

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

PLAINTIFF, Individually and on
behalf of all others similarly situated,

Plaintiff,

v.

SONDER HOLDINGS INC., FRANCIS
DAVIDSON, CHRIS BERRY, and
DOMINIQUE BOURGAULT,

Defendants.

Case No:

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff, individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and information and belief as to all other matters, based upon, inter alia, the investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of the Defendants' public documents, conference

calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Sonder Holdings Inc. (“Sonder” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a Class consisting of all persons and entities other than Defendants who purchased or otherwise acquired publicly traded Sonder securities between March 16, 2023 and March 15, 2024, both dates inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder.

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

3. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §1331 and §27 of the Exchange Act.

4. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the Company conducts business in this Judicial District.

5. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and

instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, as set forth in the accompanying certification, purchased Sonder securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosure.

7. Defendant Sonder engages in hospitality services. It operates and manages various accommodations that are suitable for one night and extended stays.

8. Defendant Sonder is incorporated in Delaware and its head office is located at 447 Sutter Street, Suite 405 #542, San Francisco, California 94108. Sonder securities trades on the Nasdaq Global Market (“NASDAQ”) under the ticker symbol “SOND.”

9. Defendant Francis Davidson (“Davidson”) has served as the Company’s Co-Founder and Chief Executive Officer (“CEO”) since 2014.

10. Defendant Chris Berry served as the Company’s Interim Chief Financial Officer (“CFO”) during the Class Period.

11. Defendant Dominique Bourgault (“Bourgault”) has served as the Company’s CFO since March 2023.

12. Defendants Davidson, Berry, and Bourgault are collectively referred to herein as the “Individual Defendants.”

13. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;

- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;
- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

14. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

15. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

16. Defendant Sonder and the Individual Defendants are collectively referred to herein as "Defendants."

SUBSTANTIVE ALLEGATIONS
Materially False and Misleading Statements
Issued During the Class Period

17. On March 16, 2023, Sonder filed with the SEC its yearly report on Form 10-K for the period ended December 31, 2022 (the "2022 Annual Report"). Attached to the 2022 Annual Report were certifications pursuant to the

Sarbanes-Oxley Act of 2002 (“SOX”) signed by Defendants Davidson and Berry attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting and the disclosure of all fraud.

18. The 2022 Annual Report provided the following, in pertinent part, regarding the valuation of operating lease right of use (“ROU”) assets and related items:

SONDER HOLDING 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	\$ 248,041	\$ 28,148
Receivables	47,465	711
Accounts receivable, net of allowance of \$672 and \$4,157 at December 31, 2022 and 2021, respectively	5,014	4,018
Prepaid rent	—	2,927
Prepaid expenses	8,366	1,070
Other current assets	10,002	16,716
Total current assets	319,888	53,680
Property and equipment, net	21,920	21,131
Operating lease ROU assets (“ROU”) assets	1,059,486	—
Other noncurrent assets	16,400	22,007
Total assets	\$ 1,417,694	\$ 148,818

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Note 8. Leases

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	\$	288,810
Short-term lease cost		3,704
Variable lease cost		(2,883)
Total operating lease cost	\$	289,631
Supplemental information related to operating lease cost as follows (in thousands):		
	Year ended December 31, 2022	
Cash payments for operating leases	\$	218,121
Net operating lease ROU assets obtained in exchange for operating lease liabilities	\$	356,157

19. The 2022 Annual Report failed to disclose any impairment charges.

20. The 2022 Annual Report failed to disclose the extent of its internal controls stating the following, in relevant part, regarding the Company's internal controls:

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.*

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.*

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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.

(Emphasis added).

21. On May 10, 2023, the Company filed with the SEC its first quarter report on Form 10-Q for the period ended March 31, 2023 (the "1Q23 Report"). Attached to the 1Q23 Report were certifications pursuant to SOX signed by Defendants Davidson and Bourgault attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure of all fraud.

22. The 1Q23 Report provided the following, in pertinent part, regarding the valuation of operating lease ROU assets and related items:

SEMI-ANNUAL REPORT AND SUPPLEMENTAL
CONDENSED CONSOLIDATED BALANCE SHEETS
In thousands
(Unaudited)

	March 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents		
	\$ 24,563	\$ 26,024
Prepaid costs		
	23,116	2,141
Accounts receivable, net of allowance of \$1,372 and \$972 at March 31, 2023 and December 31, 2022, respectively		
	8,990	7,913
Prepaid expenses		
	2,183	1,524
Contract assets		
	12,968	17,663
Total contract assets		
	27,330	31,539
Intangibles and other assets, net		
	35,412	34,936
Operating lease right-of-use ("ROU") assets		
	120,287	128,116
Other non-current assets		
	18,791	18,270
Total assets		
	\$ 337,480	\$ 337,487
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable		
	\$ 12,783	\$ 17,031
Accrued liabilities		
	19,200	20,137
Taxes payable		
	16,247	12,118
Deferred revenue		
	98,274	11,974
Current operating lease liabilities		
	197,483	193,740
Total current liabilities		
	233,987	255,001
Non-current operating lease liabilities		
	178,243	146,938
Long-term debt, net		
	179,583	167,250
Other non-current liabilities		
	7,241	7,216
Total liabilities		
	\$ 609,054	\$ 586,508

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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.

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 lease expense were as follows (in thousands):

	Three months ended March 31,	
	2023	2022
Operating lease cost	\$ 11,919	\$ 11,821
Short-term lease cost	511	7
Variable lease cost	1,701	641
Total operating lease cost	\$ 14,131	\$ 14,469
Supplemental information related to operating lease cost (in thousands):		
	Three months ended March 31,	
	2023	2022
Cash payments for operating leases	\$ 18,711	\$ 18,161
New operating lease ROU assets obtained in exchange for operating lease liabilities	\$ 18,237	\$ 114,100

RoU assets for operating leases for the three months ended March 31, 2023 and 2022 was \$17.4 million and \$9.7 million, respectively; of which \$16.4 million and \$9.6 million, respectively, is recognized as cost of revenues; \$9.1 million and \$0.1 million, respectively, as operating and support; and \$7.3 million and \$9.1 million, respectively, in government administration.

23. The 1Q23 Report failed to disclose any impairment charges.

24. The 1Q23 Report failed to disclose the extent of its internal controls stating the following, in relevant part, regarding the Company's internal controls:

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.***

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Changes in Internal Control over Financial Reporting

Other than the remediation efforts in progress, 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.***

(Emphasis added).

25. On August 9, 2023, the Company filed with the SEC its second quarter report on Form 10-Q for the period ended June 30, 2023 (the "2Q23 Report"). Attached to the 2Q23 Report were certifications pursuant to SOX signed by Defendants Davidson and Bourgault attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure of all fraud.

26. The 2Q23 Report provided the following, in pertinent part, regarding the valuation of operating lease ROU assets and related items:

SINO OIL HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Continued)

	June 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 17,848	\$ 28,874
Receivables	42,265	42,532
Accounts receivable, net of allowance of \$1,461 and \$471 at June 30, 2023 and December 31, 2022, respectively	14,342	15,033
Prepaid expenses	8,825	8,128
Other current assets	8,318	10,043
Total current assets	\$ 92,598	\$ 104,610
Property and equipment, net		
Operating lease right-of-use assets	\$ 7,715	\$ 32,936
Operating lease ROU assets	\$ 7,715	\$ 32,936
Other non-current assets		
Total assets	\$ 100,313	\$ 137,546
Liabilities and stockholders' deficit		
Current liabilities		
Accounts payable	\$ 12,138	\$ 18,032
Accrued liabilities	18,325	20,331
Taxes payable	15,475	14,218
Deferred income	39,638	41,884
Current operating lease liabilities	12,317	10,278
Total current liabilities	\$ 97,893	\$ 104,743
Non-current operating lease liabilities		
Liabilities due, net	\$ 1,104,701	\$ 1,165,718
Other non-current liabilities	136,184	139,046
Total liabilities	\$ 1,105,894	\$ 1,304,759

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Operating lease ROU assets are included within operating lease right-of-use assets in the condensed consolidated balance sheets. The corresponding operating lease liabilities are included within current operating lease liabilities and non-current operating lease liabilities in the condensed 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.

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 lease expense were as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Operating lease cost	\$ 12,716	\$ 15,137	\$ 24,813	\$ 29,297
Short-term lease cost	207	271	417	574
Variable lease cost	371	444	719	858
Total operating lease cost	\$ 13,294	\$ 16,052	\$ 25,949	\$ 31,029

Supplemental information related to operating lease cost is follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Costs incurred for operating leases	\$ 14,816	\$ 15,313	\$ 28,113	\$ 30,243
Less: operating lease ROU assets obtained in exchange for operating lease liabilities	\$ 1,441,519	\$ 11,481	\$ 14,107	\$ 17,848

Total operating lease cost for the three months ended June 30, 2023 and 2022 was \$13.3 million and \$16.1 million, respectively, of which \$12.7 million and \$15.1 million, respectively, is recognized in cost of revenues, \$0.2 million and \$0.2 million, respectively, in operations and support, and \$0.3 million and \$0.7 million, respectively, in general and administrative in the condensed consolidated statement of operations and comprehensive loss.

Total operating lease cost for the six months ended June 30, 2023 and 2022 was \$25.9 million and \$31.0 million, respectively, of which \$25.0 million and \$30.2 million, respectively, is recognized in cost of revenues, \$0.2 million and \$0.2 million, respectively, in operations and support, and \$0.7 million and \$0.6 million, respectively, in general and administrative in the condensed consolidated statement of operations and comprehensive loss.

27. The 2Q23 Report failed to disclose any impairment charges.
28. The 2Q23 Report provided the following, in pertinent part, regarding the Company's internal controls:

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.***

* * *

Changes in Internal Control over Financial Reporting

Other than the remediation efforts in progress, 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.***

(Emphasis added).

29. On November 14, 2023, the Company filed with the SEC its third quarter report on Form 10-Q for the period ended September 30, 2023 (the "3Q23 Report"). Attached to the 3Q23 Report were certifications pursuant to SOX signed by Defendants Davidson and Bourgault attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure of all fraud.

30. The 3Q23 Report provided the following, in pertinent part, regarding the valuation and impairment of operating lease ROU assets and related items:

ROUNDER HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Continued)

	September 30, 2022	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 161,641	\$ 286,424
Restricted cash	11,131	12,773
Accounts receivable, net of allowance of \$ 2,027 and \$ 2,111 at September 30, 2022 and December 31, 2022, respectively	4,100	2,811
Prepaid expenses	4,438	4,054
Other current assets	10,142	10,007
Total current assets	191,452	316,070
Property and equipment, net	2,844	2,978
Operating lease liabilities ("ROU") assets	2,520,222	1,628,323
Other non-current assets	15,643	16,710
Total assets	\$ 1,973,337	\$ 1,979,071
Liabilities and stockholders' deficits		
Current liabilities		
Accounts payable	\$ 5,114	\$ 16,053
Accrued liabilities	11,628	20,111
Term payable	13,442	11,713
Deferred revenue	67,810	44,864
Share of net loss of program date	2,000	—
Current operating lease liabilities	165,131	159,514
Total current liabilities	245,125	248,241
Non-current operating lease liabilities	1,343,625	1,186,513
Long-term debt, net	192,428	1,029,211
Other non-current liabilities	888	1,410
Total liabilities	1,882,066	1,875,375

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ROUNDER HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Continued)

Each item from operating activities:	Nine months ended September 30	
	2023	2022
Net loss	\$ (106,031)	\$ (71,392)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	16,201	17,010
Stock-based compensation	15,594	11,144
Amortization of operating lease ROU assets	110,193	105,726
Impairment of ROU assets	7,091	—
(Gain) loss on foreign exchange	(2,415)	17,262
Capitalization of paid-in-kind interest on loan on date	20,171	17,044
Amortization of debt issuance costs	7	14
Amortization of debt discounts	1,714	714
Change in fair value of derivative instrument before and after conversion of convertible notes	—	(2,812)
Change in fair value of SFAC Program	(174)	(1,813)
Change in fair value of Earn Out Liability	(2,142)	(2,784)
Other operating activities	192	1,160
Change in:		
Accounts receivable, net	(2,317)	(1,360)
Prepaid expenses	4,438	4,235
Other current and non-current assets	1,171	(8,236)
Accounts payable	1,133	21,191
Accrued liabilities	32,411	4,229
Term payable	1,102	9,144
Deferred revenue	12,433	10,201
Operating lease ROU assets and operating lease liabilities, net	(106,124)	(11,161)
Other current and non-current liabilities	112	1,161
Net cash used in operating activities	\$ (16,016)	\$ (14,092)

* * *

Operating lease ROU assets are included within operating lease right-of-use assets in the condensed consolidated balance sheets. The corresponding operating lease liabilities are included within current operating lease liabilities and non-current operating lease liabilities in the condensed 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.

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 lease expense were as follows (in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
Operating lease cost	\$	11,051	\$	81,184	\$	37,801	\$	172,803
Short-term lease cost		213		1,841		782		2,410
Variable lease cost		6,324		—		2,124		—
Total operating lease cost	\$	17,588	\$	83,025	\$	40,707	\$	175,213

Supplemental information related to operating lease cost is as follows (in thousands):

	Three months ended September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
Cash payments for operating leases	\$	13,071	\$	92,084	\$	38,945	\$	171,767
New operating lease ROU assets obtained in exchange for operating lease liabilities	\$	171,761	\$	79,067	\$	390,813	\$	188,875

Total operating lease cost for the three months ended September 30, 2023 and 2022 was \$17.6 million and \$83.0 million, respectively, of which \$8.2 million and \$67.2 million, respectively, is recognized in cost of revenues, \$8.2 million and \$9.5 million, respectively, in operations and support, and \$9.1 million and \$9.0 million, respectively, in general and administrative in the condensed consolidated statements of operations and comprehensive loss.

Total operating lease cost for the nine months ended September 30, 2023 and 2022 was \$40.7 million and \$175.2 million, respectively, of which \$24.0 million and \$120.1 million, respectively, is recognized in cost of revenues, \$15.5 million and \$14.4 million, respectively, in operations and support, and \$11.4 million and \$12.7 million, respectively, in general and administrative in the condensed consolidated statements of operations and comprehensive loss.

As of September 30, 2023, the Company identified an impairment of its operating lease right of use (ROU) asset and recorded a related impairment charge in the amount of \$1.1 million. The impairment charge is included within other operating expenses for the three and nine months ended September 30, 2023 as reported in the condensed consolidated statements of operations.

31. The 3Q23 Report provided the following, in pertinent part, regarding the Company's internal controls:

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.**

* * *

Changes in Internal Control over Financial Reporting

Other than the remediation efforts in progress, 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.*

(Emphasis added).

32. The statements contained in ¶¶17-31 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company’s business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Sonder failed to disclose all issues with its internal controls; (2) Sonder’s financial statements for the 2022 Annual Report and the interim periods ended March 31, June 30, and September 30, 2023 contained material errors in the way the Company accounted for the valuation and impairment of operating lease ROU assets; (3) as a result, Sonder would need to restate its previously issued financial statements for those periods; and (4) as a result, Defendants’ statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

THE TRUTH EMERGES

32. On March 15, 2024, after market hours, the Company issued a press release on Form 8-K announcing the Company’s audited financial statement for the 2022 Annual Report, and the unaudited consolidated financial statements in 2023 (collectively with the 2022 Annual Report, the “Affected Financial Statements”), should no longer be relied upon due to “accounting

errors related to the valuation and impairment of operating lease ROU assets and related items.”

33. The 8-K stated the following in relevant part:

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review

On March 14, 2024, the Audit Committee (the “Audit Committee”) of the Board of Directors of the Company determined, based on management’s recommendation, that the Company’s audited consolidated financial statements for the year ended December 31, 2022 (the “2022 Annual Financial Statements”), and the unaudited condensed consolidated financial statements included in each of the Company’s quarterly reports on Form 10-Q filed with the Securities and Exchange Commission (the “SEC”) in 2023 (collectively with the 2022 Annual Financial Statements, the “Affected Financial Statements”), should no longer be relied upon due to accounting errors related to the valuation and impairment of operating lease right of use (“ROU”) assets and related items. In this report, the periods covered by the Affected Financial Statements are referred to as the “Non-Reliance Periods.”

Any previously issued or filed reports, earnings releases, and investor presentations or other communications including or describing the Affected Financial Statements and related financial information covering the Non-Reliance Periods should no longer be relied upon. Similarly, the report of the Company’s independent registered public accounting firm accompanying the previously issued 2022 Annual Financial Statements should no longer be relied upon.

The Company has previously identified and reported material weaknesses in internal controls over financial reporting related to the Company’s leases, control activities and control environment. During the on-going preparation of the Company’s financial statements for the fiscal year ended December 31, 2023, the

Company's management identified specific errors in the processes and procedures surrounding the Company's assessment of the valuation and impairment of its ROU lease assets and related items. Upon additional review, the Company's management determined that the valuation of certain ROU lease assets and related items as of and for each of the Non-Reliance Periods had not considered certain relevant impairment indicators and related valuation information impacting the carrying value of such assets and related items, as required by Accounting Standards Codification (ASC) Nos. 842, Leases, and 360, Property, Plant, and Equipment, in addition to related standards and interpretations.

The Company previously recorded an impairment charge in the amount of \$1.1 million related to ROU lease assets in its unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2023, but no impairment charges were recorded in the other interim financial statements in the Non-Reliance Periods or in the 2022 Annual Financial Statements. Based on the Company's review, which is ongoing, the Company expects to record material non-cash impairment charges, and related reductions in ROU lease assets and related items, in certain of the Non-Reliance Periods.

The foregoing ROU lease asset and related item errors are non-cash in nature and will not impact the Company's reported cash balances or statements of cash flows for the Non-Reliance Periods. ***The Company expects that the restatements will increase the Company's overall net loss and loss per share in the impacted periods.***

The Company intends to restate the Affected Financial Statements to correct the errors discussed above, and consider any other error corrections identified in the course of its review, as soon as practicable. Investors and others should rely on financial information and other disclosures regarding the Non-Reliance Periods only after the Company restates its financial statements for the Non-Reliance Periods.

The Company anticipates that it will not timely file its Annual Report on Form 10-K for the fiscal year ended December 31, 2023

(the “FY 2023 10-K”) and will file a notification of late filing on Form 12b-25 with the SEC. The Company does not currently expect that it will file the FY 2023 10-K within the 15-day extension period contemplated by Rule 12b-25(b) under the Securities Exchange Act of 1934, as amended. Accordingly, the Company expects to receive a notice from The Nasdaq Stock Market that it is not in compliance with the timely filing requirement for continued listing under Nasdaq Listing Rule 5250(c)(1).

* * *

Although the assessment is not yet complete, the Company anticipates that the review will result in one or more material weaknesses in the Company’s internal control over financial reporting during the applicable periods, in addition to the Company’s previously identified and reported material weaknesses.

The Company’s management and the Audit Committee have discussed the foregoing matters with the Company’s independent registered public accounting firm, Deloitte & Touche LLP.

The Company’s restatement and the related items discussed in this Form 8-K could have an adverse effect upon the Company’s debt, including under the Loan and Security Agreement dated as of December 21, 2022, as amended, with Silicon Valley Bank, a division of First Citizens Bank & Trust Company, and the Note and Warrant Purchase Agreement dated as of December 10, 2021, as amended, with certain private placement investors. The Company is engaging in discussions with its lenders to seek waivers of any noncompliance under the terms of its debt resulting from the accounting errors and to permit the late filing of the FY 2023 10-K. If such waivers are not obtained, any such noncompliance may entitle our lenders to terminate any existing commitments to lend, impose increased interest rates, accelerate our outstanding debt obligations, initiate foreclosure proceedings against any assets constituting collateral for such obligations and exercise other rights and remedies available under the terms of our debt agreements. If our debt were to be accelerated, the Company 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 or negotiate amended terms with our existing lenders, such financing or amendments may not be on commercially reasonable terms or on terms that are acceptable to us.

As of December 31, 2023, the Company's total cash, cash equivalents and restricted cash was \$136.5 million, of which \$40.7 million was restricted, as compared to \$207.2 million, of which \$41.2 million was restricted, as of September 30, 2023. As communicated in prior disclosures, the Company has been executing on a number of initiatives to improve its financial position, including reducing its corporate headcount by 38% since the first quarter of 2022, and engaging in a portfolio optimization program to improve the financial performance of the properties it operates. The Company is also exploring a number of additional opportunities to improve revenue by enhancing its distribution arrangements, further reduce its expenditures, and partner with current or alternative capital providers to improve its liquidity position, but can give no assurances that these alternatives will be successful. *If these alternatives are not successful, the Company may not be able to continue ongoing operations or meet its obligations without favorable liquidity options or additional funding.*

(Emphasis added).

34. That same day, the Company issued a Notification of Late Filing on Form 12b-25, which stated the following in relevant part:

Sonder Holdings Inc. (the "Company") is unable to file its Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K") within the prescribed time period, without unreasonable effort or expense. As disclosed in the Company's Current Report on Form 8-K dated March 15, 2024, which is hereby incorporated by reference, on March 14, 2024, the Audit Committee of the Board of Directors of the Company determined, based on management's recommendation, that the Company's audited consolidated financial statements for the year ended December 31,

2022, and the unaudited condensed consolidated financial statements included in each of the Company's quarterly reports on Form 10-Q filed with the Securities and Exchange Commission in 2023, should no longer be relied upon due to accounting errors related to the valuation and impairment of operating lease right of use assets and related items. The Company intends to restate the affected financial statements to correct the errors and any other errors identified in the course of its review, as soon as practicable. The Company's management is also assessing the effect of these matters on the Company's internal control over financial reporting and its disclosure controls and procedures. The Company requires additional time to complete the foregoing restatements and control assessments and to finalize its fiscal year 2023 financial statements for inclusion in the Form 10-K. The Company does not expect to file the Form 10-K within the 15-day extension period prescribed by Rule 12b-25 under the Securities Exchange Act of 1934, as amended.

The description above is preliminary and subject to change in connection with the Company's ongoing review and the completion of the anticipated restatements. Accordingly, there can be no assurance as to the timing of the filing of the Form 10-K or the results of the Company's ongoing review.

35. On this news, Sonder's stock price fell \$2.10 per share, or 38.2%, to close at \$3.40 per share on March 18, 2024, damaging investors.

37. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

38. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the publicly traded securities of Sonder during the Class Period (the "Class") and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members

of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

39. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Sonder securities actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by the Company or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

40. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

40. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

41. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the financial condition, business, operations, and management of the Company;

- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Individual Defendants caused the Company to issue false and misleading SEC filings and public statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading SEC filings and public statements during the Class Period;
- whether the prices of Sonder securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

42 A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

43. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Sonder shares met the requirements for listing, and were listed and actively traded on NASDAQ, an efficient market;
- As a public issuer, Sonder filed periodic public reports;

- Sonder regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- Sonder's securities were liquid and traded with moderate to heavy volume during the Class Period; and
- Sonder was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

44. Based upon the foregoing, the market for Sonder securities promptly digested current information regarding Sonder from all publicly available sources and reflected such information in the prices of the shares, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market

45. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

Violation of Section 10(b) of The Exchange Act and Rule 10b-5 Against All Defendants

46. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

47. This Count is asserted against the Company and the Individual Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

48. During the Class Period, the Company and the Individual Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

49. The Company and the Individual Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Sonder securities during the Class Period.

50. The Company and the Individual Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements,

and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

51. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other personnel of the Company to members of the investing public, including Plaintiff and the Class.

52. As a result of the foregoing, the market price of Sonder securities was artificially inflated during the Class Period. In ignorance of the falsity of the Company's and the Individual Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of Sonder securities during the Class Period in purchasing Sonder securities at prices that were artificially inflated as a result of the Company's and the Individual Defendants' false and misleading statements.

53. Had Plaintiff and the other members of the Class been aware that the market price of Sonder securities had been artificially and falsely inflated by the Company's and the Individual Defendants' misleading statements and by the material adverse information which the Company's and the Individual Defendants did not disclose, they would not have purchased Sonder securities at the artificially inflated prices that they did, or at all.

54. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

55. By reason of the foregoing, the Company and the Individual Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5

promulgated thereunder and are liable to the Plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchases of Sonder securities during the Class Period.

COUNT II

Violation of Section 20(a) of The Exchange Act Against The Individual Defendants

56. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

57. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information regarding the Company's business practices.

58. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

59. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Sonder securities.

60. Each of the Individual Defendants, therefore, acted as a controlling person of the Company. By reason of their senior management positions and/or being directors of the Company, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, the Company to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of the Company and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

61. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.