination or release pursuant to this **Section 10(o)**, the Investors and the Collateral Agent shall execute and deliver to any Guarantor, at such Guarantor's expense, all documents provided to it that such Guarantor shall reasonably request to evidence such termination or release so long as the Note Obligors or the applicable Guarantor shall have provided such certifications or documents in order to demonstrate compliance with this Agreement.

(iii) The Collateral Agent shall, at the Note Obligors' request and at the Note Obligors' expense, release any Lien on any property granted to or held by the Collateral Agent under any Transaction Document (A) upon satisfaction of any conditions to release specified in any Collateral Document, (B) that is disposed of or to be disposed of as part of or in connection with any disposition permitted hereunder or under any other Transaction Document to any Person other than an Issuer Party, (C) if approved, authorized or ratified in writing by the Required Investor or all Investors, as applicable, as provided under this Agreement, (D) owned by a Guarantor upon release of such Guarantor from its obligations under the Guaranty, or (E) as expressly provided in the Collateral Documents; provided that the Collateral Agent shall receive and may conclusively rely upon an Officers' Certificate of the Note Obligors stating that such release is authorized and permitted by this Agreement and the Transaction Documents and that all conditions precedent to such release have been complied with.

(iv) In the event that (i) all the Equity Interests in any Guarantor are sold, transferred or otherwise disposed of to a Person other than the Note Obligors or its Subsidiaries in a transaction permitted under this Agreement, (ii) a Guarantor ceases to be a Domestic Subsidiary or (iii) a Guarantor would become an Excluded Subsidiary upon the consummation of any transaction permitted hereunder, the Investors shall, at the Note Obligors' expense, promptly take such action and execute such documents as the Note Obligors may reasonably request to terminate the Guaranty of such Guarantor.

(p) *Collateral Agent as Third Party Beneficiary.* Notwithstanding anything contained herein to the contrary, the Collateral Agent shall be a third party beneficiary under this Agreement and the Notes and shall have all of the rights and benefits of a third party beneficiary hereunder and thereunder, including an independent right of action to enforce any provisions in this Agreement or the Notes directly against any or all of the Issuer Parties and the Investors. This provision and any rights, benefits and privileges of the Collateral Agent in this Agreement or the Notes shall not be modified or amended without the Collateral Agent's prior written consent.

(q) *Note Obligors Representative.*

(i) *Appointment; Nature of Relationship.* Parent is hereby appointed by each of the Note Obligors as its contractual representative (herein referred to as the "**Note Obligors Representative**") hereunder and under each other Transaction Document, and each of the Note Obligors irrevocably authorizes the Note Obligors Representative to act as the contractual representative of such Note Obligor with the rights and duties expressly set forth herein and in the other Transaction Documents. The Note Obligors Representative agrees to act

as such contractual representative upon the express conditions contained in this **Section 10(q)**. Additionally, the Note Obligors hereby appoint the Note Obligors Representative as their agent to receive all of the proceeds of the Notes in the Note Obligors' accounts, at which time the Note Obligors Representative shall promptly disburse such proceeds to the Note Obligors. The Investors, the Collateral Agent, the Notes Agent and their respective officers, directors, agents or employees, shall not be liable to the Note Obligors Representative or any Note Obligor for any action taken or omitted to be taken by the Note Obligors Representative or the Note Obligors pursuant to this **Section 10(q)**.

(ii) *Powers.* The Note Obligors Representative shall have and may exercise such powers under the Transaction Documents as are specifically delegated to the Note Obligors Representative by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Note Obligors Representative shall have no implied duties to the Note Obligors, or any obligation to the Investors to take any action thereunder except any action specifically provided by the Transaction Documents to be taken by the Note Obligors Representative.

(iii) *Employment of Agents.* The Note Obligors Representative may execute any of its duties as the Note Obligors Representative hereunder and under any other Transaction Document by or through authorized officers.

(iv) *Successor Note Obligor Representative.* The Note Obligors Representative may resign at any time, such resignation to be effective upon the appointment of a successor Note Obligors Representative.

(v) *Execution of Transaction Documents.* The Note Obligors hereby empower and authorize the Note Obligors Representative, on behalf of the Note Obligors, to execute and deliver to the Investors, the Collateral Agent and the Notes Agent the Transaction Documents and all related agreements, certificates, documents, or instruments as shall be necessary or appropriate to effect the purposes of the Transaction Documents. Each Note Obligor agrees that any action taken by the Note Obligors Representative or the Note Obligors in accordance with the terms of this Agreement or the other Transaction Documents, and the exercise by the Note Obligors Representative of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Note Obligors.

(Signature Page Follows)

APPENDIX 1

DEFINITIONS

As used in this Agreement, the following terms have the meanings specified below:

“Acquisition” means any transaction or series of related transactions resulting in the acquisition by the Note Obligors or any of their Subsidiaries, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Equity Interests of, or a businessline or unit or a division of, any Person.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Anti-Corruption Laws” means the United States Foreign Corrupt Practices Act of 1977, as amended from time to time, and other anti-bribery or anti-corruption laws in effect in jurisdictions in which the Parent or any of its Subsidiaries do business.

“Assignment and Assumption Agreement” means an Assignment and Assumption Agreement in substantially the form attached hereto as **Exhibit E** or as otherwise approved by the Required Investors from time to time.

“Attributable Indebtedness” means, on any date, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease or other agreement or instrument were accounted for as a Capitalized Lease.

“Audited Financial Statements” means the audited Consolidated balance sheet of Parent and its Subsidiaries for the fiscal year ended December 31, 2020, and the related Consolidated statements of income or operations, stockholders’ equity and cash flows for such fiscal year, including the notes thereto.

“Available Excess Proceeds” means Net Available Cash that is not applied or invested (or committed pursuant to a written agreement to be applied or invested) within 365 days after receipt (or in the case of any amount committed to be so applied or reinvested, which are not actually so applied or reinvested within 180 days following such 365 day period):

(a) in the case of any Disposition by a Subsidiary that is not a Guarantor or consisting of Equity Securities of a Subsidiary that is not an Guarantor, to repay Indebtedness of a Subsidiary that is not a Guarantor within 90 days of receipt of such Net Available Cash;

(b) to reinvest in or acquire assets (including Equity Securities or other securities purchased in connection with the acquisition of Equity Securities or property of another Person that

is or becomes a Subsidiary of the Company) used or useful in a Related Business; provided that to the extent the assets subject to such Disposition were Collateral, such newly acquired assets shall also be Collateral; or

(c) to (i) repay, prepay, purchase, redeem or otherwise acquire Priority Payment Lien Obligations (and, if the Priority Payment Lien Obligations so repaid, prepaid, purchased, redeemed or acquired, is under a revolving credit facility, effect a permanent reduction in the availability thereunder in an amount equal to the aggregate principal amount of Priority Payment Lien Obligations under such revolving credit facility so repaid, prepaid, purchased, redeemed or acquired), or (ii) cash collateralize Priority Payment Lien Obligations.

“Bankruptcy Code” means Chapter 11 of Title 11 of the United States Code, as amended from time to time and any successor statute and all rules and regulations promulgated thereunder.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Beneficiary” means each holder of a Note, the Collateral Agent and the Notes Agent.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Board of Directors” of any Person means the board of directors or comparable governing body of such Person or any committee thereof duly authorized to act on its behalf.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

“Capitalized Leases” means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases; provided that, all obligations that are or would have been treated as operating leases for purposes of GAAP prior to the issuance by the Financial Accounting Standards Board on February 25, 2016 of an Accounting Standards Update (the “ASU”) shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of the Transaction Documents (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations in the financial statements to be delivered pursuant to the Transaction Documents.

“Cash Equivalents” means

(1) United States dollars, or money in other currencies received in the ordinary course of business,

(2) U.S. Government Obligations or certificates representing an ownership interest in U.S. Government Obligations with maturities not exceeding one year from the date of acquisition,

(3) (i) demand deposits, (ii) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (iii) bankers' acceptances with maturities not exceeding one year from the date of acquisition, and (iv) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of the United States or any State thereof having capital, surplus and undivided profits in excess of \$500 million whose short-term debt is rated "A-2" or higher by S&P or "P-2" or higher by Moody's,

(4) repurchase obligations with a term of not more than thirty days for underlying securities of the type described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above,

(5) commercial paper rated at least P-1 by Moody's or A-1 by S&P and maturing within one year after the date of acquisition,

(6) money market funds at least 90% of the assets of which consist of investments of the type described in clauses (1) through (5) above;

(7) other investments permitted from time to time under the investment policy of Parent and approved by Parent's board of directors from time to time; and

(8) in the case of any Foreign Subsidiary, other short-term investments that are analogous to the foregoing, are of comparable credit quality and are customarily used by companies in the jurisdiction of such Foreign Subsidiary for cash management purposes.

"CFC" means (a) each Subsidiary that is a "controlled foreign corporation" (within the meaning of Section 957 of the Code and the U.S. Treasury regulations promulgated thereunder) and (b) each Subsidiary of any such controlled foreign corporation described in clause (a) above.

"Closing Date" means December 10, 2021.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Collateral" means all of the "Collateral" referred to in the Collateral Documents and all of the other property that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of the Collateral Agent for the benefit of the Investors.

"Collateral Access Agreement" means a landlord waiver, bailee letter, processor letter or acknowledgment of any lessor, warehouseman, processor, consignee or other Person in possession of, having a Lien upon, or having rights or interests in any Issuer Party's or its Subsidiaries' books and records, equipment or inventory, in each case, in form and substance reasonably satisfactory to the Investors.

“Collateral Agency Agreement” means that certain Collateral Agency Agreement, dated as of the date hereof, between the Issuer Parties, the Collateral Agent and the Investors.

“Collateral Agent” means Alter Domus (US), LLC, a Delaware limited liability company.

“Collateral Documents” means, collectively, the Security Agreement, any Joinder Agreement, each of the mortgages, collateral assignments, security agreements, pledge agreements or other similar agreements delivered to the Investors pursuant to **Section 7(k)** or **7(i)**, and each of the other agreements, instruments or documents delivered by or on behalf of any Issuer Party pursuant to this Agreement or any of the other Transaction Documents that creates or purports to create a Lien in favor of the Collateral Agent for the benefit of the Secured Parties.

“Commitment” means, as to each Investor, the amount set forth opposite each Investor’s name on **Schedule I** to this Agreement. “Commitments” means the aggregate Commitments of all Investors.

“Common Stock” means the common stock, par value \$0.0001 per share, of the Parent.

“Consolidated” means, when used with reference to financial statements or financial statement items of the Parent and its Subsidiaries or any other Person, such statements or items on a consolidated basis in accordance with the consolidation principles of GAAP.

“Consolidated Adjusted EBITDA” means, for any period, Consolidated Net Income for such period plus, all as determined on a consolidated basis, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of: (a) consolidated tax expense based on income, profits or capital, including state, franchise, capital and similar taxes and withholding taxes paid or accrued during such period, (b) total interest expense, and, to the extent not reflected in such total interest expense, any losses on hedging obligations or other derivative instruments entered into for the purpose of hedging interest rate risk, net of gains on such hedging obligations or such derivative instruments, and financial institution and letter of credit fees and costs of surety bonds in connection with financing activities plus expenses associated with the equity component of, and any mark to market losses with respect to, convertible debt instruments, (c) depreciation and amortization expense, (d) amortization of intangibles (including, but not limited to, goodwill), (e) extraordinary, unusual or non-recurring costs, fees, charges and other expenses, including fees, charges and expenses incurred that are (or are expected to be within one year of the end of such period with a deduction in the subsequent period to the extent not so reimbursed or paid) reimbursed or actually paid by a third party or under indemnification or reimbursement provisions, (f) costs or expenses reasonably identified by Parent as incurred in connection with entry into or expansion of new markets, strategic initiatives and contracts, software development and new systems design, new product offerings, project start-up costs, and related integration and systems establishment costs, including any on-going operating losses in respect thereof for a period of no more than 24 months after commencement of such operations or expansion, (g) non-cash equity-based compensation expenses and payroll tax expense related to equity-based compensation expenses, (h) any other non-cash charges, non-cash expenses or non-cash losses (excluding any such charge, expense or loss incurred in the ordinary course of business that constitutes an accrual of, or a reserve for, cash charges for any future period); provided,

however that cash payments made in such period or in any future period in respect of such non-cash charges, expenses or losses (excluding any such charge, expense or loss incurred in the ordinary course of business that constitutes an accrual of, or a reserve for, cash charges for any future period) shall be subtracted from Consolidated Net Income in calculating Consolidated Adjusted EBITDA in the period when such payments are made, (i) transition, integration, business optimization and similar fees, charges and expenses related to acquisitions, business combinations, dispositions and exiting lines of business, (j) restructuring, discontinued operations or similar charges, (k) pro forma “run rate” cost savings, operating expense reductions and synergies (including expected revenue enhancements) relating to acquisitions, business combinations, dispositions and other initiatives that are reasonably identifiable and projected in good faith by Parent to result from actions that have been taken or with respect to which substantial steps have been taken or initiated or are expected to be taken with the first eight full fiscal quarters after such event, (l) accruals or expenses related to settlements or payment of legal claims, (m) foreign currency translation expense, (n) transaction costs associated with this Agreement and the Merger Transactions and the transactions contemplated hereby and thereby and with any actual, proposed or contemplated issuance of Equity Interests (including any expense relating to enhanced accounting functions or other costs associated with becoming a public company), the making of any Investment, acquisition, joint venture or disposition, or the issuance or incurrence of Indebtedness or refinancings, (o) in connection with acquisitions of foreign Subsidiaries, expenses recognized on conversion from IFRS to GAAP for items capitalized under IFRS but expensed under GAAP, and (p) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not included in the calculation of Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Adjusted EBITDA pursuant to clause (iii) below for any previous period and not added back; provided that, for any period, the aggregate amount added pursuant to clauses (f), (i), (j) and (k) shall not exceed 35% of Adjusted EBITDA for the applicable period (calculated before giving effect to such addbacks); and minus, to the extent included in the statement of such Consolidated Net Income for such period, the sum of: (i) interest income, (ii) any extraordinary income or gains determined in accordance with GAAP, and (iii) any other non-cash income other than accrual of revenue in the ordinary course of business (excluding any items that represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period that are described in the parenthetical to clause (h) above).

“Consolidated Net Income” for any period, the net income (loss) of Parent and its Subsidiaries on a consolidated basis determined in conformity with GAAP; provided, however, that there will not be included in the determination of Consolidated Net Income the effect of: (a) with respect to any Subsidiary that is not wholly owned but whose net income is consolidated in whole or in part with the net income of Parent, the income of such Subsidiary solely to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of that income is not permitted by operation of the terms of its organizational documents or any law applicable to such Subsidiary; provided that Consolidated Net Income shall be increased by the amount of dividends or distributions or other payments that are actually paid by such Subsidiary to Parent or any other Subsidiary; (b) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations (including pursuant to any sale and leaseback) which is not sold or otherwise disposed of in the ordinary course of business; (c) the cumulative effect of a change in accounting principles; and (d) any recapitalization or purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred

revenue in component amounts required or permitted by GAAP and related authoritative pronouncements, as a result of any consummated Acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development). In addition, proceeds from any business interruption insurance received in such period or which is reasonably expected to be received in a subsequent period and within one year of the underlying loss shall be added to Consolidated Net Income; provided, that if not so received within such one-year period, such amount shall be subtracted in the subsequent calculation period.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote ten percent (10%) or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

“Copyrights” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all renewals of any of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

“Covered Persons” has the meaning given to such term in **Section 2(j)(ii)**.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Direct Issuer Obligations” means any Obligations of the Note Obligors under this Agreement.

“Disclosure Letter” means the disclosure letter, dated the Closing Date, delivered by the Note Obligors to the Investors and the Collateral Agent, [as supplemented on the First Amendment Effective Date](#).

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any Sale and Leaseback Transaction and whether effected pursuant to a Division or otherwise) of any property by any Note Obligor or Subsidiary, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding any Involuntary Disposition.

“Disqualified Equity Interest” means, with respect to any Person, any Equity Interests of such Person that, by their terms (or by the terms of any security or other Equity Interest into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (a) mature or are mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full in cash of the Notes and the Obligations (other than contingent indemnification obligations and expense reimbursement obligations not then due and payable) and the termination or satisfaction of the Commitments), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests) (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full in cash of the Notes and all other Obligations (other than contingent indemnification obligations and expense reimbursement obligations not then due and payable) and the termination or satisfaction of the Commitments), in whole or in part, (c) provide for the scheduled payment of dividends in cash or (d) are or become convertible into, or exchangeable for, Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case of clauses (a) through (d), prior to the date that is 91 days after the latest scheduled maturity date of the Notes; provided that if such Equity Interests are issued pursuant to a plan for the benefit of the Parent or its Subsidiaries or by any such plan to such officers or employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Parent or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employees’ or officers’ termination, death or disability; provided further that Equity Interests constituting Qualified Equity Interests when issued shall not cease to constitute Qualified Equity Interests solely as a result of the subsequent extension of the latest scheduled maturity date of the Notes and Commitments.

“Disqualification Events” has the meaning given to such term in **Section 2(j)(ii)**.

“Division” means reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act, or any analogous action taken pursuant to any other applicable Laws.

“dollars” or “\$” refers to lawful money of the United States of America.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of any political subdivision of the United States.

“Environmental Laws” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises,

licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Environmental Permit” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination; provided that, notwithstanding the foregoing, the term Equity Interests shall not include debt instruments that are convertible into, or exchangeable for, capital stock and cash in lieu of fractional shares.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with any Note Obligor within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of any Note Obligor or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Note Obligor or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Note Obligor or any ERISA Affiliate or (i) a failure by any Note Obligor or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or the failure by any Note Obligor or any ERISA Affiliate to make any required contribution to a Multiemployer Plan.

“Event of Default” has the meaning set forth in the Notes.

“Excluded Assets” has the meaning specified in the Security Agreement.

“Excluded Subsidiary” means any Subsidiary of the Note Obligors that is not required to guarantee the Obligations pursuant to **Section 9**, each Foreign Subsidiary and any Domestic Subsidiary substantially all of the assets of which (whether held directly or through one or more entities disregarded for U.S. federal income tax purposes) consist of capital stock (or capital stock and debt) (including any debt instrument treated as equity for U.S. federal income tax purposes) of one or more Foreign Subsidiaries that are CFCs.

“Existing HSBC Letters of Credit” means the letters of credit issued by HSBC Bank USA, N.A. for the account of the Issuer Parties prior to the First Amendment Effective Date, as disclosed on **Schedule 8(a)(xvi)** to the Disclosure Letter.

“FCPA” has the meaning set forth in **Section 2(r)(ii)**.

“Fee Letter” means that certain Fee Letter dated as of the date hereof, by and among Sonder Holdings, Sonder USA, Sonder Hospitality, the Collateral Agent and the Notes Agent.

“Financial Officer” means the chief financial officer, treasurer, chief accounting officer, head of finance, vice president of finance or corporate controller of the Note Obligors.

“First Amendment Effective Date” means **December 21, 2022**.

“First Funding Event” has the meaning set forth in **Section 1(c)(i)**.

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“FSHCO” has the meaning set forth in the Security Agreement.

“Funding Event” has the meaning set forth in **Section 1(c)**.

“Funding Notice” has the meaning set forth in **Section 1(e)**.

“GAAP” means generally accepted accounting principles in the United States of America applied on a consistent basis.

“GAAP Net Revenue” means net revenue of Parent and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank).

“Group Members” means the Parent and its Subsidiaries.

“Guarantee” means, as to any Person, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of the kind described in clauses (a) through (g) of the definition thereof or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business or customary indemnification obligations. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guaranteed Obligation” has the meaning set forth in **Section 9(a)**.

“Guarantor” means each Person that shall have become a party hereto as a “Guarantor” and shall have provided a Guaranty of the Obligations by executing and delivering a Joinder Agreement; provided that for purposes of **Section 9**, the term “Guarantors” shall also include the Note Obligors (except with respect to the Direct Issuer Obligations).

“Guaranty” means the guaranty of each Guarantor set forth in **Section 9**.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, natural gas, natural gas liquids, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, toxic mold, infectious or medical wastes and all other substances, wastes, chemicals, pollutants, contaminants or compounds of any nature in any form regulated pursuant to any Environmental Law.

“Hospitalité” means Hospitalité Sonder Canada Inc.

“IFRS” means international financial reporting standards within the meaning of IAS Regulation 1606/2002.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties and similar instruments;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) accrued expenses and accounts payable in the ordinary course of business and not past due for more than ninety (90) days, (ii) accruals for payroll and other liabilities accrued in the ordinary course of business and (iii) earnout obligations unless required to be reflected as liabilities on the balance sheet of such Person in accordance with GAAP);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Attributable Indebtedness in respect of Capitalized Leases and Synthetic Lease Obligations of such Person;
- (g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Disqualified Equity Interest in such Person; and
- (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any other entity to the extent such Person is liable therefor as a result of such Person's ownership interest in such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. Notwithstanding the foregoing, Indebtedness shall not include (1) deferred revenue incurred by any Person in the ordinary course of business, (2) intercompany liabilities arising from cash management, tax, and accounting operations and intercompany loans, advances or Indebtedness, in each case having a term not exceeding 364 days (inclusive of any rollover or extension of terms) and made in the ordinary course of business and (3) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the seller.

"Intellectual Property" has the meaning set forth in the Security Agreement.

"Investment" means any loan, advance (other than advances to employees or other providers of services for moving, entertainment and travel expenses, drawing accounts and similar expenditures in the ordinary course of business), extension of credit (by way of Guarantee or

otherwise) or capital contributions by the Note Obligors or any of their Subsidiaries to any other Person (other than any Issuer Party), and any Acquisitions.

“Investors” has the meaning given to such term in the introductory paragraph to this Agreement.

“Investor Rights Agreement” means that certain Amended and Restated Investors’ Rights Agreement, dated as of April 3, 2020, by and among Sonder Holdings, Sonder Canada Inc. and the persons and entities listed on Schedule A thereto, as amended on May 3, 2020 and as further amended on March 11, 2021.

“Involuntary Disposition” means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of any Note Obligor or any Subsidiary.

“IQ Loan Agreement” means that certain financing letter agreement, dated as of December 15, 2020, by and between Hospitalité and Investissement Québec, as executed by Hospitalité on or about December 22, 2020.

“IQ Loan Documents” means the IQ Loan Agreement and all other agreements, instruments and other documents entered into in connection with the IQ Loan Agreement or otherwise setting forth the terms of the IQ Loan Agreement, as may be amended, supplemented or otherwise modified from time to time.

“IRS” means the United States Internal Revenue Service.

“Issuer Party” or “Issuer Parties” shall mean, individually or collectively, the Note Obligors and the Guarantors.

“Joinder Agreement” means a joinder agreement substantially in the form of **Exhibit D**, in the case of Parent, or **Exhibit C**, for all other Guarantors, executed and delivered in accordance with the provisions of **Section 5(a)(xi)** or **Section 7(k)**, as applicable.

“Joint Venture” means a joint venture, partnership or other similar arrangement, whether in corporate, partnership or other legal form; provided that, in no event shall any corporate subsidiary of any Person be considered to be a Joint Venture to which such Person is a party.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other

encumbrance on title to real property and any financing lease having substantially the same economic effect as any of the foregoing).

“Live Units” means, as of any date of determination, the number of units of Parent and its Subsidiaries rented or available to rented.

“Margin Stock” has the meaning assigned to such term in Regulation U of the Board as in effect from time to time.

“Marketable Securities” means, without duplication of any of the items described in the definition of Cash Equivalents, investments permitted pursuant to the Parent’s investment policy as approved by the Board of Directors (or committee thereof) of the Parent from time to time.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent) or financial condition of the Group Members, taken as a whole; (b) a material impairment of the rights and remedies, taken as a whole, of the Investors under the Transaction Documents, or of the ability of any Issuer Party to perform its payment obligations under any Transaction Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Issuer Party of any Transaction Document to which it is a party.

“Material Contract” means, with respect to any Person, each contract or agreement (excluding leases of units rented to third parties in the ordinary course of business) (a) to which such Person is a party involving aggregate consideration payable to or by such Person of \$250,000 or more in any fiscal year or (b) otherwise material to the business, financial condition, operations, performance or properties of such Person or (c) any other contract, agreement, permit or license, written or oral, of any Group Member as to which the breach, nonperformance, cancellation or failure to renew by any party thereto, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; provided that any employment offer letter that would be a Material Contract under clause (a) shall not be a Material Contract for purposes of this definition.

“Maturity Date” means December 10, 2026.

“Merger Agreement” shall mean the Agreement and Plan of Merger, dated April 29, 2021, as amended, by and among Sonder Holdings, Parent, Sunshine Merger Sub I, Inc., a Delaware corporation, and Sunshine Merger Sub II, LLC, a Delaware limited liability company.

“Merger Transactions” shall mean the transactions contemplated by the Merger Agreement.

“Moody’s” means Moody’s Investors Service, Inc., and any successor to its rating agency business.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Note Obligor or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five (5) plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a Plan which has two or more contributing sponsors (including any Note Obligor or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Available Cash” means cash payments from a Disposition made pursuant to **Section 8(c)(vii)** received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities or other assets received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Disposition or received in any other non-cash form) therefrom, in each case net of (1) all brokerage, legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Disposition, (2) all payments made on any Indebtedness (other than Priority Payment Lien Obligations, Pari Passu Lien Indebtedness and Indebtedness secured by Liens that are junior to the Liens securing the Notes) that is secured by any assets subject to such Disposition, in accordance with the terms of any Lien upon such assets, or that must by its terms, or in order to obtain a necessary consent to such Disposition, or by applicable law be repaid out of the proceeds from such Disposition, (3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Disposition, (4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the property or other assets disposed of in such Disposition and retained by any Note Obligor after such Disposition, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters and (5) any portion of the purchase price from a Disposition placed in escrow (whether as a reserve for adjustment of the purchase price, or for satisfaction of indemnities in respect of such Disposition); provided, however, that in the cases of clauses (4) and (5), upon reversal of any such reserve or the termination of any such escrow, Net Available Cash shall be increased by the amount of such reversal or any portion of funds released from escrow to any Note Obligor.

“Non-U.S. Plan” means any plan, fund (including any superannuation fund) or other similar program established, contributed to (regardless of whether through direct contributions or through employee withholding) or maintained outside the United States by the Note Obligors or one or more Subsidiaries, primarily for the benefit of employees of the Note Obligors or such Subsidiaries or any Issuer Party residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

“Note Obligor” or “Note Obligors” shall mean, individually or collectively, Sonder Holdings, Sonder USA, Sonder Hospitality, and after the closing of the Merger Transaction and the execution of the Joinder Agreement, Parent.

“Note Obligors Representative” has the meaning set forth in **Section 10(q)**.

“Notes” means the notes issued by the Note Obligors under this Agreement, substantially in the form of **Exhibit A**.

“Notes Agent” means, initially, Alter Domus (US) LLC, a Delaware limited liability company, or such other entity appointed in accordance with the terms of the of the Collateral Agency Agreement.

“Notes Register” means records maintained by the Notes Agent.

“Obligations” means all amounts owing by any Issuer Party to the Investors, Collateral Agent or Notes Agent under the Notes, the Security Agreement, this Agreement or any other Transaction Document and all interest which accrues after the commencement of any bankruptcy or insolvency proceeding, whether or not allowed or allowable.

“OFAC” means the United States Treasury Department Office of Foreign Assets Control.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement or limited liability company agreement (or equivalent or comparable documents with respect to any non-U.S. jurisdiction); (c) with respect to any partnership, trust or other form of business entity, the partnership or other applicable agreement of formation or organization (or equivalent or comparable documents with respect to any non-U.S. jurisdiction) and (d) with respect to all entities, any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization (or equivalent or comparable documents with respect to any non-U.S. jurisdiction).

“Original Principal Amount” shall have the meaning specified in each Note.

“Outstanding Principal Balance” shall have the meaning specified in each Note.

“Parent” shall mean, (i) prior to the closing the Merger Transactions, Sonder Holdings, Inc., a Delaware corporation, and (ii) after the closing of the Merger Transactions, Sonder Holdings Inc., a Delaware corporation, previously known as, prior to the closing of the Merger Transactions, Gores Metropoulos II, Inc.

“Pari Passu Lien Indebtedness” means any Indebtedness (and any refinancings, refundings, renewals or extensions thereof) that (a) is secured by a Lien granted under the Security Agreement that ranks pari passu with the Liens securing the Notes in an aggregate principal amount not to exceed \$220,000,000 less the aggregate Outstanding Principal Balance of the Notes and (b) has economic terms and conditions that are no more favorable to the holders of such Pari Passu Lien Indebtedness than the terms of the Notes, including without limitation that such Pari Passu Lien Indebtedness shall mature on or after the Maturity Date of the any Note, shall not require any offers to repurchase, or prepayments or redemptions of, such Pari Passu Lien Indebtedness that are not

required by the Transaction Documents with respect to the Notes, shall not be the obligation of any person who is not an Issuer Party, and shall not be secured by any assets that are not Collateral.

“Patents” means, with respect to any Person, all of such Person’s right, title, and interest in and to: (a) any and all patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (d) all licenses of the foregoing whether as licensee or licensor; (e) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (f) all rights to sue for past, present, and future infringements thereof; and (g) all rights corresponding to any of the foregoing throughout the world.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by any Note Obligor and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Permits” means any and all approvals, permits, registrations, permissions, licenses, authorizations, consents, certifications, actions, orders, waivers, exemptions, variances, franchises, filings, declarations, rulings, registrations and applications from or issued by any Governmental Authority.

“Permitted Acquisitions” means an Acquisition by an Issuer Party (the Person or division, line of business or other business unit of the Person to be acquired in such Acquisition shall be referred to herein as the “Target”), in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by the Parent and its Subsidiaries pursuant to the terms of this Agreement, in each case so long as:

- (a) no Default shall then exist or would exist after giving effect thereto;
- (b) the Collateral Agent shall have received (or shall receive in connection with the closing of such Acquisition or will receive when required by **Section 7(k)**) a first priority perfected security interest in all Collateral acquired with respect to the Target in accordance with the terms of **Section 7(k)** and the Target, if a Person, shall have executed or will execute a Joinder Agreement in accordance with the terms of **Section 7(k)**;

(d) the Investors shall have received at least twenty (20) days prior (or such later date as is agreed by the Required Investors) to the consummation of such Acquisition (i) a description of the material terms of such Acquisition, (ii) to the extent available, audited financial statements (or, if unavailable, management-prepared financial statements) of the Target for its two most recent fiscal years and for any fiscal quarters ended within the fiscal year to date, (iii) consolidated projected income statements of the Group Members (giving effect to such Acquisition), and (iv) not less than five (5) Business Days prior (or such later date as is agreed by the Required Lenders) to the consummation of any Permitted Acquisition with a purchase price in excess of \$5,000,000, a certificate executed by a Responsible Officer of the Note Obligors Representative certifying that such Permitted Acquisition complies with the requirements of this Agreement and the requirements of this definition, and attaching copies of such other agreements, instruments and documents as the Required Investors shall request;

(e) such Acquisition shall not be a “hostile” Acquisition and shall have been approved by the board of directors (or equivalent) and/or shareholders (or equivalent) (if required) of the applicable Issuer Party and the Target;

(f) all transactions related to such purchase or acquisition shall be consummated in all material respects in accordance with all applicable requirements of Law;

(g) no Issuer Party shall, as a result of or in connection with any such purchase or acquisition, assume or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation or other matters) that, as of the date of such purchase or acquisition, could reasonably be expected to result in the existence or incurrence of a Material Adverse Effect;

(h) no Indebtedness is assumed or incurred in connection with any such purchase or acquisition other than Indebtedness permitted by the terms of **Section 8(a)**;

(i) if such Acquisition is an acquisition of assets, such Acquisition is structured so that a Note Obligor or another Issuer Party shall acquire such assets; provided that, notwithstanding the foregoing, the Acquisition may be structured so that a Subsidiary that is not an Issuer Party may acquire assets if such Acquisition, including the book value of such assets, is in all respects acceptable to the Required Investors;

(j) if such Acquisition is an acquisition of Equity Interests, such Acquisition will not result in any violation of Regulation U;

(k) (i) if such Acquisition involves a merger or a consolidation involving a Note Obligor, such Note Obligor shall be the surviving entity, and (ii) if such Acquisition involves a merger or a consolidation involving any Issuer Party (other than a Note Obligor), such Issuer Party or a Person that becomes an Issuer Party prior to or substantially concurrently with the consummation of such Acquisition shall be the surviving entity;

(l) the total consideration (including fair market value of property given, the value of the Equity Interests of the Parent or any Subsidiary to be transferred and the maximum potential total amount of all deferred payment obligations (including earn-outs) and Indebtedness assumed or incurred) (i) in connection with any single Acquisition shall not exceed \$10,000,000 and (ii) for all Acquisitions made during the term of the Notes shall not exceed \$25,000,000.

“Permitted HSBC Accounts” means the Issuer Parties’ existing deposit and securities accounts with HSBC Bank USA, N.A. existing as of the First Amendment Effective Date containing an aggregate amount not to exceed, (a) from the First Amendment Effective Date through and including the first 7 days after the First Amendment Effective Date, an unlimited amount and (b) during the remainder of the Transition Period, \$10,000,000.

“Permitted HSBC Cash Collateral Accounts” means the Note Obligors’ existing deposit accounts with HSBC Bank USA, N.A., which were established solely to hold cash collateral for fee and reimbursement obligations in connection with the Existing HSBC Letters of Credit and/or obligations under credit cards issued by HSBC Bank USA, N.A. or its affiliates that are permitted by Section 8(a)(xv).

“Permitted Liens” has the meaning set forth in Section 8(b).

“Permitted Tax Restructuring” means a tax restructuring in form and substance reasonably acceptable to the Investors (which acceptance may be confirmed by the Investors via email).

“Permitted Transfers” means (a) Dispositions of inventory in the ordinary course of business; (b) Dispositions of property to the Parent or any Subsidiary; provided, that if the transferor of such property is an Issuer Party then the transferee thereof must be an Issuer Party or the book value of the assets transferred by such Issuer Party to a Subsidiary that is not an Issuer Party shall not exceed \$11,500,000 in the aggregate in any fiscal year; (c) Dispositions of accounts receivable in connection with the collection or compromise thereof; (d) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of the Group Members; (e) the sale or disposition of Cash Equivalents for fair market value; and (f) dispositions of furniture, décor and kitchenware and other household supplies (like linens and towels) by any Group Member to any other Group Member or another Subsidiary in the ordinary course of business.

“Person” means any natural person, corporation, limited liability company, trust, Joint Venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan) that is subject to ERISA and either (i) maintained for employees of any Note Obligor or any ERISA Affiliate or (ii) pursuant to which any Note Obligor or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Plan Asset Regulations” means 29 CFR § 2510.3-101 et seq., as modified by Section 3(42) of ERISA, as amended from time to time.

“Pledged Equity” has the meaning specified in the Security Agreement.

“Priority Payment Lien Obligations” means obligations under the Senior Credit Agreement and any other Indebtedness secured by Permitted Liens.

“Purchase Price” has the meaning set forth in **Section 1(c)(iii)**.

“Qualified Equity Interests” means any Equity Interests that are not Disqualified Equity Interests.

“Related Business” means any business that is the same as or related, ancillary or complementary to any of the businesses of Parent and its Subsidiaries and any reasonable extension or evolution of any of the foregoing.

“Related Parties” or “Related Party” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty (30) day notice period has been waived.

“Required Investors” means the Investors holding at least two-thirds of the aggregate Outstanding Principal Balance of the then-outstanding Notes.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of an Issuer Party, solely for purposes of the delivery of incumbency certificates pursuant to **Section 5(c)**, the secretary or any assistant secretary of an Issuer Party. Any document delivered hereunder that is signed by a Responsible Officer of an Issuer Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Issuer Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Issuer Party. To the extent requested by the Investors, each Responsible Officer will provide an incumbency certificate and to the extent requested by the Investors, appropriate authorization documentation, in form and substance satisfactory to the Investors.

“Restricted Payment” means (a) any dividend or other distribution, direct or indirect, on account of any shares (or equivalent) of any class of Equity Interests of the Parent or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares (or equivalent) of any class of Equity Interests of the Parent or any of its Subsidiaries, now or hereafter outstanding, and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Equity Interests of any Issuer Party or any of its Subsidiaries, now or hereafter outstanding.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor to its rating agency business.

“Sale and Leaseback Transaction” means, with respect to any Note Obligor or any Subsidiary, any arrangement, directly or indirectly, with any Person whereby such Note Obligor or such Subsidiary shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and within ninety (90) days thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (including, without limitation, Cuba, Iran, North Korea, Syria and the Crimea region of Ukraine).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any European Union member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned 50% or more by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the Office of Foreign Assets Control (and any successor performing similar functions) of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, Her Majesty’s Treasury or the Hong Kong Monetary Authority.

“Second Funding Event” has the meaning set forth in **Section 1(c)(ii)**.

“Secured Parties” means the Investors, the Collateral Agent and the Notes Agent in each case from time to time.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Security Agreement” means that certain Pledge and Security Agreement, in substantially the form attached hereto as **Exhibit H**, by and among the Issuer Parties and the Collateral Agent, as amended, restated, amended and restated, supplemented, or otherwise modified from time to time.

“Senior Credit Agreement” means (i) the ~~Credit-Loan and Security~~ Agreement, dated as of ~~February~~December 21, ~~2020~~2022, as amended from time to time, by and among ~~Sonder USA, Sonder Holdings LLC, Sonder Holdings Inc., and the other borrowers from time to time party thereto, HSBC~~the Issuer Parties, as co-borrowers, and Silicon Valley Bank ~~USA, N.A.~~, as lender, as may be further amended, supplemented or otherwise modified from time to time; and (ii) any extension, refinancing, renewal, replacement, defeasance or refunding of the obligations described in clause (i), so long as the same is with a commercial bank or similar lending institution.

“Solicitor” has the meaning given to such term in **Section 2(j)(ii)**.

“Solvency Certificate” means a Solvency Certificate of the chief financial officer of Parent substantially in the form of **Exhibit F**.

“Solvent” and “Solvency” mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Sonder Holdings” shall have the meaning set forth in the introductory paragraph hereof, and after the closing of the Merger Transaction shall mean Sonder Holdings LLC, the surviving entity from the merger of Sonder Holdings Inc. and Sunshine Merger Sub II, LLC pursuant to the Merger Agreement.

~~“Specified Modifications” means that, for any Customer Agreement, that (i) any applicable limitation of liability provision expressly excludes all regularly scheduled fees payable by the Customer thereunder and any “site closure” or other lump sum termination payments and (ii) any schedule or addenda thereof expressly (x) incorporates the terms of the applicable “Global Resource Optimization Agreement” or other analogous master agreement as of the date of such schedule or addenda and (y) permits amendments, modifications or waivers to such schedule or addenda only with the consent of the Persons party to such schedule or addenda at the time of such amendment, modification or waiver (giving effect to any assignments thereof).~~

“Subordination Agreement” means that certain Intercreditor and Subordination Agreement, by and among the Investors, Collateral Agent, [HSBC Silicon Valley Bank USA, N.A.](#), the Guarantors and the Note Obligors, dated as of December ~~10~~21, ~~2021~~2022, as amended from time to time.

“Subsidiary” of a Person means a corporation, partnership, limited liability company or other business entity of which a majority of the shares of Voting Stock is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Parent.

“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities

or other ownership interests representing more than 50% of the equity (including by value) or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the partnership interests are, as of such date, owned (directly or indirectly), controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent and which is required by GAAP to be consolidated in the consolidated financial statements of the parent.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use of property, in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any Debtor Relief Laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” shall have the meaning specified in the Notes.

“Termination Date” means the date on which (a) the Commitments have expired or been terminated and (b) the principal of and interest on each Note and all fees and other Obligations payable under the Transaction Documents (other than any inchoate indemnity obligations) shall have been paid in full pursuant to the terms of the Notes.

“TPC” means TriplePoint Capital LLC and/or TriplePoint Venture Growth BDC Corp., as applicable.

“TPC Credit Agreement” means the Plain English Growth Capital Loan and Security Agreement, dated as of December 28, 2018, by and among Sonder USA, Sonder Canada, and the other borrowers from time to time party thereto, TriplePoint Venture Growth BDC Corp., as a lender and as collateral agent, and TriplePoint Capital LLC, as a lender, as may be amended, supplemented or otherwise modified from time to time.

“Trademarks” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing; (b) all licenses of the foregoing, whether as licensee or licensor; (c) all renewals of the foregoing; (d) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing; and (f) all rights corresponding to any of the foregoing throughout the world.

“Transaction Documents” means this Agreement (including any amendment hereto or waiver hereunder), the Notes, each Collateral Document, the Collateral Agency Agreement, the Fee Letter and each other similar document, letter agreement, agreement or instrument in connection with the transactions expressly contemplated by this Agreement or that evidences, secures or supports the Obligations under this Agreement, the Notes and the Collateral Documents.

“Transition Period” means is the period of time commencing on the First Amendment Date through February 19, 2023.

“UK Bribery Act” has the meaning set forth in **Section 2(r)(ii)**.

“U.S. Government Obligations” means obligations issued or directly and fully guaranteed or insured by the United States of America or by any agent or instrumentality thereof; provided that the full faith and credit of the United States of America is pledged in support thereof.

“Unfunded Pension Liability” means the excess of a Pension Plan’s benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan’s assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

“USA PATRIOT Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)), as amended from time to time.

“Warrant” or “Warrants” have the meanings given to such terms in **Section 1(b)**.

“Warrant Agent” means, initially, Computershare Trust Company, N.A. and/or Computershare Inc., or such other entity or entities appointed in accordance with the terms of the Warrant Agreement.

“Warrant Agreement” has the meaning given to such term in **Section 1(b)**.

“Warrant Register” means records maintained by the Warrant Agent for that purpose.

“wholly owned”, when used in reference to a subsidiary of any Person, means that all the Equity Interests in such subsidiary (other than directors’ qualifying shares and other nominal amounts of Equity Interests that are required to be held by other Persons under applicable law) are owned, beneficially and of record, by such Person, another wholly owned subsidiary of such Person or any combination thereof.

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this “**Agreement**”) is dated as of the Effective Date between **SILICON VALLEY BANK**, a California corporation (“**Bank**”), and Borrower listed on Schedule I hereto. The parties agree as follows:

1 LOAN AND TERMS OF PAYMENT

1.1 Revolving Line.

(a) Availability. Subject to the terms and conditions of this Agreement, Bank shall make Advances not exceeding the Availability Amount. Amounts borrowed under the Revolving Line may be prepaid or repaid as set forth on Schedule I hereto.

(b) Termination; Repayment. The Revolving Line terminates on the Revolving Line Maturity Date, when the outstanding principal amount of all Advances, the accrued and unpaid interest thereon, and all other outstanding Obligations relating to the Revolving Line shall be immediately due and payable.

1.2 Letters of Credit Sublimit.

(a) As part of the Revolving Line, Bank shall issue or have issued Letters of Credit denominated in Dollars or a Foreign Currency for Borrower’s account. The aggregate Dollar Equivalent of the face amount of outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve) may not exceed the Revolving Line, minus all outstanding principal amounts of any Advances. Any amounts needed to fully reimburse Bank for any amounts not paid by Borrower in connection with Letters of Credit will be treated as Advances under the Revolving Line and will accrue interest at the interest rate applicable to Advances.

(b) If, on the Revolving Line Maturity Date (or the effective date of any termination of this Agreement), there are any outstanding Letters of Credit, then on such date Borrower shall provide to Bank cash collateral in an amount equal to at least (i) 105.0% of the face amount of all such Letters of Credit denominated in Dollars and (ii) 115.0% of the Dollar Equivalent of the face amount of all such Letters of Credit denominated in a Foreign Currency, plus, in each case, all interest, fees, and costs due or estimated by Bank to become due in connection therewith, to secure all of the Obligations relating to such Letters of Credit.

(c) All Letters of Credit shall be in form and substance acceptable to Bank in its sole discretion and shall be subject to the terms and conditions of Bank’s standard Application and Letter of Credit Agreement (the “**Letter of Credit Application**”). Borrower shall execute any further documentation in connection with the Letters of Credit as Bank may reasonably request. Borrower shall be bound by the regulations and interpretations of the issuer of any Letters of Credit guaranteed by Bank and issued for Borrower’s account or by Bank’s interpretations of any Letter of Credit issued by Bank for Borrower’s account. Bank shall not be liable for any error, negligence, or mistake, whether of omission or commission, in following Borrower’s instructions or those contained in the Letters of Credit or any modifications, amendments, or supplements thereto.

(d) The obligation of Borrower to immediately reimburse Bank for drawings made under Letters of Credit shall be absolute, unconditional, and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, such Letters of Credit, and the Letter of Credit Application.

(e) Borrower may request that Bank issue a Letter of Credit payable in a Foreign Currency. If a demand for payment is made under any such Letter of Credit, Bank shall treat such demand as an Advance to Borrower of the Dollar Equivalent of the amount thereof (plus fees and charges in connection therewith such as wire, cable, SWIFT or similar charges).

(f) To guard against fluctuations in currency exchange rates, upon the issuance of any Letter of Credit payable in a Foreign Currency, Bank shall create a reserve (the “**Letter of Credit Reserve**”) under the Revolving Line in an amount equal to a percentage (which percentage shall be determined by Bank in its sole and reasonable discretion) of the Dollar Equivalent of the face amount of such Letter of Credit. The amount of the Letter of Credit Reserve may be adjusted by Bank from time to time to account for fluctuations in the exchange rate. The availability of funds under the Revolving Line shall be reduced by the amount of such Letter of Credit Reserve for as long as such Letter of Credit remains outstanding.

1.3 Overadvances. If, at any time, the sum of (a) the aggregate outstanding principal amount of any Advances, plus (b) the aggregate Dollar Equivalent of the face amount of outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve exceeds the Revolving Line, Borrower shall immediately pay to Bank in cash the amount of such excess (such excess, the “**Overadvance**”). Without limiting Borrower’s obligation to repay Bank any Overadvance, Borrower shall pay Bank interest on the outstanding amount of any Overadvance, on demand, at a rate per annum equal to the rate that is otherwise applicable to Advances plus five percent (5.0%).

1.4 Payment of Interest on the Credit Extensions.

(a) Interest Payments.

(i) Advances. Interest on the principal amount of each Advance is payable as set forth on Schedule I hereto.

(b) Interest Rate.

(i) Advances. Subject to Section 1.4(c), the outstanding principal amount of any Advance shall accrue interest as set forth on Schedule I hereto.

(ii) All-In Rate. Notwithstanding any terms in this Agreement to the contrary, if at any time the interest rate applicable to any Obligations is less than zero percent (0.0%), such interest rate shall be deemed to be zero percent (0.0%) for all purposes of this Agreement.

(c) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, the outstanding Obligations shall bear interest at a rate per annum which is three percent (3.0%) above the rate that is otherwise applicable thereto (the “**Default Rate**”) or such lesser rate as Bank shall impose in its sole discretion. Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 1.4(c) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(d) Adjustment to Interest Rate. Each change in the interest rate applicable to any amounts payable under the Loan Documents based on changes to the Adjusted Term SOFR, Term SOFR or the Prime Rate, as applicable, shall be effective on the effective date of any change to Adjusted Term SOFR, Term SOFR or the Prime Rate, as applicable and to the extent of such change.

(e) Interest Computation. Interest shall be computed as set forth on Schedule I hereto. In computing interest, the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; provided, however, that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension.

1.5 Fees. Borrower shall pay to Bank:

(a) Revolving Line Commitment Fee. A fully earned, non-refundable commitment fee as set forth on Schedule I hereto;

(b) Letter of Credit Fees. Bank's customary fees and expenses for the issuance or renewal of Letters of Credit, including, without limitation, a Letter of Credit Fee and a Letter of Credit Fronting Fee with respect to each Letter of Credit payable upon the issuance, each anniversary of such issuance and any renewal thereof, which shall be fully earned and non-refundable as of such date;

(c) Unused Revolving Line Facility Fee. Payable quarterly in arrears on the last calendar day of each calendar quarter occurring prior to the Revolving Line Maturity Date, and on the Revolving Line Maturity Date, a fee (the "**Unused Revolving Line Facility Fee**") in an amount equal to one-fourth of one percent (0.25%) per annum of the average unused portion of the Revolving Line, as determined by Bank, computed on the basis of a year with the applicable number of days as set forth in Section 1.4(e), which shall be fully earned and non-refundable as of such date. The unused portion of the Revolving Line, for purposes of this calculation, shall be calculated on a quarterly basis and shall equal the difference between (i) the Revolving Line, and (ii) the average for the period of the daily closing balance of the Revolving Line outstanding plus the aggregate Dollar Equivalent of the face amount of outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve); and

(d) Bank Expenses. All Bank Expenses incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Bank's obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 1.5 pursuant to the terms of Section 1.6(c). Bank shall provide Borrower written notice of deductions made pursuant to the terms of the clauses of this Section 1.5.

1.6 Payments; Application of Payments; Debit of Accounts.

(a) All payments (including prepayments) to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff, counterclaim, or deduction, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) Bank has the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied. Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(c) Bank may debit any of Borrower's deposit accounts maintained with Bank, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Bank when due under the Loan Documents. These debits shall not constitute a set-off.

1.7 Change in Circumstances.

(a) Increased Costs. If any Change in Law shall: (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, Bank, (ii) subject Bank to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded

Taxes, and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitment, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or (iii) impose on Bank any other condition, cost or expense (other than Taxes) affecting this Agreement or Credit Extensions made by Bank, and the result of any of the foregoing shall be to increase the cost to Bank of making, converting to, continuing or maintaining any Credit Extension (or of maintaining its obligation to make any such Credit Extension), or to reduce the amount of any sum received or receivable by Bank hereunder (whether of principal, interest or any other amount) then, upon written request of Bank, Borrower shall promptly pay to Bank such additional amount or amounts as will compensate Bank for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If Bank determines that any Change in Law affecting Bank regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on Bank's capital as a consequence of this Agreement, the Revolving Line, any term loan facility, or the Credit Extensions made by Bank to a level below that which Bank could have achieved but for such Change in Law (taking into consideration Bank's policies with respect to capital adequacy and liquidity), then from time to time upon written request of Bank, Borrower shall promptly pay to Bank such additional amount or amounts as will compensate Bank for any such reduction suffered.

(c) Delay in Requests. Failure or delay on the part of Bank to demand compensation pursuant to this Section 1.11 shall not constitute a waiver of Bank's right to demand such compensation; provided that Borrower shall not be required to compensate Bank pursuant to subsection (a) for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that Bank notifies Borrower of the Change in Law giving rise to such increased costs or reductions (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) month period shall be extended to include the period of retroactive effect).

1.8 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of Borrower) requires the deduction or withholding of any Tax from any such payment by Borrower, then (i) Borrower shall be entitled to make such deduction or withholding, (ii) Borrower shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law, and (iii) if such Tax is an Indemnified Tax, the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 1.8) Bank receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by Borrower. Without limiting the provisions of subsection (a) above, Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) Tax Indemnification. Without limiting the provisions of subsections (a) and (b) above, Borrower shall, and does hereby, indemnify Bank, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 1.8) payable or paid by Bank or required to be withheld or deducted from a payment to Bank and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Bank shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this Section 1.8, Borrower shall deliver to Bank a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Bank.

(e) Status of Bank. If Bank (including any assignee or successor) is entitled to an exemption from or reduction of withholding tax with respect to payments made under any Loan Document, it shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed

documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Bank, if reasonably requested by Borrower, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrower as will enable Borrower to determine whether or not Bank is subject to backup withholding or information reporting requirements. Without limiting the generality of the foregoing, Bank shall deliver whichever of IRS Form W-9, IRS Form W-8BEN-E, IRS Form W-8ECI or W-8IMY is applicable, as well as any applicable supporting documentation or certifications.

1.9 Procedures for Borrowing.

(a) **Advances.** Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance (other than under Sections 1.2), Borrower shall notify Bank (which notice shall be irrevocable). Bank may rely on any telephone notice given by a person whom Bank believes is an Authorized Signer. Borrower will indemnify Bank for any loss Bank suffers due to such belief or reliance. Together with any such electronic notification, Borrower shall deliver to Bank by electronic mail a completed Notice of Borrowing executed by an Authorized Signer or his or her designee. Bank shall have received satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request Advances (which requirement may be deemed satisfied by the prior delivery of Borrowing Resolutions or a secretary's certificate that certifies as to such Board approval). Such Notice of Borrowing must be received by Bank prior to 12:00 p.m. Pacific time, at least three (3) U.S. Government Securities Business Days prior to the requested Funding Date, specifying: (i) the amount of the Advance; (ii) the requested Funding Date; and (iii) the duration of the Interest Period applicable to any such Term SOFR Advances included in such notice. If no Interest Period is specified with respect to any requested Term SOFR Advance, Borrower shall be deemed to have selected an Interest Period of one month's duration.

(b) Bank shall credit proceeds of a Credit Extension to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from an Authorized Signer or without instructions if such Advances are necessary to meet Obligations which have become due.

1.10 Rates. Bank does not warrant or accept responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Prime Rate, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto, including whether the composition or characteristics of any such alternative, successor or replacement rate will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Prime Rate, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, or any other benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. Bank and its affiliates or other related entities may engage in transactions that affect the calculation of the Prime Rate, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate or any relevant adjustments thereto, in each case, in a manner adverse to Borrower. Bank may select information sources or services in its reasonable discretion to ascertain the Prime Rate, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other benchmark, in each case, pursuant to the terms of this Agreement, and shall have no liability to Borrower or any other Person for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

1.11 Conforming Changes. In connection with the use or administration of any benchmark rate, Bank will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to any Loan Document. Bank will promptly notify Borrower of the effectiveness of any Conforming Changes in connection with the use or administration of such benchmark rate.

2 CONDITIONS OF CREDIT EXTENSIONS

2.1 Conditions Precedent to Initial Credit Extension. Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

- (a) duly executed Loan Documents;
- (b) Sonder USA Inc. shall have opened a Blocked Cash Collateral Account;
- (c) duly executed Control Agreements with Citibank;
- (d) the Operating Documents of Borrower and long-form good standing certificates of Borrower certified by the Secretary of State of the State of Delaware and the Secretary of State (or equivalent agency) of each of California, Colorado, Louisiana New York and Pennsylvania, to the extent such Borrower is qualified in such jurisdictions, in each case as of a date no earlier than 30 days prior to the Effective Date;
- (e) certificate duly executed by a Responsible Officer or secretary of Borrower with respect to Borrower's (i) Operating Documents and (ii) Borrowing Resolutions;
- (f) duly executed subordination agreement by the Notes Collateral Agent in favor of Bank, together with copies of the underlying documents evidencing Borrower's Indebtedness under the Notes Documents;
- (g) duly executed collateral release letter from HSBC Bank USA, N.A.;
- (h) evidence that (i) the Liens (other than Liens on the Permitted HSBC Cash Collateral Accounts) securing Indebtedness owed by Borrower to HSBC Bank USA, N.A. will be terminated and (ii) the documents and/or filings evidencing the perfection of such Liens, including without limitation any financing statements and/or control agreements, have or will, concurrently with the initial Credit Extension, be terminated;
- (i) certified copies, dated as of a recent date, of searches for financing statement filed in the central filing office of the State of Delaware, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;
- (j) duly executed Perfection Certificate of Borrower;
- (k) evidence satisfactory to Bank that the insurance policies and endorsements required by Section 5.8 hereof are in full force and effect, together with appropriate evidence showing lender loss payable and additional insured clauses or endorsements in favor of Bank;
- (l) duly executed Cash Pledge Agreement; and
- (m) payment of the fees and Bank Expenses then due as specified in Section 1.5 hereof.

2.2 Conditions Precedent to all Credit Extensions. Bank's obligation to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

- (a) receipt of Borrower's Credit Extension request and the related materials and documents as required by and in accordance with Section 1.9;
- (b) the representations and warranties in this Agreement shall be true and correct in all material respects as of the date of any Credit Extension request and as of the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are

qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects as of such date, and no Default or Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true and correct in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects as of such date; and

- (c) a Material Adverse Change shall not have occurred and be continuing.

2.3 Covenant to Deliver. Borrower shall deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. A Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

2.4 Conversion and Continuation Elections; Limitations on SOFR Tranches.

(a) Borrower may elect from time to time to continue any SOFR Advance by giving Bank prior notice of such election in a Notice of Continuation, in accordance with the applicable provisions of the term "Interest Period", of the length of the next Interest Period to be applicable to such SOFR Advance; provided that no SOFR Advance may be continued as such when any Event of Default has occurred and is continuing; provided further that (x) if Borrower shall fail to give any required notice as described above in this paragraph, upon the expiration of the then current Interest Period, such Term SOFR Advances shall be automatically continued as Term SOFR Advances bearing interest at a rate based upon the Adjusted Term SOFR and with an Interest Period of the same length as then expiring Interest Period or (y) if such continuation is not permitted pursuant to the preceding proviso, such Term SOFR Advances shall be automatically converted to Prime Rate Advances on the last day of such then expiring Interest Period.

(b) Notwithstanding anything to the contrary in any Loan Document, all borrowings, conversions and continuations of SOFR Advances and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, (i) after giving effect thereto, the aggregate principal amount of the SOFR Advances comprising each SOFR Tranche shall be equal to \$1,000,000 or a whole multiple of \$100,000 in excess thereof (or such lesser amount as shall represent all of the SOFR Advances then outstanding), and (ii) no more than seven SOFR Tranches shall be outstanding at any one time.

(c) After the occurrence and during the continuance of an Event of Default, (i) Borrower may not elect to have an Advance be made or continued as a SOFR Advance, after the expiration of any Interest Period then in effect for such Advance, as applicable.

(d) Subject to the prior satisfaction of all other applicable conditions to the conversion or continuation of an Advance, set forth in this Agreement, a Notice of Continuation of a SOFR Advance that requests a continuation of a SOFR Advance must specify: (i) the amount of the Advance to be converted or continued; (ii) the requested continuation date; (iii) the nature of the proposed continuation; (iv) the duration of the Interest Period applicable for such Advance; and (v) any other information requested on the form of Notice of Continuation. If no Interest Period is specified in such Notice of Continuation, an Interest Period of one month's duration shall be deemed to have been selected.

2.5 Special Provisions Governing SOFR Advances. Notwithstanding any other provision of this Agreement to the contrary, the following provisions shall govern with respect to SOFR Advances as to the matters covered herein:

- (a) Inability to Determine Interest Rates. Subject to Section 2.5(b), as of any date,

(i) if Bank determines (which determination shall be conclusive and binding absent manifest error) that “Adjusted Term SOFR” cannot be determined pursuant to the definition thereof; or

(ii) Bank determines that for any reason in connection with any request for a SOFR Advance or a conversion thereto or a continuation thereof that “Adjusted Term SOFR” for any requested Interest Period with respect to a proposed Term SOFR Advance does not adequately and fairly reflect the cost to Bank of making and maintaining such Advance;

Bank will promptly so notify Borrower. Upon notice thereof by Bank to Borrower, any obligation of Bank to make and any right of Borrower to continue SOFR Advances shall be suspended (to the extent of the affected Interest Periods) until Bank revokes such notice. Upon receipt of such notice, (x) Borrower may revoke any pending request for a borrowing of or continuation of SOFR Advances (to the extent of the affected Interest Periods) or, failing that, Borrower will be deemed to have converted any such request into a request for an Advance, as applicable, of or conversion to Prime Rate Advances in the amount specified therein and (y) any outstanding affected SOFR Advances will be deemed to have been converted into Prime Rate Advances at the end of the applicable Interest Period. Upon any such conversion, Borrower shall also pay accrued interest on the amount so converted, together with any additional amounts required pursuant to Section 2.5(c).

(b) **Benchmark Replacement Setting.** If at any time Bank determines (which determination shall be conclusive absent manifest error) that (A) the circumstances set forth in Section 2.5(a) have arisen and such circumstances are unlikely to be temporary; or (B) the circumstances set forth in Section 2.5(a) have not arisen but the supervisor for the Term SOFR Administrator or a Governmental Authority having jurisdiction over Bank has made a public statement announcing that such administrator has ceased or will cease to provide SOFR, permanently or indefinitely, or that SOFR is no longer representative, then Bank shall determine an alternate rate of interest to SOFR and a spread adjustment mechanism that gives due consideration to (1) any selection or recommendation of a replacement rate or the mechanism for determining such a rate or spread adjustment mechanism by the Federal Reserve Board of Governors and/or a committee officially endorsed or convened by the Federal Reserve Board of Governors, or any successor thereto and/or (2) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to SOFR for similarly situated loans in the United States at such time, and Bank shall amend this Agreement to reflect such alternate rate of interest, such spread adjustment, and such other related changes to this Agreement as may be applicable; provided that if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Bank shall provide Borrower with notice of such amendment. Notwithstanding anything to the contrary in Section 11.6 (Amendments in Writing; Waiver; Integration), such amendment shall become effective at 5:00 p.m. Pacific time on the tenth (10th) Business Day after Bank has provided such amendment to Borrower without any further action or consent of Borrower, so long as Bank has not received, by such time, written notice of objection to such amendment from Borrower. In the event that Borrower objects to such amendment, Bank and Borrower shall endeavor to agree on an alternate rate of interest that is mutually acceptable. Until an alternate rate of interest shall be determined in accordance with this Section 2.5(b) (but in the case of the circumstances described in clause (B) of the first sentence of this Section 2.5(b), only to the extent that SOFR is not available or published at such time on a current basis), (x) any SOFR Advances requested to be made shall be made as Prime Rate Advances, and (y) any outstanding SOFR Advances shall be converted to Prime Rate Advances on the date determined by Bank as notified by Bank to Borrower.

(c) **Indemnity.** In the event of, (i) the payment of any principal of any SOFR Advance other than the last day of the Interest Period applicable thereto or Payment Date therefor, as applicable (in each case, including as a result of an Event of Default), (ii) the conversion of any SOFR Advance other than the last day of the Interest Period applicable thereto (including as a result of an Event of Default) or (iii) the failure to borrow, convert, continue or prepay any SOFR Advance on the date specified in any notice delivered pursuant hereto, then, in any such event, Borrower shall compensate Bank for any loss, cost and expense attributable to such event, including any loss, cost or expense arising from the liquidation or redeployment of funds or from any fees payable. A certificate of Bank setting forth any amount or amounts that Bank is entitled to receive pursuant to this Section shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay Bank the amount shown as due on any such certificate within ten (10) days after receipt thereof.

2.6 Illegality. If Bank determines that any Requirement of Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for Bank or its applicable lending office to make, maintain

or fund Advances, whose interest is determined by reference to SOFR, the Adjusted Term SOFR, Term SOFR or the Term SOFR Reference Rate, or to determine or charge interest rates based upon SOFR, the Adjusted Term SOFR or the Term SOFR Reference Rate, then, upon notice thereof by Bank to Borrower (an “**Illegality Notice**”), any obligation of Bank to make, and the right of Borrower to continue SOFR Advances, shall be suspended until Bank notifies Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of an Illegality Notice, Borrower shall, if necessary to avoid such illegality, upon demand from Bank, prepay or, if applicable, convert all SOFR Advances to Prime Rate Advances on the last day of the Interest Period or related Payment Date therefor, as applicable, if Bank may lawfully continue to maintain such SOFR Advances to such day, or immediately, if Bank may not lawfully continue to maintain such SOFR Advances to such day. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 2.5(c).

3 CREATION OF SECURITY INTEREST

3.1 Grant of Security Interest.

(a) Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

(b) Borrower acknowledges that it previously has entered, or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject to Permitted Liens).

3.2 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all jurisdictions deemed necessary or appropriate by Bank to perfect or protect Bank’s interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code. Such financing statements may indicate the Collateral as “all assets of the Debtor” or words of similar effect.

3.3 Termination. If this Agreement is terminated, Bank’s Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as Bank’s obligation to make Credit Extensions has terminated, Bank shall, at Borrower’s sole cost and expense, terminate its security interest in the Collateral and all rights therein shall revert to Borrower. In the event (a) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (b) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its sole discretion for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to at least (x) 105.0% of the face amount of all such Letters of Credit denominated in Dollars and (y) 115.0% of the Dollar Equivalent of the face amount of all such Letters of Credit denominated in a Foreign Currency, plus, in each case, all interest, fees, and costs due or estimated by Bank to become due in connection therewith, to secure all of the Obligations relating to such Letters of Credit.

4 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

4.1 Due Organization, Authorization; Power and Authority.

(a) Borrower and each of its Subsidiaries are each duly existing and in good standing as a Registered Organization in their respective jurisdiction of formation and are qualified and licensed to do business and is in good standing (to the extent applicable) in any jurisdiction in which the conduct of their respective business or

their ownership of property requires that they be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business or operations.

(b) All information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is true and correct in all material respects (and in all respects as of the Effective Date) (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date to the extent permitted by one or more specific provisions in this Agreement and the Perfection Certificate shall be deemed to be updated to the extent such notice is provided to Bank of such permitted update).

(c) The execution, delivery and performance by Borrower and each of its Subsidiaries of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's or any such Subsidiary's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Applicable Law, (iii) contravene, conflict with or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets are bound, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect and filings necessary to perfect Liens granted under the loan documents), or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower or any of its Subsidiaries is bound. Neither Borrower nor any of its Subsidiaries are in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's or any of its Subsidiary's business or operations.

4.2 Collateral.

(a) The security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject to Permitted Liens). Borrower has good title to, rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens.

(b) Borrower has no Collateral Accounts at or with any bank or financial institution other than Bank or Bank's Affiliates except for the Collateral Accounts described in the Perfection Certificate delivered to Bank in connection herewith and which Borrower has taken such actions as are necessary to give Bank a perfected security interest therein, to the extent required by the terms of Section 5.9(c) or as otherwise permitted by Section 5.9. To Borrower's knowledge, the Accounts are bona fide, existing obligations of the Account Debtors.

(c) The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate or as permitted pursuant to Section 6.2. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 6.2.

(d) All Inventory is in all material respects of good and marketable quality, free from material defects.

(e) Borrower owns, or possesses the right to use to the extent necessary in its business, all Intellectual Property, licenses and other intangible assets that are used in the conduct of its business as now operated, except to the extent that such failure to own or possess the right to use such asset would not reasonably be expected to have a material adverse effect on Borrower's business or operations, and no such asset, to the best knowledge of Borrower, infringes upon the valid Intellectual Property, license, or intangible asset of any other Person to the extent that such infringement could reasonably be expected to have a material adverse effect on Borrower's business or operations.

(f) Except as noted on the Perfection Certificate or for which notice has been given to Bank pursuant to and in accordance with Section 5.9(b), Borrower is not a party to, nor is it bound by, any Restricted License.

4.3 Litigation. Other than as set forth in the Perfection Certificate or as disclosed to Bank pursuant to Section 5.3(i), there are no actions, investigations or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries, that could reasonably be expected to result in damages or costs to Borrower or its Subsidiaries of \$2,500,000 or more.

4.4 Financial Statements; Financial Condition. All consolidated financial statements for Borrower and its Subsidiaries delivered to Bank by submission to the Financial Statement Repository or otherwise submitted to Bank fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations for the periods covered thereby, subject, in the case of unaudited financial statements, to normal year-end adjustments and the absence of footnote disclosures. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to the Financial Statement Repository or otherwise submitted to Bank.

4.5 Solvency. The fair salable value of Borrower's and its Subsidiaries' consolidated assets (including goodwill minus disposition costs), taken as a whole, exceeds the fair value of Borrower's and its Subsidiaries' liabilities, taken as a whole; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower and each of its Subsidiaries, taken as a whole, are able to pay their debts (including trade debts) as they mature.

4.6 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower and each of its Subsidiaries (a) have complied in all material respects with all Applicable Law, and (b) have not violated any Applicable Law the violation of which could reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower and each of its Subsidiaries have duly complied with, and their respective facilities, business, assets, property, leaseholds, real property and Equipment are in compliance with, Environmental Laws, except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business or operations; there have been no outstanding citations, notices or orders of non-compliance issued to Borrower or any of its Subsidiaries or relating to their respective facilities, businesses, assets, property, leaseholds, real property or Equipment under such Environmental Laws, except that could not reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted, except where the failure to obtain or make or file the same would not reasonably be expected to have a material adverse effect on Borrower's business or operations.

4.7 Subsidiaries; Investments. Borrower does not own any stock, partnership, or other ownership interest or other equity securities except for Permitted Investments.

4.8 Tax Returns and Payments; Pension Contributions.

(a) Borrower and each of its Subsidiaries have timely filed, or submitted extensions for, all required federal and state and other material foreign tax returns and reports (excluding any such tax returns and reports relating to occupancy taxes or other pass-through taxes), and Borrower and each of its Subsidiaries have timely paid all federal, state and other material foreign and local taxes, assessments, deposits and contributions (excluding any such taxes, assessments, deposits and contributions relating to occupancy taxes or other pass-through taxes) owed by Borrower and each of its Subsidiaries except (a) to the extent such taxes, assessments, deposits and contributions are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed \$500,000.00. Borrower is unaware of any claims or adjustments proposed for any of Borrower's or any of its Subsidiary's prior tax years which could result in additional taxes (excluding any occupancy or other pass-through taxes) becoming due and payable by Borrower or any of its Subsidiaries in excess of \$500,000.00 in the aggregate.

(b) Borrower and each of its Subsidiaries have paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and neither Borrower nor any

of its Subsidiaries has withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower or any of its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

4.9 Full Disclosure. No written representation, warranty or other statement of Borrower or any of its Subsidiaries in any report, certificate or written statement submitted to the Financial Statement Repository or otherwise submitted to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such reports, certificates and written statements submitted to the Financial Statement Repository or otherwise submitted to Bank, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained in the reports, certificates or written statements not misleading in light of the circumstances under which they were made (it being recognized by Bank that the projections and forecasts provided by Borrower or any of its Subsidiaries in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results and such differences may be material).

4.10 Sanctions. Neither Borrower nor any of its Subsidiaries is: (a) in violation of any Sanctions; or (b) a Sanctioned Person. Neither Borrower nor any of its Subsidiaries, nor to the knowledge of Borrower, any of their respective directors, officers, employees, agents or Affiliates: (i) conducts any business or engages in any transaction or dealing with any Sanctioned Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Sanctioned Person; (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to any Sanctions; (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Sanctions; or (iv) otherwise engages in any transaction that could cause Bank to violate any Sanctions.

5 AFFIRMATIVE COVENANTS

Borrower shall do all of the following:

5.1 Use of Proceeds. Cause the proceeds of the Credit Extensions to be used solely (a) as working capital, (b) to fund its general corporate purposes or (c) to support Letter of Credit needs, and not for personal, family, household or agricultural purposes.

5.2 Government Compliance.

(a) Maintain its and all of its Subsidiaries' (i) legal existence (except as permitted under Section 6.3 with respect to Subsidiaries only) (ii) good standing (to the extent applicable) in their respective jurisdictions of formation and (iii) qualification in each jurisdiction, in each case, in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower and each of its Subsidiaries of their obligations under the Loan Documents to which it is a party, including any grant of a security interest in the Collateral to Bank. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

5.3 Financial Statements, Reports. Deliver to Bank by submitting to the Financial Statement Repository:

(a) [Reserved];

(b) Monthly Financial Statements. As soon as available, but no later than 30 days after the last day of each month, a company prepared consolidated balance sheet, income statement, and cash flow statement

covering Borrower's consolidated operations for such month, presented on a rolling trailing twelve-month basis, broken out by month, and otherwise in a form reasonably acceptable to Bank. Calculations for the Minimum Adjusted EBITDA financial covenant set forth in Section 5.8 hereof shall be included as schedule to the monthly financial statements, reconciling back to financial statement line items. Borrower's balance sheet shall include off-balance sheet liabilities in addition to the calculation of the Adjusted Quick Ratio covenant set forth in Section 5.8;

(c) Compliance Statement. Within 30 days after the last day of each month and together with the statements set forth in Section 5.3(b), a duly completed Compliance Statement, confirming that as of the end of such month, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants set forth in this Agreement and such other information as Bank may reasonably request;

(d) Annual Operating Budget and Financial Projections. Within 60 days after the end of each fiscal year of Borrower, and contemporaneously with any updates or amendments thereto, (A) annual operating budgets (including consolidated income statements, balance sheets and cash flow statements, by month and fiscal quarter) for the upcoming fiscal year of Borrower, and (B) annual financial projections for the following fiscal year (on a quarterly basis), in each case as approved by the Board, together with any related business forecasts used in the preparation of such annual financial projections;

(e) Annual Audited Financial Statements. As soon as available, and in any event within 120 days following the end of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from Deloitte LLP, or another independent certified public accounting firm reasonably acceptable to Bank;

(f) SEC Filings. In the event that Borrower or any of its Subsidiaries becomes subject to the reporting requirements under the Exchange Act within five (5) days of filing, notification of the filing and copies of all periodic and other reports, proxy statements and other materials filed by Borrower and/or any of its Subsidiaries or any Guarantor with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to this Section 5.3 (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower or any of its Subsidiaries posts such documents, or provides a link thereto, on Borrower's or any of its Subsidiaries' website on the internet at Borrower's or any of its Subsidiaries' website address;

(g) Security Holder and Subordinated Debt Holder Reports. Within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt (solely in their capacities as security holders or holders of Subordinated Debt and not in any other role);

(h) Beneficial Ownership Information. Prompt written notice of any changes to the beneficial ownership information set out in Section 14 of the Perfection Certificate. Borrower understands and acknowledges that Bank relies on such true, accurate and up-to-date beneficial ownership information to meet Bank's regulatory obligations to obtain, verify and record information about the beneficial owners of its legal entity customers;

(i) Legal Action Notice. Prompt written notice of any legal actions, investigations or proceedings pending or threatened in writing against Borrower or any of its Subsidiaries that could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, \$2,500,000.00 or more;

(j) Tort Claim Notice. If Borrower shall acquire a commercial tort claim with a value in excess of \$500,000.00, Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank;

(k) Government Filings. Within five (5) days after the same are sent or received, copies of all material correspondence, reports, documents and other filings by Borrower or any of its Subsidiaries with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Applicable Law, which failure to be in compliance or so maintain could reasonably be expected to have a material adverse effect on any of the Governmental Approvals or otherwise on the business of Borrower or any of its Subsidiaries as a whole;

(l) Registered Organization. If Borrower is not a Registered Organization as of the Effective Date but later becomes one, promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number;

(m) Default. Prompt written notice of the occurrence of a Default or Event of Default; and

(n) Other Information. Promptly, from time to time, such other information regarding Borrower or any of its Subsidiaries or compliance with the terms of any Loan Documents as reasonably requested by Bank.

Any submission by Borrower of a Compliance Statement or any other financial statement submitted to the Financial Statement Repository pursuant to this Section 5.3 or otherwise submitted to Bank shall be deemed to be a representation by Borrower that (i) as of the date of such Compliance Statement or other financial statement, the information and calculations set forth therein are true and correct in all material respects, (ii) as of the end of the compliance period set forth in such submission, Borrower is in complete compliance with all required covenants except as noted in such Compliance Statement or other financial statement, as applicable, (iii) as of the date of such submission, no Events of Default have occurred and are continuing, (iv) all representations and warranties other than any representations or warranties that are made as of a specific date in Section 4 remain true and correct in all material respects as of the date of such submission except as noted in such Compliance Statement or other financial statement, as applicable, (v) as of the date of such submission, Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 4.9, and (vi) as of the date of such submission, no Liens have been levied or claims made against Borrower relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank.

5.4 Taxes; Pensions.

(a) Timely file, and require each of its Subsidiaries to timely file (in each case, unless subject to a valid extension), all required tax returns and reports (excluding any such tax returns and reports relating to occupancy taxes or other pass-through taxes) and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions (excluding any such taxes, assessments, deposits and contributions relating to occupancy taxes or other pass-through taxes) owed by Borrower and each of its Subsidiaries in excess of \$500,000.00 except for deferred payment of any taxes contested pursuant to the terms of Section 4.8(a) hereof, and Borrower shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay, and require each of its Subsidiaries to pay, all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

(b) To the extent Borrower or any of its Subsidiaries defers payment of any contested taxes (excluding any occupancy taxes or other pass-through taxes), (i) notify Bank promptly in writing of the commencement of, and any material development in, the proceedings regarding such contested taxes with a value in excess of \$500,000.00, and (ii) post bonds or take any other steps reasonably required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien."

5.5 Access to Collateral; Books and Records. At reasonable times, on three (3) Business Days' notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to inspect the Collateral and the right to audit and copy Borrower's Books. Such inspections and audits shall be conducted no more often than once every 12 months, unless an Event of Default has occurred and is continuing, in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The foregoing inspections and audits shall be conducted at Borrower's expense and the charge therefor shall be \$1,000.00 per person

per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus out-of-pocket expenses. In the event Borrower and Bank schedule an audit more than eight (8) days in advance, and Borrower cancels or seeks to or reschedules the audit with less than eight (8) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of \$2,000.00 plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling.

5.6 Insurance.

(a) Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's size and industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are customary for companies in Borrower's industry and location.

(b) All property policies shall have a lender's loss payable endorsement showing Bank as lender loss payee. All liability policies shall show, or have endorsements showing, Bank as an additional insured. Bank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(c) Ensure that proceeds payable under any property policy are, at Bank's option, payable to Bank on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy to the replacement or repair of destroyed or damaged property or the acquisition of property otherwise useful to Borrower's business; provided that any such property shall in all cases be deemed Collateral in which Bank has been granted a perfected security interest to the extent the destroyed or damaged property constituted Collateral prior to such destruction or damage, and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be payable to Bank on account of the Obligations.

(d) At Bank's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 5.6 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank 30 days prior written notice before any such policy or policies shall be canceled or altered in any material respect. If Borrower fails to obtain insurance as required under this Section 5.6 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 5.6, and take any action under the policies Bank deems prudent.

5.7 Accounts.

(a) Within seven (7) days after the Effective Date, maintain account balances in Borrower's, any of its Subsidiaries', and any Guarantor's operating accounts and depository accounts at or through Bank or Bank's Affiliates representing at least 90% of the Dollar Equivalent value of Borrower's and its Subsidiaries' consolidated cash and Cash Equivalents, provided that the balance of a Blocked Cash Collateral Account shall not be included in the foregoing calculation. Notwithstanding the foregoing, Borrower may maintain (i) during the Transition Period, the Permitted HSBC Accounts, and (ii) the Permitted HSBC Cash Collateral Accounts.

(b) In addition to the foregoing, Borrower, any Subsidiary of Borrower and any Guarantor, shall obtain any letter of credit exclusively from Bank or its Affiliates and partners, provided that Borrower shall be permitted to retain the Existing HSBC Letters of Credit.

(c) In addition to and without limiting the restrictions in (a), Borrower shall provide Bank five (5) Business Days' prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder which Control Agreement may not be terminated without the prior written consent of Bank. The provisions of the

previous sentence shall not apply to (i) the Permitted HSBC Accounts during the Transition Period, (ii) the Permitted HSBC Cash Collateral Accounts, or (iii) deposit accounts exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for the benefit of Borrower's employees and identified to Bank by Borrower as such.

5.8 Financial Covenants. Maintain as of the last day of each month, unless otherwise noted, on a consolidated basis with respect to Borrower and its Subsidiaries:

(a) Adjusted Quick Ratio. An Adjusted Quick Ratio of at least 1.00 to 1.00, to be tested as of the last day of each calendar month.

(b) Minimum Consolidated Adjusted EBITDA. Consolidated Adjusted EBITDA to be tested on a trailing 6-month basis as of the last day of each quarter of at least the applicable amount set forth below for the applicable testing period:

Six Month Period Ending	Minimum Consolidated Adjusted EBITDA
December 31, 2022	(\$90,000,000.00)
March 31, 2023	(\$100,000,000.00)
June 30, 2023	(\$80,000,000.00)
September 30, 2023	(\$60,000,000.00)
December 31, 2023	(\$45,000,000.00)
March 31, 2024	(\$45,000,000.00)
June 30, 2024	(\$40,000,000.00)
September 30, 2024	(\$4,000,000.00)
December 31, 2024	\$6,000,000.00
March 31, 2025 and all times thereafter	\$10,000,000.00

5.9 Protection of Intellectual Property Rights.

(a) (i) Protect, defend and maintain the validity and enforceability of Borrower's and each Subsidiary's Intellectual Property, taken as a whole, except to the extent that such failure to do so would not reasonably be expected to have a material adverse effect on Borrower's business or operations; (ii) promptly advise Bank in writing of infringements or any other event that could reasonably be expected to materially and adversely affect the value Borrower's and its Subsidiaries' Intellectual Property, taken as a whole; and (iii) not allow any Intellectual Property material to Borrower's or its Subsidiaries' business, taken as a whole, to be abandoned, forfeited or dedicated to the public without Bank's written consent.

(b) Provide written notice to Bank within ten (10) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public, open-source software and shrink-wrap or click-wrap licenses). Borrower shall take such steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any such Restricted License to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be validly restricted or

prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

5.10 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower.

5.11 Online Banking.

(a) Utilize Bank's online banking platform for all matters requested by Bank which shall include, without limitation (and without request by Bank for the following matters), uploading information pertaining to Accounts and Account Debtors, requesting approval for exceptions, requesting Credit Extensions, and uploading financial statements and other reports required to be delivered by this Agreement (including, without limitation, those described in Section 5.3 of this Agreement).

(b) Comply with the terms of Bank's Online Banking Agreement as in effect from time to time and ensure that all persons utilizing Bank's online banking platform are duly authorized to do so by an Administrator. Bank shall be entitled to assume the authenticity, accuracy and completeness of any information, instruction or request for a Credit Extension submitted via Bank's online banking platform and to further assume that any submissions or requests made via Bank's online banking platform have been duly authorized by an Administrator.

5.12 Formation or Acquisition of Subsidiaries. Notwithstanding and without limiting the negative covenants contained in Sections 6.3 and 6.7 hereof, if Borrower or any Guarantor forms any Subsidiary or acquires any Subsidiary after the Effective Date (including, without limitation, pursuant to a Division), then Borrower and such Guarantor shall promptly (and in any event upon the earliest of (x) within 45 days after such Subsidiary is formed or acquired (or such longer period of time as agreed to by Bank in its discretion) or (y) substantially concurrently with the formation of such Subsidiary if such Subsidiary is formed by Division) (a) cause such new Subsidiary that is a Domestic Subsidiary (other than a FSHCO) to provide to Bank a joinder to this Agreement to become a co-borrower hereunder or a guaranty to become a Guarantor hereunder (as determined by Bank in its sole discretion), together with documentation, all in form and substance satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary), (b) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary, in form and substance satisfactory to Bank; and (c) provide to Bank all other documentation in form and substance satisfactory to Bank, including one or more opinions of counsel satisfactory to Bank, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 5.12 shall be a Loan Document.

5.13 Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower and its Account Debtors shall follow Borrower's customary practices as they exist at the Effective Date. Borrower shall promptly notify Bank of any return, recovery, dispute and non-frivolous claim that could reasonably be expected to result in losses or damages of more than \$1,000,000.

5.14 Further Assurances. Execute any further instruments and take such further action as Bank reasonably requests to perfect, protect, ensure the priority of or continue Bank's Lien on the Collateral or to effect the purposes of this Agreement.

5.15 Sanctions. (a) Not, and not permit any of its Subsidiaries to, engage in any of the activities described in Section 4.11 in the future; (b) not, and not permit any of its Subsidiaries to, become a Sanctioned Person; (c) ensure that the proceeds of the Obligations are not used to violate any Sanctions; and (d) deliver to Bank any certification or other evidence requested from time to time by Bank in its sole discretion, confirming each such Person's compliance with this Section 5.19. In addition, have implemented, and will consistently apply while this Agreement is in effect, procedures to ensure that the representations and warranties in Section 4.11 remain true and correct while this Agreement is in effect.

5.16 Cash Collateralization.

(a) As of the last day of each month, if Borrower fails to (i) maintain an Adjusted Quick Ratio of at least 1.40 to 1.00 (which failure in and of itself is not an Event of Default) (the “**Trigger 1 Event**”) or (ii) maintain an Adjusted Quick Ratio of at least 1.25 to 1.00 (which failure in and of itself is not an Event of Default) (the “**Trigger 2 Event**”), Borrower shall, upon the earlier of (A) delivery of the Compliance Statement reporting the occurrence of a Trigger 1 Event or Trigger 2 Event, as applicable, and (B) Borrower’s failure to deliver a Compliance Statement when due where Bank has determined, in its good faith discretion, that there has occurred a Trigger 1 Event or Trigger 2 Event, as applicable, , deposit into a Blocked Cash Collateral Account unrestricted and unencumbered (other than Liens in favor of Bank arising under this Agreement) cash in an amount of at least (i) (A) 50.0% of the face amount of all Letters of Credit denominated in Dollars, plus (B) 50% of the Dollar Equivalent of the face amount of all Letters of Credit denominated in a Foreign Currency, in each case outstanding on the date of the Trigger 1 Event (as determined by Bank in its sole discretion) or (ii) (A) 105.0% of the face amount of all Letters of Credit denominated in Dollars, plus (B) 115.0% of the Dollar Equivalent of the face amount of all Letters of Credit denominated in a Foreign Currency, in each case outstanding on the date of the Trigger 2 Event (as determined by Bank in its sole discretion), to secure all of the outstanding Obligations (in each case, a “**Cash Collateralization**”). After the occurrence of a Trigger 1 Event or a Trigger 2 Event, all future Advances (including for the issuance of a Letter of Credit) shall require Borrower to deposit additional funds in a Blocked Cash Collateral Account to comply with the requirements for Cash Collateralization above based upon the new outstanding principal balance of the Obligations after giving effect to the new Advance.

(b) In addition to the foregoing Cash Collateralization requirements, upon the occurrence of a Trigger 1 Event, Borrower shall promptly (and in all cases within 2 Business Days) repay all outstanding Advances that were made for any reason other than in connection with the issuance of a Letter of Credit.

(c) Borrower hereby irrevocably authorizes Bank to transfer to a Blocked Cash Collateral Account the applicable amount necessary to complete the Cash Collateralization above, if Borrower fails to effectuate a Cash Collateralization as required under this Section. Any amounts deposited in a Blocked Cash Collateral Account as required under this Section shall remain in such Blocked Cash Collateral Account until the Obligations have been paid in full and Bank’s obligation to make further Advances (if any) has been terminated. Notwithstanding the foregoing, Bank will allow the withdrawal of amounts deposited in a Blocked Cash Collateral Account pursuant to the occurrence of a Trigger 1 Event upon Borrower providing two (2) consecutive Compliance Certificates reporting an Adjusted Quick Ratio of greater than 1.50 to 1.00.

(d) Borrower’s failure to comply with the foregoing Cash Collateralization and repayment obligations as and when required herein, or Borrower’s attempt to directly or indirectly prohibit Bank from exercising its rights under this section shall constitute an immediate Event of Default without grace or cure period.

5.17 Post-Closing Obligations. Within thirty (30) days after the Effective Date or as otherwise specified below (or such longer period as Bank may agree to, which agreement may be made via email), Borrower shall use commercial reasonable efforts to deliver the following:

(a) a duly executed landlord’s consent in favor of Bank for each of Borrower’s leased locations (other than rental units) where Borrower maintains assets that exceed \$500,000.00, by the respective landlord thereof;

(b) a duly executed bailee’s waiver in favor of Bank for each location where Borrower maintains property that exceeds \$500,000.00 with a third party, by each such third party;

(c) evidence satisfactory to Bank that the insurance policies and endorsements required by Section 5.6 hereof are in full force and effect, together with appropriate evidence showing lender loss payable and/or additional insured clauses or endorsements in favor of Bank;

(d) a duly executed and valid certificate representing all outstanding shares of Sonder Partner Co., together with a stock transfer power, duly executed in blank; and

(e) within three (3) days of the Effective Date, a duly executed Control Agreement with Citibank in a form and substance reasonably acceptable to Bank.

6 NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent:

6.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out or obsolete Equipment, whether now owned or hereafter acquired, in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments and transactions permitted by Section 6.3 and Section 6.7(a) of this Agreement; (d) consisting of the sale or issuance of any stock, partnership, membership, or other ownership interest or other equity securities of Borrower permitted under Section 6.2 of this Agreement; (e) consisting of Borrower's or its Subsidiaries' use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses and/or nonexclusive sub-licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business, (g) Transfers of property to the Borrower or any Subsidiary, provided, that if the transferor of such property is a Borrower or Guarantor then the transferee thereof must be a Borrower or Secured Guarantor or the book value of the assets transferred by such Borrower or Secured Guarantor to a Subsidiary that is not a Borrower or Secured Guarantor shall not exceed \$2,500,000 in the aggregate in any fiscal year; (h) Transfers of accounts receivable in connection with the collection or compromise thereof in the ordinary course of Borrower's business; (i) licenses, sublicenses, leases or subleases granted in the ordinary course of Borrower's operations to others not interfering in any material respect with the business of Borrower or its Subsidiaries; (j) the sale or disposition of Cash Equivalents for fair market value; (k) dispositions of furniture, décor and kitchenware and other household supplies (like linens and towels) by Borrower or any of its Subsidiaries to any other Borrower or Subsidiary in the ordinary course of business; (l) Transfers of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Transfer are reasonably promptly applied to the purchase price of such replacement property; (m) Transfers by Borrower and its Subsidiaries not otherwise permitted under this Section 6.1, provided that (i) at the time of such Transfer, no Default shall exist or would result from such Transfer and (ii) the aggregate book value of all property disposed of in reliance on this clause (m) in any fiscal year shall not exceed \$5,000,000; (n) provided that no Event of Default has occurred and is continuing, Transfers of new or used furniture, décor and other kitchenware and household supplies such as linens and towels, and any other similar personal property located in units leased by Borrower or any of its Subsidiaries or used in connection with the operations of Borrower or any of its Subsidiaries, to landlords or guests on such terms and conditions as may be determined by Borrower or such Subsidiary in its reasonable business judgment; and (o) Transfers in connection with the Permitted Tax Restructuring.

6.2 Changes in Business, Management, Control, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related, complementary or incidental thereto; (b) liquidate or dissolve or permit any of its Subsidiaries to liquidate or dissolve, provided that (i) a Guarantor may liquidate or dissolve so long as all or substantially all of its assets are transferred to a Borrower or a Secured Guarantor and (ii) any Subsidiary that is not a Borrower or a Secured Guarantor may liquidate or dissolve so long as all or substantially all of its assets are transferred to (x) another Subsidiary that is not a Borrower or a Guarantor or (y) a Borrower or Secured Guarantor and (iii) any Subsidiary may liquidate or dissolve in connection with the Permitted Tax Restructuring; (c) [reserved]; (d) permit, allow or suffer to occur any Change in Control; or (e) without at least 10 days prior written notice to Bank, (i) add any new offices or business locations (excluding rental units), including warehouses (unless any such new office or business location contains less than \$500,000 in Borrower's assets or property), or deliver any portion of the Collateral (other than Collateral maintained at rental units) valued in excess of \$500,000 per location to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate or disclosed pursuant to this Section 6.2, (ii) change its jurisdiction of organization, (iii) change its organizational structure or type, (iv) change its legal name, or (v) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower intends to add any new offices or business locations (excluding rental units), including warehouses, containing in excess of \$500,000.00 of Borrower's assets or property at any such location, then Borrower will use commercially reasonable efforts to cause the landlord of any such new offices or business locations, including

warehouses, to execute and deliver a landlord consent in form and substance satisfactory to Bank. If Borrower intends to deliver any portion of the Collateral (other than Collateral maintained at rental units) valued in excess of \$500,000 at any location to a bailee, and Bank and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will use commercially reasonable efforts to cause such bailee to execute and deliver a bailee agreement in form and substance satisfactory to Bank.

6.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person (except in connection with a Permitted Acquisition), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the stock, partnership, membership, or other ownership interest or other equity securities or property of another Person (including, without limitation, by the formation of any Subsidiary or pursuant to a Division) other than a Permitted Acquisition. Notwithstanding the foregoing, (a) a Subsidiary may merge or consolidate into another Subsidiary or into Borrower, (b) Borrower or any Subsidiary may merge or consolidate in connection with the Permitted Tax Restructuring, (c) Borrower or any Subsidiary may acquire all or substantially all of the assets of another Subsidiary pursuant to a liquidation or dissolution permitted by Section 6.2(b), (d) a Borrower or Secured Guarantor may acquire all or substantially all assets of another Borrower or Guarantor or any Subsidiary, (e) a Subsidiary that is not a Borrower or Secured Guarantor may acquire all or substantially all assets of another Subsidiary that is not a Borrower or Secured Guarantor and (f) so long as no Event of Default has occurred and is continuing, any Subsidiary of Parent may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; provided that (i) the Person surviving such merger or consolidation shall be a wholly-owned (other than director's qualifying shares or shares required by applicable law to be held by a third party) Subsidiary of Parent, (ii) in the case of any such merger or consolidation to which a Borrower is a party, such Borrower is the surviving Person and, (iii) in the case of any such merger or consolidation to which any Guarantor is a party, such Guarantor or a Person that becomes a Guarantor substantially concurrently with such merger or consolidation is the surviving Person.

6.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

6.5 Encumbrance. (i) create, incur, allow, or suffer to exist any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens and Transfers permitted by Section 6.1, (ii) permit any Collateral not to be subject to the first priority security interest granted herein (which Collateral may be subject to Permitted Liens), or (iii) enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property in favor of Bank, except (i) as is otherwise permitted in Section 6.1 hereof and the definition of "Permitted Liens" herein, (ii) customary prohibitions contained in asset sale agreements, purchase agreements or merger or acquisition agreements; provided that such covenants do not prohibit Borrower or any Subsidiary from granting a security interest in Borrower's or any such Subsidiary's Intellectual Property in favor of Bank; and provided further that the counter-parties to such covenants are not permitted to receive a security interest in Borrower's or any Subsidiary's Intellectual Property, and (iii) for customary restrictions on assignment, transfer and encumbrances in license agreements under which Borrower or any Subsidiary is the licensee.

6.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 5.7(c).

6.7 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any stock, partnership, membership, or other ownership interest or other equity securities of Borrower; provided that Borrower may (i) pay dividends, distributions, redemptions or other payments (x) solely in the form of capital stock or (y) to another Borrower, (ii) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof and pay cash in lieu of the issuance of fractional shares in connection with such conversion in an aggregate amount not to exceed \$150,000.00, (iii) issue capital stock in connection with the exercise of warrants or options and pay cash in lieu of fractional shares in connection therewith in an aggregate amount not to exceed \$150,000.00, (iv) repurchase the stock of employees, directors or consultants, provided that the aggregate amount of all such repurchases does not exceed \$750,000 per

fiscal year (or in any amount where the consideration for such repurchase is the cancellation of Indebtedness under non-cash loans to current or former employees, officers, managers, directors, or consultants relating to the purchase of capital stock of Borrower pursuant to equity purchase plans or equity compensation arrangements approved by Borrower's Board), (v) make purchases of capital stock deemed to occur in connection with the exercise of stock options or stock appreciation rights by way of cashless exercise or in connection with the satisfaction of withholding tax obligations, (vi) make redemptions, exchanges or other transfers of equity interests, and pay cash in lieu of fractional shares in an aggregate amount not to exceed \$150,00.00, pursuant to the Exchange Rights Agreement, dated as of December 18, 2019, by and among Parent, Sonder Canada, Sonder Exchange and the holders of Sonder Canada exchangeable shares and the related provisions of Sonder Canada's Articles of Arrangement and Parent's certificate of incorporation, and (vii) make other dividends, distributions, redemptions or repurchases in an aggregate amount not in excess of \$2,500,000 per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary), or permit any of its Subsidiaries to do so, in each case, other than Permitted Investments.

6.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (a) transactions upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person, (b) transactions between Borrower and any of its Subsidiaries which are otherwise expressly permitted hereunder, (c) transactions permitted by Sections 6.1, 6.3, and/or 6.7, (d) employee agreements or arrangements, compensation arrangements and reimbursements of expenses of current officers, employees or directors, all to the extent in the ordinary course of business, (e) retention, bonus or similar arrangements in the ordinary course of business, (f) equity financings and unsecured Subordinated Debt financings with existing investors that are, in each case, approved by Borrower's board of directors.

6.9 Subordinated Debt. Except as expressly permitted under the terms of the subordination, intercreditor, or other similar agreement to which any Subordinated Debt is subject: (a) make or permit any payment on such Subordinated Debt; or (b) amend any provision in any document relating to such Subordinated Debt which would increase the principal amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Bank.

6.10 Compliance. (a) Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; (b)(i) fail to meet the minimum funding requirements of ERISA, (ii) permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur, (iii) fail to comply with the Federal Fair Labor Standards Act or (iv) violate any other law or regulation, if the foregoing subclauses (i) through (iv), individually or in the aggregate, could reasonably be expected to have a material adverse effect on Borrower's business or operations, or permit any of its Subsidiaries to do so; or (c) withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any material liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

7 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

7.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Revolving Line Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

7.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Section 5 (other than Sections 5.2 (Government Compliance), 5.10 (Litigation Cooperation), 5.13 (Inventory; Returns) and 5.14 (Further Assurances)) or violates any covenant in Section 6; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 7) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within thirty (30) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the thirty (30) day period or cannot after diligent attempts by Borrower be cured within such thirty (30) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed 30 days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply to financial covenants or any covenants set forth in clause (a) above.

7.3 Material Adverse Change. A Material Adverse Change occurs;

7.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any material funds of Borrower or any Subsidiary, or (ii) a notice of lien or levy is filed against any material portion of Borrower's or any of its Subsidiaries' assets by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within thirty (30) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any thirty (30) day cure period; or

(b) (i) any material portion of Borrower's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower or any of its Subsidiaries from conducting all or any material part of its business;

7.5 Insolvency. (a) Borrower or any of its Subsidiaries is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and is not dismissed or stayed within 60 days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist or until any Insolvency Proceeding is dismissed);

7.6 Other Agreements. There is, under any agreement to which Borrower, any of Borrower's Subsidiaries, or any Guarantor is a party with a third party or parties, any default (after giving effect to any applicable grace or cure periods) resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of \$1,000,000.00; or (b) any breach or default by Borrower, any of Borrower's Subsidiaries, or Guarantor, the result of which could reasonably be expected to have a material adverse effect on Borrower's, any of Borrower's Subsidiaries', or any Guarantor's business or operations;

7.7 Judgments; Penalties. One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least \$1,000,000.00 (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower or any of its Subsidiaries by any Governmental Authority, and the same are not, within thirty (30) days after the entry, assessment or issuance thereof, discharged, or after execution thereof, or stayed pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the discharge, or stay of such fine, penalty, judgment, order or decree);

7.8 Misrepresentations. Borrower or any of its Subsidiaries or any Person acting for Borrower or any of its Subsidiaries makes any representation, warranty, or other statement now or later in this Agreement, any Loan

Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made (it being agreed and acknowledged by Bank that the projections and forecasts provided by Borrower or any of its Subsidiaries in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results);

7.9 Subordinated Debt. If: (a) any document, instrument, or agreement evidencing the subordination of any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, or any Person (other than Bank) shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder; (b) a default or event of default (however defined) has occurred under any document, instrument, or agreement evidencing any Subordinated Debt, which default shall not have been cured or waived within any applicable grace period; or (c) the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement or any applicable subordination or intercreditor agreement;

7.10 Lien Priority. There is a material impairment in the perfection or priority of Bank's security interest in the Collateral;

7.11 Guaranty. (a) Any guaranty of any Obligations terminates or ceases for any reason to be in full force and effect other than in accordance with the terms of the Loan Documents; (b) any Guarantor does not perform any obligation or covenant under any guaranty of the Obligations; (c) any circumstance described in Sections 7.3, 7.4, 7.5, 7.6, 7.7, or 7.8 of this Agreement occurs with respect to any Guarantor, (d) the death, liquidation, winding up, or termination of existence of any Guarantor (other than in connection with a transaction permitted by Sections 6.1, 6.2, 6.3, and/or 6.7); or (e)(i) a material impairment in the perfection or priority of Bank's Lien in the collateral provided by Guarantor or in the value of such collateral or (ii) a material adverse change in the general affairs, management, results of operation, condition (financial or otherwise) or the prospect of repayment of the Obligations occurs with respect to any Guarantor; or

7.12 Governmental Approvals. Any Governmental Approval shall have been (a) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or (b) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of such Governmental Approval or that could result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or non-renewal (i) causes, or could reasonably be expected to cause, a Material Adverse Change, or (ii) adversely affects the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction, in each case in a manner reasonably expected to cause a Material Adverse Change.

7.13 Delisting. After an initial public offering of the Borrower's common stock on an exchange or market, such shares are delisted from such exchange or market because of Borrower's failure to comply with continued listing standards thereof or due to a voluntary delisting which results in such shares not being listed on such exchange or market.

7.14 Subordinated Loan Default. The occurrence of an event of default (however defined) (after giving effect to any applicable grace or cure periods) under the terms and conditions of the Notes Documents.

8 BANK'S RIGHTS AND REMEDIES

8.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 7.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) demand that Borrower (i) deposit cash with Bank in an amount equal to at least (A) 105.0% of the aggregate face amount of any Letters of Credit denominated in Dollars remaining undrawn, and (B) 115.0% of the Dollar Equivalent of the aggregate face amount of any Letters of Credit denominated in a Foreign Currency remaining undrawn (plus, in each case, all interest, fees, and costs due or estimated by Bank to become due in connection therewith), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(d) terminate any FX Contracts (it being understood and agreed that (i) Bank is not obligated to deliver the currency which Borrower has contracted to receive under any FX Contract, and Bank may cover its exposure for any FX Contracts by purchasing or selling currency in the interbank market as Bank deems appropriate; (ii) Borrower shall be liable for all losses, damages, costs, margin obligations and expenses incurred by Bank arising from Borrower's failure to satisfy its obligations under any FX Contract or the execution of any FX Contract; and (iii) Bank shall not be liable to Borrower for any gain in value of a FX Contract that Bank may obtain in covering Borrower's breach);

(e) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, and notify any Person owing Borrower money of Bank's security interest in such funds. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver the payments to Bank in the form received from the Account Debtor, with proper endorsements for deposit;

(f) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(g) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) amount held by Bank owing to or for the credit or the account of Borrower;

(h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. For use solely upon the occurrence and during the continuation of an Event of Default, Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section 8.1, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(i) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(j) demand and receive possession of Borrower's Books; and

(k) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code or any Applicable Law (including disposal of the Collateral pursuant to the terms thereof).

8.2 Power of Attorney. Borrower hereby irrevocably appoints Bank as its true and lawful attorney-in-fact, (a) exercisable upon the occurrence and during the continuance of an Event of Default, to: (i) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; (ii) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (iii) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses); (iv) make, settle, and adjust all claims under Borrower's insurance policies; (v) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (vi) transfer the Collateral into the name of Bank or a third party as the Code permits; and (b) regardless of whether an Event of Default has occurred, to sign Borrower's name on any documents necessary to perfect or continue the perfection of Bank's security interest in the Collateral. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until such time as all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations that are cash collateralized in accordance with Section 3.3 of this Agreement) have been satisfied in full, Bank is under no further obligation to make Credit Extensions and the Loan Documents have been terminated. Bank shall not incur any liability in connection with or arising from the exercise of such power of attorney and shall have no obligation to exercise any of the foregoing rights and remedies.

8.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 5.6 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

8.4 Application of Payments and Proceeds. If an Event of Default has occurred and is continuing, Bank may apply any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations in such order as Bank shall determine in its sole discretion. Any surplus shall be paid to Borrower or other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, in its commercially reasonable discretion, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

8.5 Bank's Liability for Collateral. Bank's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession or under its control, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as Bank deals with its own property consisting of similar instruments or interests. Borrower bears all risk of loss, damage or destruction of the Collateral.

8.6 No Waiver; Remedies Cumulative. Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under

this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

8.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

8.8 Borrower Liability. Any Borrower may, acting singly, request Credit Extensions hereunder. Each Borrower hereby appoints each other as agent for the other for all purposes hereunder, including with respect to requesting Credit Extensions hereunder. Each Borrower hereunder shall be liable for the Credit Extensions and Obligations as set forth on Schedule I hereto. Each Borrower waives to the extent permitted by applicable law (a) any suretyship defenses available to it under the Code or any other Applicable Law, including, without limitation, the benefit of California Civil Code Section 2815 permitting revocation as to future transactions and the benefit of California Civil Code Sections 1432, 2809, 2810, 2819, 2839, 2845, 2847, 2848, 2849, 2850, and 2899 and 3433, and (b) any right to require Bank to: (i) proceed against any Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Bank may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, until all Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement and the repayment of all Obligations, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 3.3 of this Agreement) have been satisfied, each Borrower irrevocably waives to the extent permitted by applicable law all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Bank under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section 8.8 shall be null and void. If any payment is made to a Borrower in contravention of this Section 8.8, such Borrower shall hold such payment in trust for Bank and such payment shall be promptly delivered to Bank for application to the Obligations, whether matured or unmatured.

9 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or email address indicated below; provided that, for clause (b), if such notice, consent, request, approval, demand or other communication is not sent during the normal business hours of the recipient, it shall be deemed to have been sent at the opening of business on the next Business Day of the recipient. Bank or Borrower may change its mailing or electronic mail address by giving the other party written notice thereof in accordance with the terms of this Section 9.

If to Borrower:	Sonder Holdings Inc. 500 E. 84 th Ave., Suite A-10 Thornton, CO 80229 Attn: Office of the General Counsel Email: [***]
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If to Bank: Silicon Valley Bank
505 Howard Street, Suite 300
San Francisco, California 94105
Attn: [***]
Email: [***]

with a copy to (which
shall not constitute
notice):

Morrison & Foerster LLP
200 Clarendon Street, Floor 20
Boston, Massachusetts 02116
Attn: [***]
Phone: [***]
Email: [***]

10 CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER; JUDICIAL REFERENCE

Except as otherwise expressly provided in any of the Loan Documents, California law governs the Loan Documents without regard to principles of conflicts of law that would require the application of the laws of another jurisdiction. Borrower and Bank each irrevocably and unconditionally submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction with respect to the Loan Documents or to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly, irrevocably and unconditionally submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby irrevocably and unconditionally consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 9 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT. EACH PARTY HERETO HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court

for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure Section 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

This Section 10 shall survive the termination of this Agreement and the repayment of all Obligations.

11 GENERAL PROVISIONS

11.1 Termination Prior to Maturity Date; Survival. All covenants, representations and warranties made in this Agreement shall continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement and the repayment of all Obligations, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 3.3 of this Agreement) have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement and the repayment of all Obligations, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 3.3 of this Agreement), this Agreement may be terminated prior to the Revolving Line Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination and the repayment of all Obligations shall continue to survive notwithstanding this Agreement's termination and the repayment of all Obligations.

11.2 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign or transfer this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's sole discretion) and any other attempted assignment or transfer by Borrower shall be null and void. Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents.

11.3 Indemnification.

(a) **General Indemnification.** Borrower shall indemnify, defend and hold Bank and its Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of Bank and its Affiliates (each, an "**Indemnified Person**") harmless against: all losses, claims, damages, liabilities and related expenses (including Bank Expenses and the reasonable fees, charges and disbursements of any counsel for any Indemnified Person) (collectively, "**Claims**") arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Credit Extension or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of hazardous materials on or from any property owned or operated by Borrower or any of its Subsidiaries, or any environmental liability related in any way to Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by Borrower, and regardless of whether any Indemnified Person is a party thereto; provided that such indemnity shall not, as to any Indemnified Person, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person. All amounts due under this Section 11.3 shall be payable promptly after demand therefor.

(b) **Waiver of Consequential Damages, Etc.** To the fullest extent permitted by Applicable Law, Borrower shall not assert, and hereby waives, any claim against any Indemnified Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) or any loss of profits arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Credit Extension, or the use of the proceeds thereof. No Indemnified Person shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

This Section 11.3 shall survive the termination of this Agreement and the repayment of all Obligations until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run.

11.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

11.5 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

11.6 Amendments in Writing; Waiver; Integration. No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be effective unless, and only to the extent, expressly set forth in a writing signed by each party hereto. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

11.7 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Delivery of an executed signature page of this Agreement by electronic mail transmission shall be effective as delivery of a manually executed counterpart hereof.

11.8 Confidentiality. Bank agrees to maintain the confidentiality of Information (as defined below), except that Information may be disclosed (a) to Bank's Subsidiaries and Affiliates and their respective employees, directors, agents, attorneys, accountants and other professional advisors (collectively, "**Representatives**" and, together with Bank, collectively, "**Bank Entities**") provided that Bank Entities agree to be bound by the confidentiality provisions substantially similar to those set forth herein; (b) to prospective transferees, assignees, credit providers or purchasers of Bank's interests under or in connection with this Agreement and their Representatives (provided, however, Bank shall first obtain any such prospective transferee's, assignee's, credit provider's, purchaser's or their Representatives' agreement to the terms of this provision or reasonably equivalent terms); (c) as required by law, regulation, subpoena, or other order by a court or a Governmental Authority; (d) to Bank's regulators or as otherwise required or requested in connection with Bank's examination or audit by a Governmental Authority; (e) as Bank reasonably considers appropriate in connection with the exercise of remedies under the Loan Documents or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. "**Information**" means all information received from Borrower regarding Borrower or its business, in each case other than information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information. In addition, Bank may (A) disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to Bank in connection with the administration of this Agreement, and the other Loan Documents; and (B) use any information

(not constituting Information subject to the foregoing confidentiality restrictions) related to the arrangement of the credit facilities contemplated by this Agreement in connection with marketing, press releases, or other transactional announcements or updates provided to investor or trade publications, including the placement of “tombstone” advertisements in publications of its choice at its own expense.

11.9 Electronic Execution of Documents. The words “execution,” “signed,” “signature” and words of like import in any Loan Document shall be deemed to include electronic signatures, including any Electronic Signature as defined in the Electronic Transactions Law (2003 Revision) of the Cayman Islands (the “**Cayman Islands Electronic Signature Law**”), if applicable, or the keeping of records in electronic form, including any Electronic Record, as defined in Cayman Islands Electronic Signature Law, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any Applicable Law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Cayman Islands Electronic Signature Law; provided, however that sections 8 and 19(3) of the Cayman Islands Electronic Signature Law shall not apply to this Agreement or the execution or delivery thereof.

11.10 Right of Setoff. Borrower hereby grants to Bank a Lien and a right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a subsidiary of Bank) or in transit to any of them, and other obligations owing to Bank or any such entity. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may setoff the same or any part thereof and apply the same to any liability or Obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

11.11 Captions and Section References. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement. Unless indicated otherwise, section references herein are to sections of this Agreement.

11.12 Construction of Agreement. The parties hereto mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

11.13 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm’s-length contract.

11.14 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any Persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any Person not an express party to this Agreement; or (c) give any Person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

11.15 Anti-Terrorism Law. Bank hereby notifies Borrower that, pursuant to the requirements of Anti-Terrorism Law, Bank may be required to obtain, verify and record information that identifies Borrower, which information may include the name and address of Borrower and other information that will allow Bank to identify Borrower in accordance with Anti-Terrorism Law. Borrower hereby agrees to take any action necessary to enable Bank to comply with the requirements of Anti-Terrorism Law.

12 ACCOUNTING TERMS AND OTHER DEFINITIONS

12.1 Accounting and Other Terms.

(a) Accounting terms not defined in this Agreement shall be construed following GAAP, except for (a) non-compliance with FAS 123R with respect to monthly financial statements and (b) with respect to unaudited financial statements for the absence of footnotes and subject to year-end audit and purchase price accounting adjustments. Calculations and determinations must be made following GAAP (except for (a) non-compliance with FAS 123R with respect to monthly financial statements and (b) with respect to unaudited financial statements for the absence of footnotes and subject to year-end audit adjustments), provided that if at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either Borrower or Bank shall so request, Borrower and Bank shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided, further, that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) Borrower shall provide Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding anything in this Agreement, any obligations of a Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance by the Financial Accounting Standards Board on February 25, 2016 of an Accounting Standards Update (the “ASU”) shall continue to be accounted for as operating leases for purposes of all financial definitions, calculations and covenants for purposes of this Agreement other than for purposes of preparation and delivery of financial statements prepared in accordance with GAAP (whether or not such operating lease obligations were in effect on such date), notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations in accordance with GAAP.

(b) As used in the Loan Documents: (i) the words “shall” or “will” are mandatory, the word “may” is permissive, the word “or” is not exclusive, the words “includes” and “including” are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative; (ii) the term “continuing” in the context of an Event of Default means that the Event of Default has not been remedied (if capable of being remedied) or waived; and (iii) whenever a representation or warranty is made to Borrower’s knowledge or awareness, to the “best of” Borrower’s knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer.

12.2 Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in this Section 12.2. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein. As used in this Agreement, the following capitalized terms have the following meanings:

“**Account**” is, as to any Person, any “account” of such Person as “account” is defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to such Person.

“**Account Debtor**” is any “account debtor” as defined in the Code with such additions to such term as may hereafter be made.

“**Acquisition**” is any transaction or series of related transactions resulting in the acquisition by Borrower or any of its Subsidiaries, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the equity interests of, or a business line or unit or a division of, any Person.

“**Adjusted Quick Ratio**” is the ratio of (a) Quick Assets to (b) Current Liabilities.

“**Adjusted Term SOFR**” is set forth on Schedule I hereto.

“**Administrator**” is an individual that is named:

(a) as an “Administrator” in the “SVB Online Services” form completed by Borrower with the authority to determine who will be authorized to use SVB Online Services (as defined in Bank’s Online Banking Agreement as in effect from time to time) on behalf of Borrower; and

(b) as an Authorized Signer of Borrower in an approval by the Board.

“**Advance**” or “**Advances**” means a revolving credit loan (or revolving credit loans) under the Revolving Line.

“**Affiliate**” is, with respect to any Person, each other Person that owns or controls directly or indirectly 10% or more of such Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person’s senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person’s managers and members.

“**Agreement**” is defined in the preamble hereof.

“**Anti-Terrorism Law**” means any law relating to terrorism or money-laundering, including Executive Order No. 13224 and the USA Patriot Act.

“**Applicable Law**” means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities and all orders and decrees of all courts and arbitrators.

“**Authorized Signer**” means any individual listed in Borrower’s Borrowing Resolution who is authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of Borrower.

“**Availability Amount**” is the Revolving Line, minus the sum of (i) all outstanding principal amounts of any Advances and (ii) the aggregate Dollar Equivalent of the face amount of outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve).

“**Bank**” is defined in the preamble hereof.

“**Bank Entities**” is defined in Section 11.8.

“**Bank Expenses**” are all audit fees, costs and reasonable expenses (including reasonable, out-of-pocket and documented attorneys’ fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower or any Guarantor.

“**Bank Services**” are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank’s various agreements related thereto (each, a “**Bank Services Agreement**”).

“**Bank Services Agreement**” is defined in the definition of Bank Services.

“**Blocked Cash Collateral Account**” means separate blocked segregated Collateral Accounts of Borrower maintained with Bank, which are subject to the Cash Pledge Agreement.

“**Board**” is Borrower’s board of directors or equivalent governing body.

“**Borrower**” is set forth on Schedule I hereto.

“**Borrower’s Books**” are all Borrower’s books and records including ledgers, federal and state tax returns, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“Borrowing Resolutions” are, with respect to any Person, those resolutions adopted by such Person’s board of directors (and, if required under the terms of such Person’s Operating Documents, stockholders) and delivered by such Person to Bank approving the Loan Documents to which such Person is a party and the transactions contemplated thereby, together with a certificate executed by its secretary on behalf of such Person certifying (a) such Person has the authority to execute, deliver, and perform its obligations under each of the Loan Documents to which it is a party, (b) that set forth as a part of or attached as an exhibit to such certificate is a true, correct, and complete copy of the resolutions then in full force and effect authorizing and ratifying the execution, delivery, and performance by such Person of the Loan Documents to which it is a party, (c) the name(s) of the Person(s) authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of such Person, together with a sample of the true signature(s) of such Person(s), and (d) that Bank may conclusively rely on such certificate unless and until such Person shall have delivered to Bank a further certificate canceling or amending such prior certificate.

“Business Day” is a day other than a Saturday, Sunday or other day on which commercial banks in the State of California are authorized or required by law to close.

“Cash Collateralization” is defined in Section 5.10(a).

“Cash Equivalents” are (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc.; (c) Bank’s certificates of deposit issued maturing no more than one (1) year after issue; and (d) money market funds at least 95.0% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

“Cash Pledge Agreement” is that certain Cash Pledge Agreement dated as of the Effective Date executed by Sonder Hospitality USA Inc. in favor of Bank.

“Cayman Islands Electronic Signature Law” is defined in Section 11.9.

“CFC” is (a) each Subsidiary that is a “controlled foreign corporation” (within the meaning of Section 957 of the Internal Revenue Code and the U.S. Treasury regulations promulgated thereunder) and (b) each Subsidiary of any such controlled foreign corporation described in clause (a) above.

“Change in Control” means (a) at any time, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of 49.0% or more of the ordinary voting power for the election of directors, partners, managers and members, as applicable, of Borrower (determined on a fully diluted basis) other than by the sale of Borrower’s equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of 12 consecutive months, a majority of the members of the Board of Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) except in connection with a transaction permitted by Sections 6.3 at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, 100.0% of each class of outstanding stock, partnership, membership, or other ownership interest or other equity securities (other than director’s qualifying shares or other similar shares as required by applicable law) of each Subsidiary of Borrower free and clear of all Liens (except Permitted Liens); provided that this clause (c) shall not apply to Sonder Canada so long as Parent and its Subsidiaries own and control, of record and beneficially, directly or indirectly, at least 73% of the aggregate ordinary voting power represented by the issued and outstanding equity interests of Sonder Canada.

“Change in Law” means the occurrence, after the Effective Date, of: (a) the adoption or taking effect of any law, rule, regulation or treaty; (b) any change in Applicable Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority; or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Claims” is defined in Section 11.3.

“Code” is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank’s Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term “Code” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

“Collateral” consists of all of Borrower’s right, title and interest in and to the following personal property:

(a) (i) all goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as provided below, but in all cases including in Collateral domain names and all associated trademark rights and good will), commercial tort claims (including (i) Sonder USA Inc., Sonder Canada Inc., Sonder Holdings Inc. v. 20 Broad Street Owner LLC, Metro Loft Management LLC, 653493/2020, Supreme Court, New York County, New York, (ii) Sonder Hospitality USA, Inc., Sonder Holdings Inc., Sonder USA Inc., Sonder Canada Inc. v. 1101-43 Ave Acquisition LLC, 653493/2020, Supreme Court, New York County, New York, and (iii) Sonder USA Inc. v. Jetall Companies, Inc; 1001 WL LLC; Galleria Loop Note Holder LLC; Galleria 2425 Owner LLC; BDFI LLC; Ali Choudhri; Brad Parker; and Azeemeh Zaheer, No. 01-21-00378-CV, Court of Appeals, First District, Houston, Texas), chattel paper (whether tangible or electronic), cash, deposit accounts, certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, securities accounts, securities entitlements and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and (ii) all Borrower’s Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

(b) Notwithstanding the foregoing, the Collateral does not include any (a) United States intent-to-use trademark applications to the extent that, and solely during the period in which the grant of a security interest therein would impair the validity or enforceability of or render void or result in the cancellation of, any registration issued as a result of such intent-to-use trademark applications under Applicable Law; provided that upon submission and acceptance by the USPTO of an amendment to allege pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Collateral, (b) rights or interest in any license, contract or agreement if under the terms of such license, contract or agreement or applicable law with respect thereto, the valid grant of a Lien therein to Bank is prohibited as a matter of law or under the terms of such license, contract or agreement (including where the violation of any such prohibition would result in the termination of the applicable license, contract or agreement), and such prohibition has not been or is not waived or the consent of the other party to such license, contract or agreement has not been or is not otherwise obtained, (c) Equipment and the proceeds thereof that is subject to a Lien that is otherwise permitted pursuant to clause (c) of the definition of “Permitted Liens” if the holder of such Lien has expressly prohibited in writing Borrower or any of its Affiliates from granting Liens on such property in favor of third parties, (d) furniture, décor and other kitchenware and household supplies like linens and towels any Borrower provides located in any of such Borrower’s properties held out for rent in the ordinary course of

business provided that the total book value of such furniture, décor, and other kitchenware and household supplies like linens and towels does not exceed \$25,000,000 in the aggregate, and that such furniture, décor, and other kitchenware and household supplies like linens and towels is otherwise subject to a Permitted Lien as set forth in clauses (n) or (s) of the definition of Permitted Liens, (e) the Permitted HSBC Cash Collateral Accounts and the cash maintained therein and (f) Deposit Accounts and the cash collateral maintained therein, solely to the extent subject to Liens permitted by clause (t) of the definition of Permitted Liens. The exclusions to Collateral set forth above in no way shall be construed (i) to apply if any described prohibition is unenforceable under applicable laws, including Section 9-406, 9-407 or 9-408 of the Code, (ii) to apply after the cessation of any such prohibition, and upon the cessation of such prohibition, such license, contract or agreement shall automatically become part of the Collateral, (iii) so as to limit, impair or otherwise affect Bank's continuing Lien upon (to the extent constituting Collateral) any rights or interests in or to monies due or to become due under any described license, contract or agreement (including any Accounts), or (iv) to limit, impair or otherwise affect Bank's continuing Lien upon (to the extent constituting Collateral) any of the rights or interest in and to any proceeds from the sale, license, lease or other disposition of any such license, contract or agreement.

"Collateral Account" is any Deposit Account, Securities Account, or Commodity Account.

"Commodity Account" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"Compliance Statement" is that certain statement in the form attached hereto as Exhibit A.

"Conforming Changes" means, with respect to either the use or administration of any benchmark or the use, administration, adoption or implementation of any benchmark replacement rate, any technical, administrative or operational changes (including changes to the definition of "Business Day," the definition of "U.S. Government Securities Business Day," the definition of "Interest Period" or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 2.5(c) and other technical, administrative or operational matters) that Bank decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by Bank in a manner substantially consistent with market practice (or, if Bank decides that adoption of any portion of such market practice is not administratively feasible or if Bank determines that no market practice for the administration of any such rate exists, in such other manner of administration as Bank decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated Adjusted EBITDA" is the sum without duplication of the following, as calculated on a consolidated basis for Borrower and its Subsidiaries for any period as at any date of determination, the sum of: (i) Net Income (in accordance with GAAP) plus (ii) rent to landlord payments adjustments in accordance with GAAP, plus (iii) consolidated tax expense based on income, profits or capital, including state, franchise, capital and similar taxes and withholding taxes paid or accrued during such period, plus (iv) depreciation and amortization expense, plus (v) amortization of intangibles (including, but not limited to, goodwill), plus (vi) non-cash equity-based compensation expenses and payroll tax expense related to equity-based compensation expenses, plus (vii) any other non-cash charges, non-cash expenses or non-cash losses (excluding any such charge, expense or loss incurred in the ordinary course of business that constitutes an accrual of, or a reserve for, cash charges for any future period); provided, however that cash payments made in such period or in any future period in respect of such non-cash charges, expenses or losses (excluding any such charge, expense or loss incurred in the ordinary course of business that constitutes an accrual of, or a reserve for, cash charges for any future period) shall be subtracted from Net Income in calculating Consolidated Adjusted EBITDA in the period when

such payments are made, plus (viii) foreign currency translation expenses, plus (ix) transaction costs associated with the Loan Documents and the transactions contemplated thereby and with any actual, proposed or contemplated issuance of equity interests (including any expense relating to enhanced accounting functions or other costs associated with becoming a public company), the making of any Investment, acquisition, joint venture or disposition, or the issuance or incurrence of Indebtedness or refinancings, plus (x) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not included in the calculation of Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated Adjusted EBITDA pursuant to clause (c) below for any previous period and not added back, plus (xi) ordinary and customary allowances for furniture, fixtures and equipment, minus (xii) to the extent included in the statement of such Net Income for such period, the sum of (a) interest income, (b) any extraordinary income or gains determined in accordance with GAAP, and (c) any other non-cash income other than accrual of revenue in the ordinary course of business (excluding any items that represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period that are described in the parenthetical to clause (vii) above), and minus (xiii) capital expenditures.

“Contingent Obligation” is, for any Person, any direct or indirect liability of that Person for (a) any direct or indirect guaranty by such Person of any indebtedness, lease, dividend, letter of credit, credit card or other obligation of another, (b) any other obligation endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (c) any obligations for undrawn letters of credit for the account of that Person; and (d) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but “Contingent Obligation” does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

“Control Agreement” is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

“Copyrights” are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

“Credit Extension” is any Advance, Overadvance, Letter of Credit, or any other extension of credit by Bank for Borrower’s benefit.

“Currency” is coined money and such other banknotes or other paper money as are authorized by law and circulate as a medium of exchange.

“Current Liabilities” are (a) all obligations and liabilities of Borrower to Bank, other than the cash collateralized portion of outstanding Letters of Credit, plus (b) without duplication of (a), the aggregate amount of Borrower’s Total Liabilities that mature within one (1) year (in each case, not including operating lease liabilities).

“Default” means any event which with notice or passage of time or both, would constitute an Event of Default.

“Default Rate” is defined in Section 1.4(c).

“**Deposit Account**” is any “**deposit account**” as defined in the Code with such additions to such term as may hereafter be made.

“**Designated Deposit Account**” is the deposit account established by Borrower with Bank for purposes of receiving Credit Extensions.

“**Division**” means, in reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, Section 17-220 of the Delaware Revised Uniform Limited Partnership Act for limited partnerships formed under Delaware law, or any analogous action taken pursuant to any other Applicable Law with respect to any corporation, limited liability company, partnership or other entity.

“**Dollars,**” “**dollars**” or use of the sign “\$” means only lawful money of the United States and not any other currency, regardless of whether that currency uses the “\$” sign to denote its currency or may be readily converted into lawful money of the United States.

“**Dollar Equivalent**” is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

“**Domestic Subsidiary**” is any Subsidiary that is organized under the laws of any political subdivision of the United States.

“**Effective Date**” is set forth on Schedule I hereto.

“**Environmental Laws**” means any Applicable Law (including any permits, concessions, grants, franchises, licenses, agreements or governmental restrictions) relating to pollution or the protection of health, safety or the environment or the release of any materials into the environment (including those related to hazardous materials, air emissions, discharges to waste or public systems and health and safety matters).

“**Equipment**” is all “equipment” as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

“**ERISA**” is the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

“**Event of Default**” is defined in Section 7.

“**Exchange Act**” is the Securities Exchange Act of 1934, as amended.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to Bank or required to be withheld or deducted from a payment to Bank, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of Bank being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of Bank with respect to an applicable interest in a Credit Extension or the Revolving Line pursuant to a law in effect on the date on which (i) Bank acquires such interest in the Credit Extensions or Revolving Line or (ii) Bank changes its lending office, except in each case to the extent that, pursuant to Section 1.8, amounts with respect to such Taxes were payable either to Bank’s assignor immediately before Bank became a party hereto or to Bank immediately before it changed its lending office, (c) Taxes attributable to Bank’s failure to comply with Section 1.8(e), and (d) any withholding Taxes imposed under FATCA.

“Existing HSBC Letters of Credit” means the letters of credit issued by HSBC Bank USA, N.A. for the account of Borrower prior to the Effective Date and disclosed in the Perfection Certificate delivered on the Effective Date.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Internal Revenue Code.

“Financial Statement Repository” is Bank’s e-mail address specified in Section 9 or such other means of collecting information approved and designated by Bank after providing notice thereof to Borrower from time to time.

“Foreign Currency” is the lawful money of a country other than the United States.

“Foreign Subsidiary” means a Subsidiary that is not a Domestic Subsidiary.

“FSHCO” means any Domestic Subsidiary (i) substantially all of the assets of which consist of equity interests of, or Indebtedness in, one or more CFCs or (ii) that is treated as a disregarded entity for U.S. federal income tax purposes.

“Funding Date” is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day.

“FX Contract” is any foreign exchange contract by and between Borrower and Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency at a set price or on a specified date.

“GAAP” is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

“General Intangibles” is all “general intangibles” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

“Governmental Approval” is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

“Governmental Authority” is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

“Guarantor” is any Person providing a Guaranty in favor of Bank.

“Guaranty” is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

“**Illegality Notice**” is defined in Section 2.6.

“**Indebtedness**” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, (d) Contingent Obligations and (e) other short- and long-term obligations under debt agreements, lines of credit and extensions of credit.

“**Indemnified Person**” is defined in Section 11.3.

“**Indemnified Taxes**” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“**Information**” is defined in Section 11.8.

“**Insolvency Proceeding**” is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, receivership or other relief.

“**Intellectual Property**” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following:

- (a) its Copyrights, Trademarks and Patents;
- (b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;
- (c) any and all source code;
- (d) any and all design rights which may be available to such Person;
- (e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and
- (f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

“**Interest Expense**” means for any fiscal period, interest expense (whether cash or non-cash) determined in accordance with GAAP for the relevant period ending on such date, including, in any event, interest expense with respect to any Credit Extension and other Indebtedness of Borrower and its Subsidiaries, including, without limitation or duplication, all commissions, discounts, or related amortization and other fees and charges with respect to letters of credit and bankers’ acceptance financing and the net costs associated with interest rate swap, cap, and similar arrangements, and the interest portion of any deferred payment obligation.

“**Interest Period**” means, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such SOFR Advance and ending on the numerically corresponding day in the month that is one, three or six months thereafter, as selected by Borrower in its Notice of Borrowing or Notice of Conversion/Continuation, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such SOFR Advance and ending on the numerically corresponding day in the month that is one, three or six months thereafter, as selected by Borrower in a Notice of Conversion/Continuation delivered to Bank not later than 12:00 p.m. Pacific time on the date that is three (3) U.S. Government Securities Business Days prior to the last day of the then current Interest Period with respect thereto; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(b) Borrower may not select an Interest Period that would extend beyond the Stated Maturity Date;

(c) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period;

(d) no tenor that has been removed from this definition pursuant to Section 2.5(b) shall be available for specification in any Notice of Borrowing or Notice of Conversion/Continuation.

“**Internal Revenue Code**” means the U.S. Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder, each as amended or modified from time to time.

“**Inventory**” is all “**inventory**” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower’s custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

“**Investment**” is any beneficial ownership interest in any Person (including stock, partnership, membership, or other ownership interest or other equity securities), and any loan, advance or capital contribution to any Person.

“**Letter of Credit**” is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement on the part of Bank as set forth in Section 1.2.

“**Letter of Credit Application**” is defined in Section 1.2(c).

“**Letter of Credit Fee**” is a fee equal to one and one-half percent (1.50%) per annum of the Dollar Equivalent of the face amount of each Letter of Credit issued according to Section 1.2.

“**Letter of Credit Fronting Fee**” a fee equal to one quarter of one percent (0.25%) per annum of the Dollar Equivalent of the face amount of each Letter of Credit issued according to Section 1.2

“**Letter of Credit Reserve**” is defined in Section 1.2(f).

“**Lien**” is a claim, mortgage, deed of trust, levy, attachment charge, pledge, hypothecation, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

“**Loan Documents**” are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Perfection Certificate, the Cash Pledge Agreement, Control Agreements, any Bank Services Agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, landlord waivers and consents, bailee waivers and consents, and any other present or future agreement by Borrower and/or any Guarantor with or for the benefit of Bank in connection with this Agreement or Bank Services, all as amended, restated, or otherwise modified in accordance with the terms thereof.

“**Material Adverse Change**” is (a) a material impairment in the perfection or priority of Bank’s Lien in the Collateral or in the value of such Collateral, taken as a whole; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower and its Subsidiaries, taken as a whole; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

“Net Income” means, as calculated on a consolidated basis for Borrower and its Subsidiaries for any period as at any date of determination, the net profit (or loss), after provision for taxes, of Borrower for such period taken as a single accounting period; provided, however, that there will not be included in the determination of Net Income the effect of: (a) with respect to any Subsidiary that is not wholly owned but whose net income is consolidated in whole or in part with the net income of Parent, the income of such Subsidiary solely to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of that income is not permitted by operation of the terms of its organizational documents or any law applicable to such Subsidiary; provided that Net Income shall be increased by the amount of dividends or distributions or other payments that are actually paid by such Subsidiary to Parent or any other Subsidiary; (b) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations (including pursuant to any sale and leaseback) which is not sold or otherwise disposed of in the ordinary course of business; (c) the cumulative effect of a change in accounting principles; and (d) any recapitalization or purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by GAAP and related authoritative pronouncements, as a result of any consummated Acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development). In addition, proceeds from any business interruption insurance received in such period or which is reasonably expected to be received in a subsequent period and within one year of the underlying loss shall be added to Net Income; provided, that if not so received within such one-year period, such amount shall be subtracted in the subsequent calculation period.

“Noteholder” means each investor which has purchased a Note under the Note Purchase Agreement.

“Notes” means those certain Subordinated Secured Notes issued by Parent, Sonder USA, Sonder Hospitality and the Parent to the Noteholders under the Note Purchase Agreement.

“Notes Collateral Agent” means Alter Domus (US), LLC, a Delaware limited liability company, in its capacity as collateral agent for the Noteholders and any holders of Permitted Additional Subordinated Debt.

“Notes Documents” means the Note Purchase Agreement, the Notes, each document governing Permitted Additional Subordinated Debt and all other agreements, instruments and other documents entered into in connection with the Notes and Permitted Additional Subordinated Debt or otherwise setting forth the terms of the Notes and Permitted Additional Subordinated Debt.

“Note Purchase Agreement” means that certain Note and Warrant Purchase Agreement, dated as of December 10, 2021, by and among Parent, Sonder USA, Sonder Hospitality, and Parent, as note obligors, the guarantors listed on the signature pages thereof and the Persons listed on the schedule of investors attached as Schedule I thereto, as may be amended, amended and restated, supplemented or modified from time to time.

“Notes Subordination Agreement” means that certain Intercreditor and Subordination Agreement, dated as of December 10, 2021, by and among the Noteholders, Notes Collateral Agent, any Permitted Additional Subordinated Debt Agent from time to time party thereto, any holders of Permitted Additional Subordinated Debt from time to time party thereto, the Loan Parties (as defined therein) and Bank, in form and substance satisfactory to the Bank in its sole discretion, as may be amended, amended and restated, supplemented or modified from time to time.

“Notice of Borrowing” means a notice given by Borrower to Bank in accordance with Section 1.9, substantially in the form of Exhibit B-1, with appropriate insertions.

“Notice of Conversion/Continuation” means a notice given by Borrower to Bank in accordance with Section 2.4, substantially in the form of Exhibit B-2, with appropriate insertions.

“Obligations” are Borrower’s obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the Revolving Line Commitment Fee, the Unused Revolving Line Facility Fee, all Letter of Credit Fees and Letter of Credit fronting fees, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents, or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower’s duties under the Loan Documents.

“**OFAC**” is the Office of Foreign Assets Control of the United States Department of the Treasury and any successor thereto.

“**Operating Documents**” are, for any Person, such Person’s formation documents, as certified by the Secretary of State (or equivalent agency) of such Person’s jurisdiction of organization on a date that is no earlier than 30 days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership or limited partnership, its partnership agreement or limited partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

“**Other Connection Taxes**” means, with respect to Bank, Taxes imposed as a result of a present or former connection between Bank and the jurisdiction imposing such Tax (other than connections arising from Bank having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Credit Extension or Loan Document).

“**Other Taxes**” means all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“**Overadvance**” is defined in Section 1.3.

“**Parent**” means Sonder Holdings Inc., a Delaware corporation.

“**Patents**” means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

“**Payment Date**” is set forth on Schedule I hereto.

“**Perfection Certificate**” is each Perfection Certificate delivered by Borrower in connection with this Agreement.

“**Permitted Acquisition**” is an Acquisition by Borrower or a Guarantor (the Person or division, line of business or other business unit of the Person to be acquired in such Acquisition shall be referred to herein as the “**Target**”), in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by Borrower and its Subsidiaries pursuant to the terms of this Agreement, in each case so long as:

- (a) no Event of Default shall then exist or would exist after giving effect thereto;
- (b) the acquisition costs (including the purchase price) expended by Borrower in the transaction are not paid with any substantially concurrent Credit Extensions made hereunder in an aggregate amount in excess of \$5,000,000.00 for the purpose of paying such acquisition costs;
- (c) Bank shall have received (or shall receive in connection with the closing of such Acquisition or will receive when required by Section 5.12) a first priority perfected security interest in all Collateral acquired with respect to the Target in accordance with the terms of Section 5.12 and the Target, if a Person, shall have executed or will execute a joinder or guarantee in accordance with the terms of Section 5.12;
- (d) Bank shall have received at least twenty (20) days prior (or such later date as is agreed by Bank) to the consummation of such Acquisition (i) a description of the material terms of such Acquisition, (ii) to the extent available, audited financial statements (or, if unavailable, management-prepared financial statements) of the Target for its two most recent fiscal years and for any fiscal quarters ended within the fiscal year to date, (iii) consolidated projected income statements of Borrower and its Subsidiaries (giving effect to such Acquisition), and (iv) not less than five (5) Business Days prior (or such later date as is agreed by Bank) to the consummation of

any Permitted Acquisition with a purchase price in excess of \$5,000,000, a certificate executed by a Responsible Officer of Borrower certifying that such Permitted Acquisition complies with the requirements of this Agreement and the requirements of this definition, and attaching copies of such other agreements, instruments and documents as the Bank shall request;

(e) such Acquisition shall not be a “hostile” Acquisition and shall have been approved by the board of directors (or equivalent) and/or shareholders (or equivalent) (if required) of the applicable Borrower or Guarantor and the Target;

(f) all transactions related to such purchase or acquisition shall be consummated in all material respects in accordance with all applicable requirements of Law;

(g) no Borrower or Guarantor shall, as a result of or in connection with any such purchase or acquisition, assume or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation or other matters) that, as of the date of such purchase or acquisition, could reasonably be expected to result in the existence or incurrence of a Material Adverse Change;

(h) no Indebtedness is assumed or incurred in connection with any such purchase or acquisition other than Permitted Indebtedness;

(i) if such Acquisition is an acquisition of assets, such Acquisition is structured so that a Borrower or Guarantor shall acquire such assets; provided that, notwithstanding the foregoing, the Acquisition may be structured so that a Subsidiary that is not a Borrower or Guarantor may acquire assets if such Acquisition, including the book value of such assets, is in all respects acceptable to Bank;

(j) if such Acquisition is an acquisition of equity interests, such Acquisition will not result in any violation of Regulation U;

(k) (i) if such Acquisition involves a merger or a consolidation involving a Borrower, such Borrower shall be the surviving entity, and (ii) if such Acquisition involves a merger or a consolidation involving a Guarantor, such Guarantor or a Person that becomes a Guarantor prior to or substantially concurrently with the consummation of such Acquisition shall be the surviving entity;

(l) such Acquisition shall not result in a Trigger 1 Event or a Trigger 2 Event, and no Trigger 1 Event or Trigger 2 Event shall then exist or would exist after giving effect thereto; and

(m) the total consideration (including fair market value of property given, the value of the equity interests of the Parent or any Subsidiary to be transferred and the maximum potential total amount of all deferred payment obligations (including earn-outs) and Indebtedness assumed or incurred) (i) in connection with any single Acquisition shall not exceed \$10,000,000 and (ii) for all Acquisitions made during the term of this Agreement shall not exceed \$25,000,000.

“Permitted Additional Subordinated Debt Agent” means the Person appointed to act as trustee, agent or representative for the holders of Permitted Additional Subordinated Debt pursuant to any document governing Permitted Additional Subordinated Debt.

“Permitted Additional Subordinated Debt” means Subordinated Debt incurred after the Effective Date that is secured on a pari passu basis with the Notes, so long as (a) the aggregate original principal amount of such Subordinated Debt does not exceed \$220,000,000, (b) such Subordinated Debt is at all times subject to the Notes Subordination Agreement, (c) all documentation pursuant to which such Subordinated Debt is to be incurred shall be in form and substance satisfactory to the Bank and prior to the entry into and effectiveness of such documentation and initial incurrence of any Subordinated Debt pursuant thereto, the Bank shall have first confirmed to the Borrower in writing (which may be by email) that such documentation is satisfactory to the Bank, and (d) such Subordinated Debt is permitted under the Note Purchase Agreement (as in effect as of the Effective Date) as Pari Passu Lien Indebtedness (as defined in the Note Purchase Agreement as in effect on the Effective Date).

“Permitted HSBC Accounts” means Borrower’s existing deposit and securities accounts with HSBC Bank USA, N.A. which were disclosed on the Perfection Certificate and which deposit accounts contain an aggregate amount not to exceed, (a) from the Effective Date through and including the first 7 days after the Effective Date, an unlimited amount and (b) during the remainder of the Transition Period, \$10,000,000.00.

“Permitted HSBC Cash Collateral Accounts” means Borrower’s existing deposit accounts with HSBC Bank USA, N.A. which were established solely to hold cash collateral for Borrower’s fee and reimbursement obligations in connection with the Existing HSBC Letters of Credit and/or obligations under credit cards issued by HSBC Bank USA, N.A. or its affiliates that are permitted by clause (p) of the definition of Permitted Indebtedness.

“Permitted Indebtedness” is:

- (a) Borrower’s Indebtedness to Bank under this Agreement and the other Loan Documents (including, without limitation, obligations in respect of any Bank Services);
- (b) Indebtedness existing on the Effective Date which is shown on the Perfection Certificate;
- (c) Subordinated Debt;
- (d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;
- (e) Indebtedness for reimbursement obligations under the Existing HSBC Letters of Credit;
- (f) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;
- (g) Indebtedness secured by Liens permitted under clauses (a) and (c) of the definition of “Permitted Liens” hereunder;
- (h) Indebtedness constituting a Permitted Investment;
- (i) unsecured guarantees of Borrower or any Subsidiary in respect of Indebtedness otherwise expressly permitted hereunder of any Borrower or Guarantor;
- (j) unsecured Indebtedness of any Person that becomes a Subsidiary of Borrower after the date hereof in a transaction permitted hereunder in an aggregate principal amount not to exceed \$1,000,000; provided that such Indebtedness is existing at the time such Person becomes a Subsidiary of the Parent (and was not incurred solely in contemplation of such Person’s becoming a Subsidiary of the Parent);
- (k) unsecured Indebtedness consisting of obligations of Borrower or any of its Subsidiaries incurred in a Permitted Acquisition or any other Investment permitted hereunder or any Disposition permitted hereunder constituting indemnification obligations or obligations in respect of purchase price or consideration (including earnout obligations) or similar adjustments payable in cash in an aggregate amount at any time outstanding not to exceed \$1,000,000;
- (l) unsecured Indebtedness not otherwise permitted by Section 6.4 in an aggregate principal amount not to exceed \$5,000,000 at any time outstanding;
- (m) [reserved];
- (n) Indebtedness arising from customary cash management and treasury services, and the honoring of a check, draft or similar instrument against insufficient funds to the extent permitted pursuant to Section 5.7;

(o) (i) Subordinated Debt incurred pursuant to the Notes Documents and (ii) Permitted Additional Subordinated Debt;

(p) Indebtedness incurred with corporate credit cards in an aggregate amount not to exceed \$3,500,000 at any time outstanding;

(q) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case, provided in the ordinary course of business;

(r) Indebtedness for the payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Indebtedness imposed by ERISA); and

(s) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (r) above, provided that the principal amount thereof is not increased (except by an amount equal to a reasonable premium, and fees and expenses reasonably incurred and by an amount equal to any existing commitments unutilized thereunder) or the terms thereof are not modified to impose more burdensome terms (taken as a whole) upon Borrower or its Subsidiary, as the case may be.

"Permitted Investments" are:

(a) Investments (including, without limitation, Subsidiaries) existing on the Effective Date which are shown on the Perfection Certificate;

(b) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(c) Investments consisting of deposit accounts (but only to the extent that Borrower is permitted to maintain such accounts pursuant to Section 5.7 of this Agreement) in which Bank has a first priority perfected security interest to the extent required by Section 5.7;

(d) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business in an aggregate amount not to exceed \$150,000 per fiscal year of Parent, and (ii) loans to employees, officers, directors, partners, managers and members relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee equity purchase plans or similar agreements approved by the Board;

(e) Investments (i) by Borrower and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, (ii) by Borrower and its Subsidiaries in any Borrower or Secured Guarantor, (iii) by Subsidiaries that are not a Borrower or Guarantor in other Subsidiaries that are not a Borrower or Guarantor, and (iv) so long as no Event of Default has occurred and is continuing or would result from such Investment, and Borrower is in pro forma compliance with the financial covenants in Section 5.8 above both before and after such Investment, additional Investments by Borrower or a Secured Guarantor in wholly-owned Subsidiaries that are not a Borrower or a Secured Guarantor (x) to fund capital requirements of Subsidiaries in an aggregate amount under this clause (x) not to exceed \$10,000,000 in any fiscal year, (y) for one time start-up costs associated with any newly created Foreign Subsidiary in an aggregate amount under this clause (y) not to exceed \$10,000,000 in any fiscal year and (z) in connection with a Permitted Acquisition in an aggregate amount under this clause (z) not to exceed \$10,000,000 in any fiscal year; provided that the aggregate Investments in respect of this clause (f)(iv) shall not at any time exceed \$25,000,000 at any time outstanding.

(f) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(g) unsecured guarantees constituting Permitted Indebtedness and unsecured guarantees of obligations not constituting Indebtedness in the ordinary course of business that are otherwise permitted under this Agreement;

(h) Permitted Acquisitions;

(i) intercompany liabilities arising from cash management, tax, and accounting operations and intercompany loans, advances or indebtedness, in each case having a term not exceeding 364 days (inclusive of any rollover or extension of terms) and made in the ordinary course of business;

(j) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(k) Investments of any Person that becomes a Subsidiary after the Effective Date pursuant to a Permitted Acquisition; provided that (x) such Investments exist at the time such Person is acquired and (y) such Investments are not made in anticipation or contemplation of such Person becoming a Subsidiary

(l) Investments consisting of the creation of a Subsidiary for the purpose of consummating a (i) merger transaction permitted by Section 6.2 of this Agreement, which is otherwise a Permitted Investment or (ii) a Permitted Acquisition;

(m) Investments in connection with the Permitted Tax Restructuring;

(n) (i) Investments consisting of Cash Equivalents, and (ii) any Investments permitted by Borrower's investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Bank;

(o) other Investments not otherwise permitted by Section 6.7 not to exceed \$5,000,000 in the aggregate in any fiscal year of Borrower; provided that no Event of Default has occurred and is continuing or would result from such Investment.

"Permitted Liens" are:

(a) Liens existing on the Effective Date which are shown on the Perfection Certificate or arising under this Agreement or the other Loan Documents (including, without limitation, Liens arising in connection with, or securing, Bank Services);

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not yet delinquent (ii) being contested in good faith and for which Borrower maintains adequate reserves on Borrower's Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code;

(c) Liens securing capital leases and purchase money Liens (i) on Equipment acquired or held by Borrower or any Subsidiary incurred for financing the acquisition of the Equipment securing no more than \$1,000,000.00 in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and accessions, improvements and the proceeds of the Equipment;

(d) Liens in favor of HSBC Bank USA, N.A. on (i) the Permitted HSBC Accounts during the Transition Period and (ii) the Permitted HSBC Cash Collateral Accounts in an amount not to exceed (x) 110% of the aggregate amount available to be drawn under, and related reimbursement obligations in respect of, the Existing HSBC Letters of Credit, subject to any reasonable time periods required by HSBC Bank USA, N.A. to facilitate release of such cash collateral, plus (y) obligations with respect to credit cards issued by HSBC Bank USA, N.A. or its affiliates in an aggregate amount not to exceed \$3,500,000.00 that are permitted by clause (p) of the definition of Permitted Indebtedness;

(e) Liens of carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business so long as such liens attach only to Inventory, and which are not overdue for a period of more than thirty (30) days or which are being contested in good faith and by appropriate proceedings diligently conducted; provided adequate reserves with respect thereto are maintained on the books of the applicable Person;

(f) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(g) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business, and subject to the requirements of Section 5.7, to the extent applicable, and in each case other than for borrowed money;

(h) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(i) Liens arising from attachments or judgments, orders or decrees (or appeal or other surety bonds relating to such judgments) in circumstances not constituting an Event of Default under Sections 7.4 and 7.7;

(j) customary bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalents on deposit in one or more accounts maintained by the Parent or any of its Subsidiaries, in each case in the ordinary course of business in favor of the bank or banks or financial institutions with which such accounts are maintained, securing solely the customary amounts owing to such bank or financial institution with respect to cash management and account arrangements; provided, that (i) in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness, and (ii) such accounts are permitted to be maintained pursuant to Section 5.7 of this Agreement;

(k) any interest or title of a lessor, licensor or sublessor under any lease, license or sublease entered into by Borrower or any Subsidiary in the ordinary course of business and covering only the assets so leased, licensed or subleased;

(l) Liens on insurance proceeds in favor of insurance companies granted solely as security for financed premiums;

(m) inchoate or statutory Liens or other possessory Liens and public utility Liens; provided that the same are either in respect of obligations not in default or being contested in good faith by appropriate proceedings;

(n) Liens in favor of any landlord on furniture, decor and other kitchenware and household supplies like linens and towels located in any leased properties held out for rent in the ordinary course of business; provided that (i) such Liens are granted in exchange for favorable security deposit terms and (ii) such Liens do not at any time encumber any property other than furniture and decor located in such leased property;

(o) [reserved];

(p) Liens securing obligations other than for borrowed money in an aggregate principal amount not to exceed \$1,000,000 at any time;

(q) Liens granted by the Borrower or any Guarantor under the Notes Documents, so long as such Liens (i) only secure obligations under the Notes Documents to the extent permitted by clause (s) of Permitted Indebtedness, (ii) are subject to the Notes Subordination Agreement and (iii) are subordinated to the Liens securing payment of the Obligations to the extent required by the Notes Subordination Agreement;

(r) (i) non-exclusive licenses of Intellectual Property granted to third parties in the ordinary course of business, and (ii) licenses of Intellectual Property that could not result in a legal transfer of title of the licensed property that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States;

(s) Liens (i) on furniture, decor and other kitchenware and household supplies acquired or held by Borrower or any Subsidiary incurred for financing the acquisition of such furniture, decor and other kitchenware and household supplies securing no more than \$25,000,000.00 in the aggregate amount outstanding, or (ii) existing on such furniture, decor and other kitchenware and household supplies when acquired, if the Lien is confined to the property and accessions, improvements and the proceeds of such furniture, decor and other kitchenware and household supplies;

(t) without duplication of Liens permitted by clause (d) of Permitted Liens, Liens on cash collateral securing Indebtedness permitted by clause (p) of the definition of Permitted Indebtedness; and

(u) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business; and

(v) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in (a) through (v), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien (and any accessions or improvements thereto and any proceeds thereof) and the principal amount of the indebtedness may not increase (except to the extent of any fees, premiums or accrued interest thereon).

“Permitted Tax Restructuring” means the steps outlined in that certain ROW Intercompany Settlements (Phase II) presentation delivered to Bank and its counsel on the Effective Date or an alternative tax restructuring that is in form and substance reasonably acceptable to Bank (which acceptance may be confirmed by the Bank via email).

“Person” is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

“Prime Rate” is set forth on Schedule I hereto.

“Prime Rate Advance” means an Advance the rate of interest applicable to which is based on upon the Prime Rate.

“Quick Assets” is, on any date, Borrower’s, unrestricted and unencumbered (other than Liens in favor of Bank arising under this Agreement) cash and Cash Equivalents, plus net billed accounts receivable aged less than ninety (90) days from the invoice date and investments maintained with Bank, with maturities of fewer than 12 months determined according to GAAP, provided that Quick Assets shall not include any cash held in the Blocked Cash Collateral Account or any other blocked account securing Bank Services.

“Registered Organization” is any “registered organization” as defined in the Code with such additions to such term as may hereafter be made.

“Representatives” is defined in Section 11.8.

“Requirement of Law” is as to any Person any material law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” is any of the Chief Executive Officer, President, Chief Financial Officer, Chief Accounting Officer, Head of Treasury or Treasurer and Controller of Borrower.

“**Restricted License**” is any material license or other similar agreement (excluding any source code, “shrink wrap” or “click wrap” licenses or other licenses that are generally commercially available) with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower’s interest in such license agreement in favor of Bank and which restriction is effective under applicable law, or (b) for which a default under or termination of could interfere with Bank’s right to sell any Collateral.

“**Revolving Line**” is set forth on Schedule I hereto.

“**Revolving Line Maturity Date**” is set forth on Schedule I hereto.

“**Sanctioned Person**” means a Person that: (a) is listed on any Sanctions list maintained by OFAC or any similar Sanctions list maintained by any other Governmental Authority having jurisdiction over Borrower; (b) is located, organized, or resident in any country, territory, or region that is the subject or target of Sanctions; or (c) is 50.0% or more owned or controlled by one (1) or more Persons described in clauses (a) and (b) hereof.

“**Sanctions**” means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by the United States government and any of its agencies, including, without limitation, OFAC and the U.S. State Department, or any other Governmental Authority having jurisdiction over Borrower.

“**SEC**” is the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

“**Secured Guarantor**” is any Guarantor with respect to which Bank has a first priority security interest (which may be subject to Permitted Liens (without duplication of Permitted Liens granted by Borrower or any other Secured Guarantor)) in all of such Guarantor’s personal property and assets pledged to Bank as collateral.

“**Securities Account**” is any “securities account” as defined in the Code with such additions to such term as may hereafter be made.

“**SOFR**” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“**SOFR Advance**” means a Term SOFR Advance.

“**SOFR Tranche**” means the collective reference to SOFR Advances the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Advances shall originally have been made on the same day).

“**Sonder Canada**” means Sonder Canada Inc., a corporation duly amalgamated under the provisions of the Canada Business Corporations Act and subsequently continued and subsisting under the Business Corporations Act (Quebec).

“**Sonder Exchange**” means Sonder Exchange ULC, an unlimited liability company existing under the laws of the Province of British Columbia.

“**Sonder Hospitality**” means Sonder Hospitality USA Inc., a Delaware corporation.

“**Sonder USA**” means Sonder USA Inc., a Delaware corporation.

“**Subordinated Debt**” is indebtedness incurred by Borrower or any of its Subsidiaries subordinated to all of Borrower’s or any of its Subsidiaries’ now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

“**Subsidiary**” is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock, partnership, membership, or other ownership interest or other equity securities having ordinary voting power (other than stock, partnership, membership, or other ownership interest or other equity securities having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower or Guarantor.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Term SOFR**” is set forth on Schedule I hereto.

“**Term SOFR Adjustment**” is set forth on Schedule I hereto.

“**Term SOFR Administrator**” means the CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by Bank in its reasonable discretion).

“**Term SOFR Advance**” means an Advance the rate of interest applicable to which is based on Adjusted Term SOFR.

“**Term SOFR Reference Rate**” means the forward-looking term rate based on SOFR.

“**Total Liabilities**” is on any day, obligations that should, under GAAP, be classified as liabilities on Borrower’s consolidated balance sheet, including all Indebtedness, the non-cash collateralized portion of all outstanding Letters of Credit and surety bonds that mature within 1 year. Total Liabilities shall not include operating lease obligations of Borrower or its Subsidiaries.

“**Trademarks**” means, with respect to any Person, any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of such Person connected with and symbolized by such trademarks.

“**Transfer**” is defined in Section 6.1.

“**Transition Period**” is the period of time commencing as of the Effective Date, through the earlier to occur of (i) February 19, 2023 or (ii) an Event of Default.

“**Trigger 1 Event**” is defined in Section 5.10(a)

“**Trigger 2 Event**” is defined in Section 5.10(a)

“**Unused Revolving Line Facility Fee**” is defined in Section 1.5(c).

“**USA Patriot Act**” means the “Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001” (Public Law 107-56, signed into law on October 26, 2001), as amended from time to time.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

SONDER HOLDINGS INC.,
a Delaware corporation

By: /s/ David Alan Watt
Name: David Alan Watt
Title: Treasurer/Head of Treasury

SONDER HOLDINGS LLC,
a Delaware limited liability company

By: /s/ David Alan Watt
Name: David Alan Watt
Title: Treasurer/Head of Treasury

SONDER GROUP HOLDINGS LLC,
a Delaware limited liability company

By: /s/ David Alan Watt
Name: David Alan Watt
Title: Treasurer/Head of Treasury

SONDER TECHNOLOGY INC.,
a Delaware corporation

By: /s/ David Alan Watt
Name: David Alan Watt
Title: Treasurer/Head of Treasury

SONDER HOSPITALITY USA INC.,
a Delaware corporation

By: /s/ David Alan Watt
Name: David Alan Watt
Title: Treasurer/Head of Treasury

SONDER USA INC.,
a Delaware corporation

By: /s/ David Alan Watt
Name: David Alan Watt
Title: Treasurer/Head of Treasury

SONDER HOSPITALITY HOLDINGS LLC,
a Delaware limited liability company

By: /s/ David Alan Watt
Name: David Alan Watt
Title: Treasurer/Head of Treasury

SONDER PARTNER CO.,
a Delaware corporation

By: /s/ David Alan Watt
Name: David Alan Watt
Title: Treasurer/Head of Treasury

SONDER GUEST SERVICES LLC
a Washington limited liability company

By: /s/ David Alan Watt
Name: David Alan Watt
Title: Treasurer/Head of Treasury

BANK:

SILICON VALLEY BANK

By: /s/ Jeff Sereno
Name: Jeff Sereno
Title: Vice President

SCHEDULE I
LSA PROVISIONS

<u>LSA Section</u>	<u>LSA Provision</u>
1.1(a) – Revolving Line – Availability	Amounts borrowed under the Revolving Line may be prepaid or repaid and, prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein.
1.2(a) – Letter of Credit Sublimit	The aggregate Dollar Equivalent of the face amount of outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve) may not exceed \$60,000,000.00 less the amount of Advances not used for Letters of Credit.
1.4(a)(i) – Interest Payments – Advances	Interest on the principal amount of each Advance is payable in arrears monthly (A) on each Payment Date, (B) on the date of any prepayment and (C) on the Revolving Line Maturity Date.
1.4(b)(i) – Interest Rate – Advances	The outstanding principal amount of any Advance shall accrue interest at a floating rate per annum equal to the Adjusted Term SOFR plus the SOFR Rate Margin and, which interest, in each case, shall be payable in accordance with Section 1.4(a).
1.4(f) – Interest Computation	Interest shall be computed on the basis of the actual number of days elapsed and a 365-day year for any Credit Extension outstanding.
1.5(a) – Revolving Line Commitment Fee	A fully earned, non-refundable commitment fee of \$240,000.00 on the Effective Date.
8.8 – Borrower Liability	Each Borrower hereunder shall be jointly and severally obligated to repay all Credit Extensions made hereunder and any other Obligations related thereto, regardless of which Borrower actually receives said Credit Extension, as if each Borrower hereunder directly received all Credit Extensions.
12.2 – “Adjusted Term SOFR”	“ Adjusted Term SOFR ” means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than zero percent (0%), then Adjusted Term SOFR shall be deemed to be zero percent (0%).
12.2 – “Borrower”	“ Borrower ” means each of Sonder Holdings Inc., a Delaware corporation, Sonder Holdings LLC, a Delaware limited liability company, Sonder Group Holdings LLC, a Delaware limited liability company, Sonder Technology Inc., a Delaware corporation, Sonder Hospitality USA Inc., a Delaware corporation, Sonder USA Inc., a Delaware

	corporation, Sonder Hospitality Holdings LLC, a Delaware limited liability company, Sonder Partner Co., a Delaware corporation, and Sonder Guest Services LLC, a Washington limited liability company
12.2 – “Effective Date”	“ Effective Date ” is December 21, 2022.
12.2 – “Payment Date”	“ Payment Date ” means the last day of each calendar month.
12.2 – “Prime Rate”	“ Prime Rate ” is the rate of interest per annum from time to time published in the money rates section of <u>The Wall Street Journal</u> or any successor publication thereto as the “prime rate” then in effect; provided that if such rate of interest, as set forth from time to time in the money rates section of <u>The Wall Street Journal</u> , becomes unavailable for any reason as determined by Bank, the “Prime Rate” shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero percent (0.0%) per annum, such rate shall be deemed to be zero percent (0.0%) per annum for purposes of this Agreement.
12.2 – “Revolving Line”	“ Revolving Line ” is an aggregate principal amount equal to \$60,000,000.00.
12.2 – “Revolving Line Maturity Date”	“ Revolving Line Maturity Date ” is December 21, 2025.
12.2 – “SOFR Rate Margin”	“ SOFR Rate Margin ” is 2.50%
12.2 – “Term SOFR”	“ Term SOFR ” is the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “ Periodic Term SOFR Determination Day ”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and the Term SOFR Reference Rate has not been replaced as the benchmark rate, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day; provided, further, that if Term SOFR determined as provided above (including pursuant to the proviso above) shall ever be less than zero

	percent (0.0%), then Term SOFR shall be deemed to be zero percent (0.0%).
12.2 – “Term SOFR Adjustment”	“Term SOFR Adjustment” for any calculation with respect to any SOFR Advance, is 0.15%.

EXHIBIT A
COMPLIANCE STATEMENT

TO: SILICON VALLEY BANK Date: _____
 FROM: Sonder Holdings Inc., a Delaware corporation
 Sonder Holdings LLC, a Delaware limited liability company
 Sonder Group Holdings LLC, a Delaware limited liability company
 Sonder Technology Inc., a Delaware corporation
 Sonder Hospitality USA Inc., a Delaware corporation
 Sonder USA Inc., a Delaware corporation
 Sonder Hospitality Holdings LLC, a Delaware limited liability company
 Sonder Partner Co., a Delaware corporation
 Sonder Guest Services LLC, a Washington limited liability company

Under the terms and conditions of the Loan and Security Agreement between Borrower and Bank (as amended, modified, supplemented and/or restated from time to time, the “**Agreement**”), Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below. Attached are the required documents evidencing such compliance, setting forth calculations prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under “Complies” column.

<u>Reporting Covenants</u>	<u>Required</u>	<u>Complies</u>
Monthly financial statements with Compliance Statement	Monthly within 30 days	Yes No
Annual financial statements (CPA Audited)	FYE within 120 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
Board approved projections	Within 60 days each fiscal year end or upon Board approval, and promptly following any amendments/updates	Yes No

The following Intellectual Property was registered after the Effective Date (if no registrations, state “None”)
 _____.

<u>Financial Covenant</u>	<u>Required</u>	<u>Actual</u>	<u>Complies</u>
Adjusted Quick Ratio	≥ 1.00:1.0	:1.0	Yes No
Minimum Consolidated Adjusted EBITDA	As set forth Section 5.8(f)	\$ _____	Yes No
<u>Cash Collateralization</u>	<u>Required</u>	<u>Actual</u>	<u>Complies</u>
Trigger 1 Event - Adjusted Quick Ratio	≥ 1.40:1.0	:1.0	Yes No
Trigger 2 Event - Adjusted Quick Ratio	≥ 1.25:1.0	:1.0	Yes No

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and correct as of the date of this Compliance Statement.

The following are the exceptions with respect to the statements above: (If no exceptions exist, state "No exceptions to note.")

Sonder Holdings, Inc.
Sonder Holdings LLC
Sonder Group Holdings LLC
Sonder Technology Inc.
Sonder Hospitality USA Inc.
Sonder USA Inc.
Sonder Hospitality Holdings LLC
Sonder Partner Co.
Sonder Guest Services LLC

BANK USE ONLY

Received by: _____
AUTHORIZED SIGNER

Date: _____

Verified: _____
AUTHORIZED SIGNER

Date: _____

Compliance Status: Yes No

By: _____
Name: _____
Title: _____

Schedule 1 to Compliance Statement

Financial Covenants of Borrower

In the event of a conflict between this Schedule and the Agreement, the terms of the Agreement shall govern.

Dated: _____

I. Adjusted Quick Ratio (Section 5.8(a))

Required: 1.00:1.00

Actual: _____:1.0

Actual:

- A. Aggregate value of Borrower's unrestricted and unencumbered (other than Liens in favor of Bank arising under this Agreement) cash and Cash Equivalents, plus net billed accounts receivable aged less than ninety (90) days from the invoice date and investments maintained with Bank, with maturities of fewer than 12 months determined according to GAAP, but excluding cash held in the Blocked Cash Collateral Account or any other blocked account securing Bank Services. \$ _____
- B. Aggregate value of the net billed accounts receivable aged less than ninety (90) days from the invoice date \$ _____
- C. investments maintained with Bank, with maturities of fewer than 12 months determined according to GAAP \$ _____
- D. Quick Assets (the sum of lines A through C) \$ _____
- E. Aggregate value of all obligations and liabilities of Borrower to Bank \$ _____
- F. Aggregate value of liabilities of Borrower (including Indebtedness and the non-cash collateralized portion of all outstanding Letters of Credit and surety bonds) that matures within one (1) year, but excluding operating lease obligations of Borrower or its Subsidiaries. \$ _____
- G. Current Liabilities (the sum of lines E and F) \$ _____
- H. Adjusted Quick Ratio (line D divided by line G) _____

Is line J greater than or equal to 1.00:1:0?

_____ No, not in compliance

_____ Yes, in compliance



Is line J greater than or equal to 1.40:1:0?

_____ No, a Trigger 1 Event has occurred
occurred

_____ Yes, a Trigger 1 Event has not

Is line J greater than or equal to 1.25:1:0?

_____ No, a Trigger 2 Event has occurred
occurred

_____ Yes, a Trigger 2 Event has not

II. **Minimum** Consolidated Adjusted EBITDA (Section 5.8(b))

Required: Consolidated Adjusted EBITDA to be tested on a trailing 6-month basis as of the last day of each quarter of at least the applicable amount set forth below for the applicable testing period:

Six Month Period Ending	Minimum Consolidated Adjusted EBITDA
December 31, 2022	(\$90,000,000.00)
March 31, 2023	(\$100,000,000.00)
June 30, 2023	(\$80,000,000.00)
September 30, 2023	(\$60,000,000.00)
December 31, 2023	(\$45,000,000.00)
March 31, 2024	(\$45,000,000.00)
June 30, 2024	(\$40,000,000.00)
September 30, 2024	(\$4,000,000.00)
December 31, 2024	\$6,000,000.00
March 31, 2025 and all times thereafter	\$10,000,000.00

Actual: _____

A. Net Income (in accordance with GAAP)	\$ _____
B. depreciation	\$ _____
C. non-cash stock-based compensation and related payroll tax expense	\$ _____
D. rent payments to landlord adjusted in accordance with GAAP	\$ _____
E. consolidated tax expense	\$ _____
F. amortization of intangibles	\$ _____
G. other non-cash charges, non-cash expenses or non-cash losses	\$ _____
H. foreign currency translation expenses	\$ _____
I. transaction costs associated with the Loan Documents	\$ _____

J.	transaction costs associated with actual, proposed or contemplated issuance of equity	\$_____
K.	ordinary and customary allowances for furniture, fixtures and equipment	\$_____
L.	cash receipts	\$_____
M.	Sum of lines A through L	\$_____
N.	interest income	\$_____
O.	extraordinary income or gains adjusted in accordance with GAAP	\$_____
P.	other non-cash income other than accrual of revenue in the ordinary course of business	\$_____
Q.	capital expenditures	\$_____
R.	Sum of lines N through Q	\$_____
S.	Consolidated Adjusted EBITDA (line M minus line R)	\$_____

Is line R greater than or equal to \$_____?

_____ No, not in compliance

_____ Yes, in compliance

EXHIBIT B-1
FORM OF NOTICE OF BORROWING

SONDER HOLDINGS INC.
SONDER HOLDINGS LLC
SONDER GROUP HOLDINGS LLC
SONDER TECHNOLOGY INC.
SONDER HOSPITALITY USA INC.
SONDER USA INC.
SONDER HOSPITALITY HOLDINGS LLC
SONDER PARTNER CO.
SONDER GUEST SERVICES LLC

Date: _____

To: Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054
Attention: [_____]
Email: [_____]

[also include email address of SVB account officer for Borrower]

RE: Loan and Security Agreement dated as of _____, 2022 (as amended, modified, supplemented or restated from time to time, the “**Loan Agreement**”), by and between _____ (individually and collectively, “**Borrower**”) and Silicon Valley Bank (the “**Bank**”)

Ladies and Gentlemen:

The undersigned refers to the Loan Agreement, the terms defined therein and used herein as so defined, and hereby gives you notice irrevocably, pursuant to Section 1.13 of the Loan Agreement, of the borrowing of an Advance.

1. The Funding Date, which shall be a Business Day, of the requested Advance is _____.
 2. The aggregate amount of the requested Advance is \$_____.
 3. The Advance shall be a [Term SOFR Advance].
 4. The requested Advance shall consist of \$_____ of [Term SOFR Advances].
 5. [The duration of the Interest Period for the Term SOFR Advances bearing interest at Adjusted Term SOFR included in the requested Advance shall be _____ months.]
-

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Advance before and after giving effect thereto, and to the application of the proceeds therefrom, as applicable:

(a) all representations and warranties of Borrower contained in the Loan Agreement are true, accurate and complete in all material respects as of the date hereof; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects or all respects, as applicable, as of such date;

(b) no Event of Default has occurred and is continuing, or would result from such proposed Advance; and

(c) immediately prior to making such Advance, the Availability Amount is greater than or equal to the amount of such requested Advance.

BORROWER

[INSERT NAME]

By: _____

Name: _____

Title: _____

[For internal Bank use only]

SOFR Pricing Date	Term SOFR Reference Rate	SOFR Variance	Maturity Date
		____%	

]

EXHIBIT B-2

FORM OF NOTICE OF CONVERSION/CONTINUATION

SONDER HOLDINGS, INC.
SONDER HOLDINGS LLC
SONDER GROUP HOLDINGS LLC
SONDER TECHNOLOGY INC.
SONDER HOSPITALITY USA INC.
SONDER USA INC.
SONDER HOSPITALITY HOLDINGS LLC
SONDER PARTNER CO.
SONDER GUEST SERVICES LLC

Date:

To: Silicon Valley Bank
3003 Tasman Drive
Santa Clara, CA 95054
Attention: []
Email: []

[also include email address of SVB account officer for Borrower]

RE: Loan and Security Agreement dated as of _____, 2022 (as amended, modified, supplemented or restated from time to time, the "**Loan Agreement**"), by and between _____ (individually and collectively, "**Borrower**") and Silicon Valley Bank (the "**Bank**")

Ladies and Gentlemen:

The undersigned refers to the Loan Agreement, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section [2.4] [2.5] [2.6] of the Loan Agreement, of the [conversion] [continuation] of the Advance specified herein, that:

1. The date of the [conversion] [continuation] is _____, 20__.
 2. The aggregate amount of the proposed Advances to be [converted] is \$_____ or [continued] is \$_____.
 3. The Advances are to be [converted into] [continued as] [Term SOFR] [Prime Rate] Advances.
-

4. [The duration of the Interest Period for the Advances that are Term SOFR Advances included in the [conversion] [continuation] shall be _____ months.]

The undersigned, on behalf of Borrower, hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed [conversion] [continuation], before and after giving effect thereto and to the application of the proceeds therefrom:

(a) all representations and warranties of Borrower stated in the Loan Agreement are true, accurate and complete in all material respects as of the date hereof; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects or all respects, as applicable, as of such date; and

(b) no Event of Default has occurred and is continuing, or would result from such proposed [conversion] [continuation].

BORROWER

[INSERT NAME]

By: _____

Name: _____

Title: _____

[For internal Bank use only]

SOFR Pricing Date	Term SOFR Reference Rate	SOFR Variance	Maturity Date
		____%	

**SONDER HOLDINGS INC.
SUBSIDIARIES
As of December 31, 2022**

Subsidiaries of the Registrant

Hospitalité Sonder Canada Inc.
Sonder Canada Inc.
Sonder Group Holdings LLC
Sonder Holdings LLC
Sonder Holiday Homes LLC
Sonder Hospitality Spain, S.L.U.
Sonder Hospitality UK Ltd
Sonder Hospitality USA Inc
Sonder Italy S.r.l.
Sonder Stay Mexico, S. de R.L. de C.V.
Sonder Technology Inc.
Sonder USA Inc.

State or Other Jurisdiction of Incorporation

Quebec, Canada
Quebec, Canada
Delaware, USA
Delaware, USA
Dubai, United Arab Emirates
Spain
England and Wales
Delaware, USA
Italy
Mexico
Delaware, USA
Delaware, USA

Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Sonder Holdings Inc. are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of latest fiscal year.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333- 263914 on Form S-8 of our report dated March 16, 2023, relating to the financial statements of Sonder Holdings Inc. appearing in this Annual Report on Form 10-K for the year ended December 31, 2022.

/s/ Deloitte & Touche LLP

San Francisco, California
March 16, 2023

**CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Francis Davidson, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of Sonder Holdings Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: March 16, 2023

/s/ Francis Davidson
Francis Davidson
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Chris Berry, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of Sonder Holdings Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: March 16, 2023

/s/ Chris Berry

Chris Berry
Interim Principal Financial Officer
(Principal Financial Officer)

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

In connection with the Annual Report on Form 10-K of Sonder Holdings Inc. (the "Registrant") for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Francis Davidson, Chief Executive Officer of the Registrant, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 16, 2023

/s/ Francis Davidson
Francis Davidson
Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Annual Report on Form 10-K of Sonder Holdings Inc. (the "Registrant") for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chris Berry, Interim Principal Financial Officer of the Registrant, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 16, 2023

/s/ Chris Berry

Chris Berry
Interim Principal Financial Officer
(Principal Financial Officer)