

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported): June 6, 2022

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

Delaware
(State or other jurisdiction of incorporation)

001-39907
(Commission File Number)

85-2097088
(IRS Employer Identification No.)

101 15th Street
San Francisco, California
(Address of principal executive offices)

94103
(Zip Code)

(617) 300-0956
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	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 whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.05 Costs Associated with Exit or Disposal Activities.

On June 9, 2022, Sonder Holdings Inc. (the "**Company**"), announced its cash flow positive plan, which prioritizes reaching positive free cash flow without additional fundraising while preserving a robust cash cushion, including a reduction in force affecting approximately 21% of corporate roles and 7% of front line roles. The Company's Board of Directors approved the cash flow positive plan on June 6, 2022 and affected employees were informed of the reduction in force on June 8, 2022. The Company expects the reduction in force to be substantially completed by the end of the second quarter of 2022.

Total costs and cash expenditures for the reduction in force are estimated at \$3.5 million to \$5.5 million, substantially all of which are related to employee severance and benefits costs. The Company expects to recognize most of these pre-tax reduction in force charges in the second quarter of 2022.

Item 2.05 of this Report ("**Item 2.05**") contains "forward-looking statements" within the meaning established by the Private Securities Litigation Reform Act of 1995, which are identified by words such as "plans," "expects," "may," "believes," "estimates" or "estimated," "intends," and other similar words, expressions, and formulations. Item 2.05 contains forward-looking statements regarding the timing and scope of the reduction in force; and the amount and timing of the related charges. Many factors could affect the actual results of the reduction in force, and variances from the Company's current expectations regarding such factors could cause actual results of the reduction in force to differ materially from those expressed in these forward-looking statements. The Company presently considers the following to be a non-exclusive list of important factors that could cause actual results to differ materially from its expectations: estimates of employee headcount reductions; cash expenditures that may be made by the Company in connection with the reduction in force; and the number of outstanding unvested equity awards that will be canceled as a result of the reduction in force. A detailed discussion of these and other risks and uncertainties that could cause the Company's actual results to differ materially from these forward-looking statements is included in the documents that the Company files with the Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K. These forward-looking statements speak only as of the date of this Report, and the Company does not undertake any obligation to revise or update such statements, whether as a result of new information, future events, or otherwise.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On June 8, 2022, the Company announced internally that as part of the cash flow positive plan referenced in Item 2.05 above, Satyen Pandya stepped down from his position as the Company's Chief Technology Officer effective June 8, 2022. Mr. Pandya will serve in an advisory role to the Company to ensure an orderly transition.

Item 5.07 Submission of Matters to a Vote of Security Holders.

On June 6, 2022, the Company held its annual meeting of stockholders (the "**Annual Meeting**"). At the Annual Meeting, a total of 144,497,641 (or 66.59%) of the Company's issued and outstanding shares of common stock held of record as of April 12, 2022, the record date for the Annual Meeting, were present either in person or by proxy, which constituted a quorum for the transaction of business at the Annual Meeting.

The Company's stockholders voted on the following proposals at the Annual Meeting. The final vote tabulation for each proposal is set forth below.

1. *To elect the following two Class I directors to serve a three-year term.* Each nominee under this proposal was elected to serve as a director of the Company until the 2025 annual meeting of stockholders or until their respective successor has been duly elected and qualified.

<u>Nominee</u>	<u>For</u>	<u>Withheld</u>	<u>Broker Non-Votes</u>
Francis Davidson	120,138,970	18,614,233	5,744,438
Nabeel Hyatt	120,176,483	18,576,720	5,744,438

2. *To ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2022.* This proposal was approved as set forth below:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
144,413,232	83,368	1,041	N/A

3. *To approve an amendment to the Company's Amended and Restated Certificate of Incorporation to increase the number of shares of authorized common stock, par value \$0.0001 per share, from 400,000,000 shares to 2,250,000,000 shares, and to make a corresponding change to the number of authorized shares of General Common Stock and of capital stock.* This proposal was not approved as set forth below:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
69,352,117	75,048,377	97,147	N/A

Item 7.01 Regulation FD Disclosure.

On June 9, 2022, the Company issued a press release and an investor presentation announcing its cash flow positive plan, which prioritizes reaching positive free cash flow without additional fundraising while preserving a robust cash cushion, including a reduction in force affecting approximately 21% of corporate roles and 7% of front line roles. This press release and investor presentation are furnished as Exhibit 99.1 and Exhibit 99.2 hereto, respectively.

The information provided pursuant to Item 7.01, including Exhibit 99.1 and Exhibit 99.2 attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "**Exchange Act**"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated June 9, 2022
99.2	Investor Presentation, dated June 9, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: June 9, 2022

SONDER HOLDINGS INC.
By: /s/ Sanjay Banker
Sanjay Banker
President and Chief Financial Officer

Sonder Announces Cash Flow Positive Plan and Projects Positive Quarterly Free Cash Flow within 2023

*Reduction of cash costs by approximately \$85M on an annualized basis
Rapidly improve free cash flow towards reaching positive quarterly free cash flow within 2023
Company reaffirms Q2 2022 and FY 2022 revenue guidance, will now provide Free Cash Flow outlook
Management to host a conference call today, June 9, 2022 at 8:00am ET*

SAN FRANCISCO, June 9, 2022 - Sonder Holdings Inc. ("Sonder", NASDAQ: SOND), a leading next-generation hospitality company that is redefining the guest experience through technology and design, announced today its Cash Flow Positive plan, which prioritizes reaching positive quarterly free cash flow ("FCF") within 2023 without additional fundraising and while preserving a robust cash cushion.

The Cash Flow Positive plan forecasts reaching positive quarterly FCF within 2023 using four key levers:

- **Cut cash costs** by approximately \$85 million on an annualized basis¹
- **Reduce planned signings pace** and drive growth primarily by opening already contracted units
- **Improve growth quality** by increasing our high threshold for incremental signings targeting 100% capital light²
- **Focus on RevPAR initiatives** to improve near term FCF

The Company will also continue to deliver its signature tech-enabled, design-forward experience to guests around the world, and look to attract a growing share of both business and leisure travelers.

Sonder also reaffirmed its Q2 2022 and FY2022 revenue guidance, and provided the following additional outlook for Free Cash Flow, which going forward replaces Adjusted EBITDA guidance as the Company's main measure of expected profitability:

- Free Cash Flow
 - Q2 2022 FCF of better than \$(50) million (before one-time restructuring costs), a more than \$15M improvement from Q1 2022 FCF
 - Total 2H 2022 FCF of better than \$(70) million
 - Reach positive quarterly FCF within 2023
- Revenue
 - Q2 2022 revenue growth of better than 140% year-over-year (vs. \$47 million in Q2 2021)
 - Q2 2022 RevPAR of better than \$160
 - FY 2022 revenue growth of 100-110% year-over-year (vs. \$233 million in FY 2021)

The Company is completing a restructuring of its operations which will result in an approximately 21% reduction of existing corporate roles and a 7% reduction of existing frontline roles. Sonder is providing severance, benefits continuation and other support to assist departing employees with transitioning to new roles. The Company expects to incur \$3.5 million to \$5.5 million in one-time restructuring costs, approximately 80% of which are expected to be paid out in Q2 2022 and approximately 20% of which are expected to be paid out in 2H 2022.

Sonder will host a conference call with analysts and investors on Thursday, June 9, 2022 at 5:00 a.m. Pacific Time / 8:00 a.m. Eastern Time. To access the conference call via telephone please dial (877) 800-8199 or (615) 622-8089 for callers outside the United States and enter the conference ID 4754589. A

¹ Represents difference between Q1 2022 on an annualized basis compared to 2H 2022 on an annualized basis. Excludes one-time restructuring costs.

² Capital light represents deals where the real estate partner covers the upfront pre-opening costs and capex of onboarding the unit.

live and archived webcast of the conference call will be accessible from the "Events" section of the company's Investor Relations website at investors.sonder.com.

Additional details of Sonder's Cash Flow Positive plan are available at investors.sonder.com.

About Sonder

Sonder (NASDAQ: SOND) is revolutionizing hospitality through innovative, tech-enabled service and inspiring, thoughtfully designed accommodations combined into one seamless experience. Launched in 2014 and headquartered in San Francisco, Sonder provides a variety of accommodation options — from spacious rooms to fully-equipped suites and apartments — found in 35+ markets spanning ten countries and three continents. The Sonder app gives guests full control over their stay. Complete with self-service features, simple check-in and 24/7 on-the-ground support, amenities and services at Sonder are just a tap away, making a world of better stays open to all.

To learn more, visit www.sonder.com or follow Sonder on [Facebook](https://www.facebook.com/sonder), [Twitter](https://twitter.com/sonder) or [Instagram](https://www.instagram.com/sonder). Download the Sonder app on [Apple](https://apps.apple.com/us/app/sonder/id1444444444) or [Google Play](https://play.google.com/store/apps/details?id=com.sonder).

Forward-Looking Statements

This press release contains a number of "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements about Sonder's Cash Flow Positive plan, its forecasted revenue growth, costs, and cash flow (including Sonder's guidance for the quarter ended June 30, 2022 and for the year ended December 31, 2022), its restructuring plan and other information concerning Sonder's possible or assumed future financial or operating results and metrics, business strategies, competitive position, industry environment, potential growth opportunities, and future operations. These forward-looking statements are based on Sonder's management's current expectations, estimates, projections and beliefs, as well as a number of assumptions concerning future events. When used in this press release, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "proposed" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside Sonder's management's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks, uncertainties, assumptions and other important factors include, but are not limited to: potential inability to reduce costs and increase free cash flow and achieve the anticipated benefits of the Cash Flow Positive plan and restructuring plan; potential negative impacts on Sonder's financial results as a result of changes in travel, hospitality, real estate and vacation markets; potential inability 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 attractive terms, and the possibility of lease terminations prior to scheduled expirations; possible delays in real estate development and construction projects related to Sonder's leases, or other delays in generating revenues from new properties; the possibility that Sonder may be unable to effectively manage its growth; potential delays or difficulties introducing new or upgraded amenities, services or features, including enhancements to the Sonder app; the possibility that new RevPAR initiatives will not achieve the desired results and that future pricing and/or occupancy will be lower than anticipated; the possibility of higher than expected property-related costs or other operating expenses and unanticipated conditions or incidents at leased properties; risks associated with Sonder's relationships with and reliance upon real estate owners, OTAs and other third parties, and their performance of their obligations; changes in applicable laws or regulations, including legal, tax or regulatory developments, and the impact of any litigation or other legal or regulatory proceedings; possible delays in sustainability initiatives; the possibility that Sonder may be adversely affected by other economic, business and/or competitive factors, including the additional risks associated with operating internationally; risks related to the impact of the ongoing COVID-19 pandemic, including the Omicron variant or future variants and further governmental and other restrictions (including travel restrictions) resulting therefrom; and other risks and uncertainties described under the heading "Risk Factors" in Sonder's Quarterly Report on Form

10-Q filed with the SEC on May 16, 2022. You are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Except as required by law, Sonder does not undertake any obligation to update or revise its forward-looking statements to reflect events or circumstances after the date of this press release. Additional risks and uncertainties are identified and discussed in Sonder's reports filed and to be filed with the SEC and available on the SEC's website at www.sec.gov.

Use of Non-GAAP Financial Measures

Sonder supplements its consolidated financial statements presented in accordance with generally accepted accounting principles in the United States ("GAAP"), by providing additional financial measures that are not prepared in accordance with GAAP. For example, Sonder defines "Free Cash Flow" as cash provided by (used in) operating activities plus any changes to capital expenditures and internally developed software, both of which are included in cash provided by (used in) investing activities. Sonder's management uses this non-GAAP financial measure, collectively, to evaluate ongoing operations and for internal planning and forecasting purposes. Sonder believes that this non-GAAP financial measure is useful in evaluating its operating performance, and may assist investors in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. However, Sonder's definition may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish this or similar metrics. Non-GAAP financial measures should not be viewed in isolation or as a substitute for, or superior to, measures prepared in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures. Sonder has not reconciled free cash flow guidance to projected cash provided by (used in) operating activities because we do not provide guidance on cash provided by (used in) operating activities or changes to capital expenditures and internally developed software, as a result of the uncertainty regarding, and the potential variability of, certain of these items. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measure is not available without unreasonable effort.

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Media Contact:
press@sonder.com

Investor Relations Contact:
ir@sonder.com



Cash Flow Positive Plan

June 9, 2022

Sonder The Henry, London
Opened in April 2022



Disclaimer

Forward-Looking Statements

This document contains a number of "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements about Sonder's Cash Flow Positive plan, its forecasted revenue growth, costs, and cash flow (including Sonder's guidance for the quarter ended June 30, 2022 and for the year ended December 31, 2022, its restructuring plan, outlook for revenue, RevPAR, anticipated numbers of Live and Contracted Units), and other trends, expectations, and objectives, potential new markets, estimated market size and market penetration, innovation plans and initiatives including RevPAR initiatives, anticipated unit economics, and other information concerning Sonder's possible or assumed future financial or operating results and metrics, business strategies, competitive position, industry environment, potential growth opportunities, and future operations. These forward-looking statements are based on Sonder's management's current expectations, estimates, projections and beliefs, as well as a number of assumptions concerning future events. When used in this document, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "proposed" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside Sonder's management's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks, uncertainties, assumptions and other important factors include, but are not limited to: potential inability to reduce costs and increase free cash flow and achieve the anticipated benefits of the Cash Flow Positive plan and restructuring plan; potential negative impacts on Sonder's financial results as a result of changes in travel, hospitality, real estate and vacation markets; potential inability 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 attractive terms, and the possibility of lease terminations prior to scheduled expirations; possible delays in real estate development and construction projects related to Sonder's leases, or other delays in generating revenues from new properties; the possibility that Sonder may be unable to effectively manage its growth; potential delays or difficulties introducing new or upgraded amenities, services or features, including enhancements to the Sonder app; the possibility that new RevPAR initiatives will not achieve the desired results and that future pricing and/or occupancy will be lower than anticipated; the possibility of higher than expected property-related costs or other operating expenses and unanticipated conditions or incidents at leased properties; risks associated with Sonder's relationships with and reliance upon real estate owners, OTAs and other third parties, and their performance of their obligations; changes in applicable laws or regulations, including legal, tax or regulatory developments, and the impact of any litigation or other legal or regulatory proceedings; possible delays in sustainability initiatives; the possibility that Sonder may be adversely affected by other economic, business and/or competitive factors, including the additional risks associated with operating internationally; risks related to the impact of the ongoing COVID-19 pandemic, including the Omicron variant or future variants and further governmental and other restrictions (including travel restrictions) resulting therefrom; and other risks and uncertainties described under the heading "Risk Factors" in Sonder's Quarterly Report on Form 10-Q filed with the SEC on May 16, 2022. You are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Except as required by law, Sonder does not undertake any obligation to update or revise its forward-looking statements to reflect events or circumstances after the date of this document. Additional risks and uncertainties are identified and discussed in Sonder's reports filed and to be filed with the SEC and available on the SEC's website at www.sec.gov.

Disclaimer (continued)

Use of Non-GAAP Financial Measures

Sonder supplements its consolidated financial statements presented in accordance with generally accepted accounting principles in the United States ("GAAP"), by providing additional financial measures that are not prepared in accordance with GAAP, including Other Operating Expenses (Overhead), Cash Contribution and related margin, Property Level Costs, and Free Cash Flow. Further information about these measures appears under "Key Terms" below. Sonder's management uses these non-GAAP financial measures, collectively, to evaluate ongoing operations and for internal planning and forecasting purposes. Sonder believes that these non-GAAP financial measures are useful in evaluating its operating performance, and may assist investors in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. However, Sonder's definitions may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. These non-GAAP financial measures should not be viewed in isolation or as a substitute for, or superior to, measures prepared in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures. Sonder has not reconciled consolidated Free Cash Flow guidance to projected consolidated GAAP cash provided by (used in) operating activities because we do not provide guidance on GAAP by (used in) operating activities or the reconciling items between Free Cash Flow and GAAP cash provided by (used in) operating activities, as a result of the uncertainty regarding, and the potential variability of, certain of these items. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measure is not available without unreasonable effort.

Key Terms

Live Units

Live Units are defined as units which are available for guest bookings on Sonder.com, the Sonder app and other channels. Sonder pays rent (or utilizes pre-negotiated abatement) and is able to generate revenue from these units.

Contracted Units

Contracted Units are units for which Sonder has signed real estate contracts, but are not yet available for guests to book. Sonder is not yet able to generate revenue from these units.

Revenue per Available Room

Revenue Per Available Room ("RevPAR") represents the average revenue earned per available night, and is calculated either by dividing revenue by Bookable Nights, or by multiplying Average Daily Rate by Occupancy Rate. **Average Daily Rate ("ADR")** represents the average revenue earned per night occupied and is calculated as revenue divided by Occupied Nights. **Occupancy Rate ("OR")** is defined as Occupied Nights divided by Bookable Nights, expressed as a percentage. **Bookable Nights** represent the total number of nights available for stays across all Live Units. This excludes nights lost to full building closures of greater than 30 nights. **Occupied Nights** represent the total number of nights occupied across all Live Units.

Free Cash Flow

Free Cash Flow ("FCF") is defined as our cash provided by (used in) operating activities plus any changes to capital expenditures and internally developed software, both of which are included in cash provided by (used in) investing activities. **Free Cash Flow Margin** is defined as Free Cash Flow as a percentage of revenue.

Landlord Payments

Landlord Payments represent cash payments to real estate owners recognizing abatement at the time it is utilized (often at the commencement of a real estate contract), expressed in U.S. dollars. This recognizes the economic substance of the payment to real estate owners as reflected in the real estate contract.

We're pulling four levers to reach positive quarterly FCF within 2023, without additional fundraising and while keeping a robust cash cushion

- (A) **Cut cash costs** by approximately \$85 million (vs. Q1 2022) on an annualized basis¹
- (B) **Reduce planned signings pace** and drive growth primarily by opening already contracted units
- (C) **Improve growth quality** by increasing our high threshold for incremental signings targeting 100% capital light²
- (D) **Focus on RevPAR initiatives** to improve near term FCF



Reach positive quarterly FCF within 2023



(1) Represents difference between Q1 2022 on an annualized basis compared to 2H 2022 on an annualized basis. Excludes one-time restructuring costs. We expect to incur \$3.5 million to \$5.5 million in one-time restructuring costs, approximately 80% of which are expected to be paid out in Q2 2022 and approximately 20% of which are expected to be paid out in 2H 2022. (2) Capital light represents deals where the real estate partner covers the upfront pre-opening costs and capex of onboarding the unit.

We plan to cut our cash costs by ~\$85M on an annualized basis

\$55 million

Annualized cash savings
(vs. Q1 2022)¹ driven by **overhead
and direct cost reductions**

Recent restructuring resulting in
an approximately 21% reduction of
existing corporate roles and a 7%
reduction of existing frontline roles



\$30 million

Annualized cash savings
(vs. Q1 2022) driven by **reduction
of pre-opening costs and net
capex** associated with
incremental units going live



⁽¹⁾ Represents differences between Q1 2022 on an annualized basis compared to 2H 2022 on an annualized basis. Excludes one-time restructuring costs. We expect to incur \$3.5 million to \$5.5 million in one-time restructuring costs, approximately 80% of which are expected to be paid out in Q2 2022 and approximately 20% of which are expected to be paid out in 2H 2022.

Growth will be driven primarily by opening already contracted units and reducing the pace of new signings by raising the bar

Live Units as of Q1 2022

7.7K

All opening costs already incurred, Live Unit portfolio has been Cash Contribution¹ positive since Q3 2021

Additional Contracted Units as of Q1 2022

11.6K

Upfront costs to originate and sign deals already incurred, vast majority of deals are capital light²

New Units Signed going forward

Proactively slowing growth

Increasing already high threshold targeting 100% capital light²

Lower headcount needs

Lower pre-opening costs and net capex

Cut back on planned geographic expansion

Simplify the business



(1) Cash Contribution measures operating cash generated at the property level before corporate overhead & pre-opening costs. Calculated as Cash from Operations plus Overhead. Cash from Operations is taken directly from the GAAP cash flow statement. "Overhead" is equivalent to non-GAAP Other Operating Expenses, which includes Non-GAAP R&D, G&A, S&M, Operations, and Pre-Opening Costs.

(2) Capital light represents deals where the real estate partner covers the upfront pre-opening costs and capex of onboarding the unit.

Following the unprecedented COVID-related urban RevPAR decline, Sonder has achieved strong RevPAR growth, transforming our economics

Quarterly Sonder RevPAR

Given our fixed landlord payments, a small increase in RevPAR translates to a much larger increase in Cash Contribution margin⁽¹⁾



We're focusing on several **rapid payback RevPAR initiatives**, including our higher occupancy strategy & growing our new corporate travel offering, among others



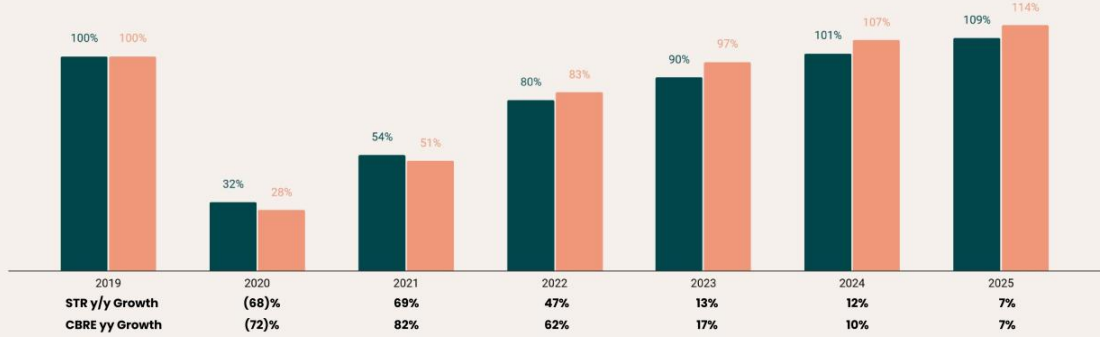
⁽¹⁾ Cash Contribution margin measures operating cash generated at the property level before corporate overhead & pre-opening costs. Calculated as Cash from Operations plus Overhead, divided by revenue. Cash from Operations is taken directly from the GAAP cash flow statement. "Overhead" is equivalent to non-GAAP Other Operating Expenses, which includes Non-GAAP R&D, G&A, S&M, Operations, and Pre-Opening Costs.

STR & CBRE's latest market forecasts predict sustained urban RevPAR growth, driven by a partial recovery of business travel¹

Annual RevPAR as a % of 2019 RevPAR for urban upper-upscale hotels, Sonder market-weighted

- STR Traditional Hotels (Urban - Upper Upscale)
- CBRE Traditional Hotels (Urban - Upper Upscale + Luxury)

We've sensitized our forecast against several historical recessions to maintain ample cash cushion across a range of scenarios



Source: STR (April 2022), CBRE (March 2022), (1) Deloitte Insights expects business travel to grow from 36% of 2019 levels in Q2 2022 to 63% of 2019 levels in Q2 2023.

Updated guidance & additional financial outlook

We're pulling four levers to reach positive quarterly FCF within 2023 without additional fundraising and while preserving a robust cash cushion



Free Cash Flow

Q2 2022 Free Cash Flow

Better than \$(50)M⁽¹⁾

2H 2022 Free Cash Flow

Better than \$(70)M

Reach positive quarterly FCF

within 2023

Revenue

Q2 2022 Revenue growth

More than 140% y/y

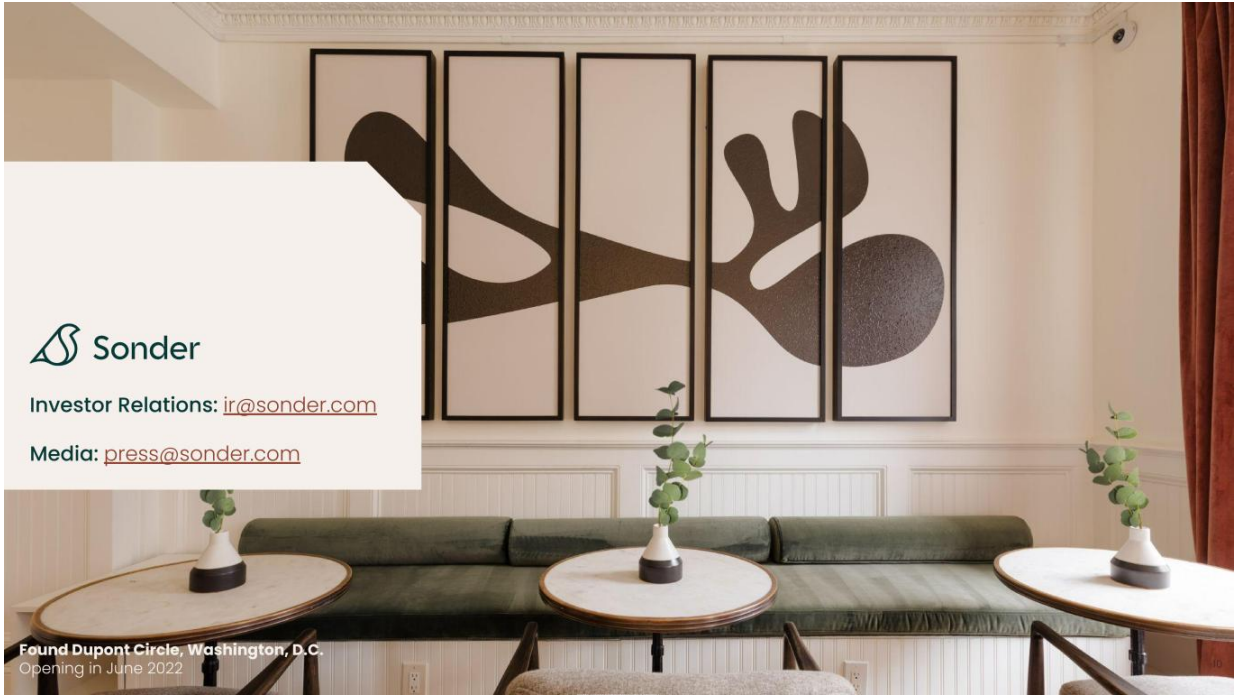
Q2 2022 RevPAR

Better than \$160

FY 2022 Revenue growth

+100% - 110% y/y

⁽¹⁾ Before one-time restructuring costs. We expect to incur \$3.5 million to \$5.5 million in one-time restructuring costs, approximately 80% of which are expected to be paid out in Q2 2022 and approximately 20% of which are expected to be paid out in 2H 2022.



 **Sonder**

Investor Relations: ir@sonder.com

Media: press@sonder.com

Found Dupont Circle, Washington, D.C.
Opening in June 2022

