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

# FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

**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: 001-39778

## Airbnb, Inc.

(Exact Name of Registrant as Specified in Its Charter)

| | |
|---|---|
| **Delaware** | **26-3051428** |
| (State or Other Jurisdiction of Incorporation or Organization) | (I.R.S. Employer Identification No.) |

**888 Brannan Street**
**San Francisco, California 94103**
(Address of Principal Executive Offices) (Zip Code)
**(415) 728-0108**
(Registrant's Telephone Number, Including Area Code)

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

| Title of Each Class | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|---|---|---|
| Class A common stock, par value $0.0001 per share | ABNB | The Nasdaq Stock Market |

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

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

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

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

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

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

As of October 25, 2024, 432,876,590 shares of the registrant's Class A common stock were outstanding, 191,895,050 shares of the registrant's Class B common stock were outstanding, no shares of the registrant's Class C common stock were outstanding, and 9,200,000 shares of the registrant's Class H common stock were outstanding.

**AIRBNB, INC.**
**Form 10-Q**

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**Special Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future financial condition, future operations, projected costs, prospects, plans, objectives of management, and expected market growth, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "shall," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," "goal," "objective," "seeks," 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 contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- the effects of macroeconomic conditions, including inflation, slower growth or recession, higher interest rates, high unemployment, and foreign currency fluctuations, on the demand for travel or similar experiences;
- the effects of fluctuations in demand for host homes, including lower demand in certain areas or as a result of oversupply in others;
- the effects of supply constraints on availability of host homes;
- our ability to attract and retain hosts and guests;
- our ability to effectively manage our exposure to fluctuations in foreign currency exchange rates;
- the impact of the ongoing armed conflicts around the world on our business;
- our expectations regarding our financial performance, including our revenue, costs, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization, and Free Cash Flow;
- our expectations regarding future operating performance, including Nights and Experiences Booked, Gross Booking Value ("GBV"), and Average Daily Rate;
- our ability to successfully compete in our industry;
- our expectations regarding the resilience of our model, including in areas such as domestic travel, short-distance travel, travel outside of top cities, and long-term stays;
- our expectations regarding lodging tax obligations and other non-income tax matters;
- our ability to stay in compliance with laws and regulations that currently apply or may become applicable to our business, both in the United States and internationally, and our expectations regarding various laws and restrictions that relate to our business;
- seasonality and the effects of seasonal trends on our results of operations;
- our expectations regarding the impact of our marketing strategy, and our ability to continue to attract guests and hosts to our platform through direct and unpaid channels;
- anticipated trends, developments, and challenges in our industry, business, and the highly competitive markets in which we operate;
- our ability to anticipate market needs or develop new or enhanced offerings and services to meet those needs;
- our ability to manage expansion into international markets and new businesses;
- laws, regulations, and rules that affect the short-term rental, long-term rental, and home sharing business that have limited and may continue to limit the ability or willingness of hosts to share their spaces over our platform and expose our hosts or us to significant fees or penalties;
- the impact on our income as a result of the release of valuation allowances on deferred tax assets;
- our expectations regarding our income tax liabilities, including anticipated increases in foreign taxes, and the adequacy of our reserves;
- our expectations regarding fluctuations in our effective tax rate, including changes to valuation allowances, and the adequacy of our reserves;
- our expectations regarding the adequacy of our reserves and settlement discussions related to tax audits;
- our expectations regarding the impact of the recently enacted Corporate Alternative Minimum Tax;
- our ability to effectively manage our growth and expand our infrastructure and our ability to maintain our corporate culture, and our employee initiatives;
- the safety, affordability, and convenience of our platform and our offerings;
- our ability to successfully defend litigation brought against us;
- the sufficiency of our cash, cash equivalents, and investments to meet our liquidity needs;
- our ability to maintain, protect, and enhance our intellectual property; and
- our ability to make required payments under our credit agreement and to comply with the various requirements of our indebtedness.

We caution you that the foregoing list does not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations, estimates, forecasts, and projections about future events and trends that we believe may affect our business, results of operations, financial condition, and prospects. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report on Form 10-Q, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur at all. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors. Risks that contribute to the uncertain nature of the forward-looking statements include, among others, the Company's ability to retain existing hosts and guests and add new hosts and guests; any decline or disruption in the travel and hospitality industries or economic downturn; the Company's ability to compete successfully; changes to the laws and regulations that may limit hosts' ability and willingness to provide their listings, and/or result in significant fines, liabilities, and penalties to the Company; the effect of extensive regulation and oversight, litigation, and other proceedings related to the Company's business in a variety of areas; the effects of the COVID-19 pandemic on the Company's business, including as a result of new strains or variants of the virus, the travel industry, travel trends, and the global economy generally; the Company's ability to maintain its brand and reputation, and effectively drive traffic to its platform; the effectiveness of the Company's strategy and business initiatives, including measures to improve trust and safety; the Company's operations in international markets; the Company's indebtedness; the Company's final closing procedures, final adjustments, and other developments that may arise in the course of audit and review procedures; and changes in political, business, and economic conditions; as well as other risks listed or described from time to time in the Company's filings with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Moreover, we operate in a highly competitive and rapidly changing environment. 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 Quarterly Report on Form 10-Q. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made available. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in this Quarterly Report on Form 10-Q by these cautionary statements.

## PART I - FINANCIAL INFORMATION

### Item 1. Condensed Consolidated Financial Statements

# Airbnb, Inc.

**Condensed Consolidated Balance Sheets**
(in millions, except par value)
(unaudited)

| | December 31, 2023 | September 30, 2024 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | $ 6,874 | $ 7,670 |
| Short-term investments (including assets reported at fair value of $2,507 and $2,826, respectively) | 3,197 | 3,583 |
| Funds receivable and amounts held on behalf of customers | 5,869 | 6,573 |
| Prepaids and other current assets (including customer receivables of $249 and $210 and allowances of $44 and $35, respectively) | 569 | 493 |
| Total current assets | 16,509 | 18,319 |
| Deferred tax assets, net | 2,881 | 2,601 |
| Goodwill and intangible assets, net | 792 | 783 |
| Other assets, noncurrent | 463 | 469 |
| Total assets | $ 20,645 | $ 22,172 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accrued expenses, accounts payable, and other current liabilities | $ 2,654 | $ 3,106 |
| Funds payable and amounts payable to customers | 5,869 | 6,573 |
| Unearned fees | 1,427 | 1,657 |
| Total current liabilities | 9,950 | 11,336 |
| Long-term debt | 1,991 | 1,994 |
| Other liabilities, noncurrent | 539 | 354 |
| Total liabilities | 12,480 | 13,684 |
| Commitments and contingencies (Note 9) | | |
| Stockholders' equity: | | |
| Common stock, $0.0001 par value:<br>Class A - authorized 2,000 shares; 438 and 435 shares issued & outstanding, respectively;<br>Class B - authorized 710 shares; 200 and 192 shares issued & outstanding, respectively;<br>Class C - authorized 2,000 shares; zero shares issued & outstanding, respectively; and<br>Class H - authorized 26 shares; 9 shares issued and zero shares outstanding, respectively | — | — |
| Additional paid-in capital | 11,639 | 12,378 |
| Accumulated other comprehensive loss | (49) | (47) |
| Accumulated deficit | (3,425) | (3,843) |
| Total stockholders' equity | 8,165 | 8,488 |
| Total liabilities and stockholders' equity | $ 20,645 | $ 22,172 |

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

# Airbnb, Inc.

## Condensed Consolidated Statements of Operations

(in millions, except per share amounts)
(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Revenue | $ 3,397 | $ 3,732 | $ 7,699 | $ 8,622 |
| Costs and expenses: | | | | |
| Cost of revenue | 459 | 465 | 1,319 | 1,451 |
| Operations and support | 316 | 369 | 915 | 992 |
| Product development | 419 | 524 | 1,290 | 1,518 |
| Sales and marketing | 403 | 514 | 1,339 | 1,601 |
| General and administrative | 304 | 335 | 822 | 937 |
| Total costs and expenses | 1,901 | 2,207 | 5,685 | 6,499 |
| Income from operations | 1,496 | 1,525 | 2,014 | 2,123 |
| Interest income | 192 | 207 | 529 | 635 |
| Other income (expense), net | (9) | 3 | (58) | (49) |
| Income before income taxes | 1,679 | 1,735 | 2,485 | 2,709 |
| Provision for (benefit from) income taxes | (2,695) | 367 | (2,656) | 522 |
| Net income | $ 4,374 | $ 1,368 | $ 5,141 | $ 2,187 |
| Net income per share attributable to Class A and Class B common stockholders: | | | | |
| Basic | $ 6.83 | $ 2.17 | $ 8.08 | $ 3.45 |
| Diluted | $ 6.63 | $ 2.13 | $ 7.74 | $ 3.38 |
| Weighted-average shares used in computing net income per share attributable to Class A and Class B common stockholders: | | | | |
| Basic | 640 | 631 | 636 | 634 |
| Diluted | 660 | 642 | 665 | 648 |

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

# Airbnb, Inc.

## Condensed Consolidated Statements of Comprehensive Income

(in millions)
(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Net income | $ 4,374 | $ 1,368 | $ 5,141 | $ 2,187 |
| Other comprehensive income (loss): | | | | |
| Net unrealized gain (loss) on available-for-sale marketable securities, net of tax | (1) | 13 | (5) | 8 |
| Net unrealized gain (loss) on cash flow hedges, net of tax | 37 | (68) | 35 | (6) |
| Foreign currency translation adjustments | (8) | 13 | (3) | — |
| Other comprehensive income (loss) | 28 | (42) | 27 | 2 |
| Comprehensive income | $ 4,402 | $ 1,326 | $ 5,168 | $ 2,189 |

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

# Airbnb, Inc.

## Condensed Consolidated Statements of Stockholders' Equity

(in millions)
(unaudited)

| | Nine months ended September 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| **Balances as of December 31, 2022** | 631 | $ — | $ 11,557 | $ (32) | $ (5,965) | $ 5,560 |
| Net income | — | — | — | — | 117 | 117 |
| Other comprehensive income | — | — | — | 2 | — | 2 |
| Common stock and stock-based awards issued, net of shares withheld for employee taxes | 3 | — * | (138) | — | — | (138) |
| Stock-based compensation | — | — | 243 | — | — | 243 |
| Repurchases of common stock | (4) | — * | — | — | (493) | (493) |
| **Balances as of March 31, 2023** | 630 | — | 11,662 | (30) | (6,341) | 5,291 |
| Net income | — | — | — | — | 650 | 650 |
| Other comprehensive loss | — | — | — | (3) | — | (3) |
| Common stock and stock-based awards issued, net of shares withheld for employee taxes | 8 | — * | (714) | — | — | (714) |
| Issuance of common stock under employee stock purchase plan | — * | — * | 31 | — | — | 31 |
| Stock-based compensation | — | — | 311 | — | — | 311 |
| Repurchases of common stock | (4) | — * | — | — | (507) | (507) |
| **Balances as of June 30, 2023** | 634 | — | 11,290 | (33) | (6,198) | 5,059 |
| Net income | — | — | — | — | 4,374 | 4,374 |
| Other comprehensive income | — | — | — | 28 | — | 28 |
| Shares issued upon net settlement of warrants exercised | 5 | — * | — | — | — | — |
| Common stock and stock-based awards issued, net of shares withheld for employee taxes | 4 | — * | (131) | — | — | (131) |
| Stock-based compensation | — | — | 293 | — | — | 293 |
| Repurchases of common stock | (4) | — * | — | — | (500) | (500) |
| **Balances as of September 30, 2023** | 639 | $ — | $ 11,452 | $ (5) | $ (2,324) | $ 9,123 |

* Amounts round to zero and do not change rounded totals.

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

# Airbnb, Inc.

## Condensed Consolidated Statements of Stockholders' Equity

(in millions)
(unaudited)

| | Nine months ended September 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
| | Shares | Amount | | | | |
| **Balances as of December 31, 2023** | 638 | $ — | $ 11,639 | $ (49) | $ (3,425) | $ 8,165 |
| Net income | — | — | — | — | 264 | 264 |
| Other comprehensive income | — | — | — | 40 | — | 40 |
| Common stock and stock-based awards issued, net of shares withheld for employee taxes | 3 | — * | (122) | — | — | (122) |
| Stock-based compensation | — | — | 302 | — | — | 302 |
| Repurchases of common stock | (5) | — * | — | — | (753) | (753) |
| **Balances as of March 31, 2024** | 636 | — | 11,819 | (9) | (3,914) | 7,896 |
| Net income | — | — | — | — | 555 | 555 |
| Other comprehensive income | — | — | — | 4 | — | 4 |
| Shares issued upon net settlement of warrants exercised | 1 | — * | — | — | — | — |
| Common stock and stock-based awards issued, net of shares withheld for employee taxes | 2 | — * | (125) | — | — | (125) |
| Issuance of common stock under employee stock purchase plan | — * | — * | 37 | — | — | 37 |
| Stock-based compensation | — | — | 385 | — | — | 385 |
| Repurchases of common stock | (5) | — * | — | — | (750) | (750) |
| **Balances as of June 30, 2024** | 634 | — | 12,116 | (5) | (4,109) | 8,002 |
| Net income | — | — | — | — | 1,368 | 1,368 |
| Other comprehensive loss | — | — | — | (42) | — | (42) |
| Common stock and stock-based awards issued, net of shares withheld for employee taxes | 1 | — * | (103) | — | — | (103) |
| Stock-based compensation | — | — | 365 | — | — | 365 |
| Repurchases of common stock | (8) | — * | — | — | (1,102) | (1,102) |
| **Balances as of September 30, 2024** | 627 | $ — | $ 12,378 | $ (47) | $ (3,843) | $ 8,488 |

* Amounts round to zero and do not change rounded totals.

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

# Airbnb, Inc.
## Condensed Consolidated Statements of Cash Flows
(in millions)
(unaudited)

| | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net income | $ 5,141 | $ 2,187 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization | 28 | 43 |
| Stock-based compensation expense | 830 | 1,039 |
| Deferred income taxes | (2,759) | 304 |
| Other, net | (9) | 50 |
| Changes in operating assets and liabilities: | | |
| Prepaids and other assets | (42) | (22) |
| Accrued expenses and other liabilities | 348 | 218 |
| Unearned fees | 284 | 233 |
| Net cash provided by operating activities | 3,821 | 4,052 |
| **Cash flows from investing activities:** | | |
| Purchases of short-term investments | (2,365) | (2,449) |
| Sales and maturities of short-term investments | 1,828 | 2,079 |
| Other investing activities, net | (30) | (26) |
| Net cash used in investing activities | (567) | (396) |
| **Cash flows from financing activities:** | | |
| Taxes paid related to net share settlement of equity awards | (1,023) | (422) |
| Proceeds from exercise of equity awards and employee stock purchase plan | 68 | 107 |
| Repurchases of common stock | (1,500) | (2,592) |
| Change in funds payable and amounts payable to customers | 1,196 | 665 |
| Net cash used in financing activities | (1,259) | (2,242) |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | (10) | 117 |
| Net increase in cash, cash equivalents, and restricted cash | 1,985 | 1,531 |
| Cash, cash equivalents, and restricted cash, beginning of period | 12,103 | 12,667 |
| **Cash, cash equivalents, and restricted cash, end of period** | $ 14,088 | $ 14,198 |

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

## Note 1. Description of Business

Airbnb, Inc. (the "Company" or "Airbnb") was incorporated in Delaware in June 2008 and is headquartered in San Francisco, California. The Company operates a global platform for unique stays and experiences. The Company's marketplace model connects hosts and guests (collectively referred to as "customers") online or through mobile devices to book spaces and experiences around the world.

## Note 2. Summary of Significant Accounting Policies

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP") and the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial information. Certain information and note disclosures normally included in the consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K, filed with the SEC on February 16, 2024. The results for the interim periods are not necessarily indicative of results for the full year. Certain immaterial amounts in prior periods have been reclassified to conform with current period presentation.

In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for the fair statement of the unaudited condensed consolidated financial position, results of operations and cash flows for these interim periods.

***Principles of Consolidation***

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries in accordance with consolidation accounting guidance. All intercompany transactions have been eliminated in consolidation.

***Use of Estimates***

The preparation of the Company's unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. The Company regularly evaluates its estimates, including those related to bad debt reserves, fair value of investments, useful lives of long-lived assets and intangible assets, valuation of goodwill and intangible assets from acquisitions, contingent liabilities, insurance reserves, revenue recognition, valuation of common stock, stock-based compensation, and income and non-income taxes, among others. Actual results could differ materially from these estimates.

As the impact of the uncertain macroeconomic conditions, including inflation and rising interest rates, continues to evolve, estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require increased judgment. These estimates and assumptions may change in future periods and will be recognized in the unaudited condensed consolidated financial statements as new events occur and additional information becomes known. To the extent the Company's actual results differ materially from those estimates and assumptions, the Company's future unaudited condensed consolidated financial statements could be affected.

***Recently Adopted Accounting Standards***

In June 2022, the Financial Accounting Standards Board (the "FASB") issued guidance related to the fair value measurement of an equity security subject to contractual sale restrictions that prohibit the sale of the equity security. The new guidance also introduced new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value. The Company adopted the guidance effective January 1, 2024. There was no impact to the Company's unaudited condensed consolidated financial statements or disclosures upon adoption.

***Recently Issued Accounting Standards Not Yet Adopted***

In November 2024, the FASB issued an update to improve the disclosures about an entity's expenses, for both annual and interim periods in a tabular format in the footnotes to the financial statements, to include disaggregated information about specific categories underlying certain income statement expense line items. The update is effective for public companies on a prospective basis, with the option for retrospective application in fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this guidance on its condensed consolidated financial statements.

In December 2023, the FASB issued an update which expands income tax disclosure in an entity's income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. The update is effective for public companies in fiscal years beginning after December 15, 2024 on a prospective basis, with the option to apply the update retrospectively. Early adoption is permitted. The Company intends to adopt the new guidance on the effective date and does not expect the adoption to have a material impact on its unaudited condensed consolidated financial statements other than the expanded footnote disclosure.

In November 2023, the FASB issued an update to improve disclosure of reportable segments on an annual and interim basis, primarily through enhanced disclosures about significant segment expenses. The update is effective for public companies in fiscal years beginning after December 15, 2023, and for interim periods beginning after December 15, 2024, on a retrospective basis with early adoption permitted. The Company does not expect the adoption of the new guidance to have a material impact on its unaudited condensed consolidated financial statements other than the expanded footnote disclosure.

There are other new accounting pronouncements issued by the FASB that the Company has adopted or will adopt, as applicable, and the Company does not believe any of these accounting pronouncements have had, or will have, a material impact on its unaudited condensed consolidated financial statements or disclosures.

## Note 3. Supplemental Financial Statement Information

***Cash, Cash Equivalents, and Restricted Cash***

The following table reconciles cash, cash equivalents, and restricted cash reported on the Company's unaudited condensed consolidated balance sheets to the total amount presented in the unaudited condensed consolidated statements of cash flows (in millions):

| | December 31, 2023 | September 30, 2024 |
|---|---|---|
| Cash and cash equivalents | $ 6,874 | $ 7,670 |
| Cash and cash equivalents included in funds receivable and amounts held on behalf of customers | 5,769 | 6,501 |
| Restricted cash included in prepaids and other current assets | 24 | 27 |
| Total cash, cash equivalents, and restricted cash presented in the unaudited condensed consolidated statements of cash flows | $ 12,667 | $ 14,198 |

***Supplemental Disclosures of Cash Flow Information***

Supplemental cash flow information consisted of the following (in millions):

| | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 |
|---|---|---|
| Cash paid for income taxes, net of refunds | $ 69 | $ 302 |
| ***Non-cash financing activities:*** | | |
| Net settlement of cashless stock options exercised | $ 36 | $ — |
| Net settlement of cashless warrants exercised | $ 171 | $ 22 |

***Supplemental disclosures of balance sheet information***

Supplemental balance sheet information consisted of the following (in millions):

| | December 31, 2023 | September 30, 2024 |
|---|---|---|
| ***Other assets, noncurrent:*** | | |
| Property and equipment, net | $ 160 | $ 166 |
| Operating lease right-of-use assets | 119 | 96 |
| Other | 184 | 207 |
| Other assets, noncurrent | $ 463 | $ 469 |
| | | |
| ***Accrued expenses, accounts payable, and other current liabilities:*** | | |
| Indirect taxes payable and estimated lodging and withholding tax liabilities | $ 1,119 | $ 1,473 |
| Compensation and employee benefits | 436 | 469 |
| Accounts payable | 141 | 181 |
| Operating lease liabilities, current | 61 | 54 |
| Other | 897 | 929 |
| Accrued expenses, accounts payable, and other current liabilities | $ 2,654 | $ 3,106 |
| | | |
| ***Other liabilities, noncurrent:*** | | |
| Operating lease liabilities, noncurrent | $ 252 | $ 211 |
| Other liabilities, noncurrent | 287 | 143 |
| Other liabilities, noncurrent | $ 539 | $ 354 |

***Payments to Customers***

The Company makes payments to customers as part of its incentive programs (composed of referral programs and marketing promotions) and refund activities. The payments are generally in the form of coupon credits to be applied toward future bookings or as cash refunds.

The following table summarizes total payments made to customers (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Reductions to revenue | $ 114 | $ 153 | $ 269 | $ 358 |
| Charges to operations and support | 29 | 43 | 75 | 93 |
| Charges to sales and marketing expense | 18 | 25 | 47 | 44 |
| Total payments made to customers | $ 161 | $ 221 | $ 391 | $ 495 |

***Revenue Disaggregated by Geographic Region***

The following table presents revenue disaggregated by listing location (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| North America | $ 1,478 | $ 1,572 | $ 3,595 | $ 3,895 |
| Europe, the Middle East, and Africa | 1,533 | 1,726 | 2,932 | 3,341 |
| Latin America | 178 | 199 | 576 | 691 |
| Asia Pacific | 208 | 235 | 596 | 695 |
| Total revenue disaggregated by geographic region | $ 3,397 | $ 3,732 | $ 7,699 | $ 8,622 |

## Note 4. Investments

The following tables summarize the Company's investments by major security type (in millions):

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Total Estimated Fair Value |
| **Short-term investments** | | | | |
| **Debt securities:** | | | | |
| Certificates of deposit | $ 172 | $ — | $ — | $ 172 |
| Government bonds | 332 | 1 | — | 333 |
| Commercial paper | 366 | — | — | 366 |
| Corporate debt securities | 1,490 | 4 | (3) | 1,491 |
| Mortgage-backed and asset-backed securities | 148 | 1 | (4) | 145 |
| Total debt securities | 2,508 | 6 | (7) | 2,507 |
| **Time deposits** | 690 | — | — | 690 |
| **Total short-term investments** | $ 3,198 | $ 6 | $ (7) | $ 3,197 |
| | | | | |
| **Long-term investments** [1] | | | | |
| **Debt securities:** | | | | |
| Corporate debt securities | $ 13 | $ — | $ (9) | $ 4 |

| | September 30, 2024 | | | |
|---|---|---|---|---|
| **Short-term investments** | **Amortized Cost** | **Gross Unrealized Gains** | **Gross Unrealized Losses** | **Total Estimated Fair Value** |
| **Debt securities:** | | | | |
| Certificates of deposit | $ 10 | $ — | $ — | $ 10 |
| Government bonds | 300 | 1 | — | 301 |
| Commercial paper | 231 | — | — | 231 |
| Corporate debt securities | 1,925 | 10 | (1) | 1,934 |
| Mortgage-backed and asset-backed securities | 350 | 2 | (2) | 350 |
| Total debt securities | 2,816 | 13 | (3) | 2,826 |
| **Time deposits** | 757 | — | — | 757 |
| **Total short-term investments** | $ 3,573 | $ 13 | $ (3) | $ 3,583 |
| | | | | |
| **Long-term investments** (1) | | | | |
| **Debt securities:** | | | | |
| Corporate debt securities | $ 13 | $ — | $ (9) | $ 4 |

(1) Classified within other assets, noncurrent on the unaudited condensed consolidated balance sheets.

As of December 31, 2023 and September 30, 2024, the Company did not have any available-for-sale debt securities for which the Company recorded credit-related losses.

Unrealized gains and losses, net of tax before reclassifications from accumulated other comprehensive loss ("AOCI") to other income (expense), net, were not material for the three and nine months ended September 30, 2023 and 2024. Realized gains and losses reclassified from AOCI to other income (expense), net, were not material for the three and nine months ended September 30, 2023 and 2024.

Debt securities in an unrealized loss position had an estimated fair value of $777 million and $406 million, and unrealized losses of $16 million and $13 million as of December 31, 2023 and September 30, 2024, respectively. A total of $283 million and $202 million of these securities, with unrealized losses of $14 million and $12 million, were in a continuous unrealized loss position for more than twelve months as of December 31, 2023 and September 30, 2024, respectively.

The following table summarizes the contractual maturities of the Company's available-for-sale debt securities (in millions):

| | September 30, 2024 | |
|---|---|---|
| | **Amortized Cost** | **Estimated Fair Value** |
| Due within one year | $ 1,860 | $ 1,863 |
| Due after one year through five years | 875 | 874 |
| Due after five years | 94 | 93 |
| Total | $ 2,829 | $ 2,830 |

Equity Investments Without Readily Determinable Fair Value

The Company holds investments in privately-held companies in the form of equity securities without readily determinable fair values and in which the Company does not have a controlling interest or significant influence. These investments had a net carrying value of $83 million and $38 million as of December 31, 2023 and September 30, 2024, respectively, and are classified within other assets, noncurrent on the unaudited condensed consolidated balance sheets.

For the nine months ended September 30, 2024, the Company recorded a non-cash impairment charge of $45 million due to a downward adjustment for an observable price change. There were no upward or downward adjustments for observable price changes or impairment charges recorded for the three months ended September 30, 2024.

There were no upward or downward adjustments for observable price changes or impairment charges recorded for the three and nine months ended September 30, 2023.

As of September 30, 2024, the cumulative impairment and downward adjustments for observable price changes were $101 million.

## Note 5. Fair Value Measurements and Financial Instruments

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis (in millions):

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| **Cash and cash equivalents:** | | | | |
| Money market funds | $ 2,018 | $ — | $ — | $ 2,018 |
| Certificates of deposit | — | 1 | — | 1 |
| Government bonds | — | 115 | — | 115 |
| Commercial paper | — | 223 | — | 223 |
| Corporate debt securities | — | 12 | — | 12 |
| | 2,018 | 351 | — | 2,369 |
| **Short-term investments:** | | | | |
| Certificates of deposit | — | 172 | — | 172 |
| Government bonds | — | 333 | — | 333 |
| Commercial paper | — | 366 | — | 366 |
| Corporate debt securities | — | 1,491 | — | 1,491 |
| Mortgage-backed and asset-backed securities | — | 145 | — | 145 |
| | — | 2,507 | — | 2,507 |
| **Funds receivable and amounts held on behalf of customers:** | | | | |
| Money market funds | 1,360 | — | — | 1,360 |
| **Prepaids and other current assets:** | | | | |
| Foreign exchange derivative assets | — | 27 | — | 27 |
| **Other assets, noncurrent:** | | | | |
| Corporate debt securities | — | — | 4 | 4 |
| **Total assets at fair value** | $ 3,378 | $ 2,885 | $ 4 | $ 6,267 |
| **Liabilities** | | | | |
| **Accrued expenses, accounts payable, and other current liabilities:** | | | | |
| Foreign exchange derivative liabilities | $ — | $ 55 | $ — | $ 55 |
| **Other liabilities, noncurrent:** | | | | |
| Foreign exchange derivative liabilities | — | 5 | — | 5 |
| **Total liabilities at fair value** | $ — | $ 60 | $ — | $ 60 |

| | September 30, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| **Cash and cash equivalents:** | | | | |
| Money market funds | $ 1,273 | $ — | $ — | $ 1,273 |
| Government bonds | — | 47 | — | 47 |
| Commercial paper | — | 75 | — | 75 |
| Corporate debt securities | — | 23 | — | 23 |
| | 1,273 | 145 | — | 1,418 |
| **Short-term investments:** | | | | |
| Certificates of deposit | — | 10 | — | 10 |
| Government bonds | — | 301 | — | 301 |
| Commercial paper | — | 231 | — | 231 |
| Corporate debt securities | — | 1,934 | — | 1,934 |
| Mortgage-backed and asset-backed securities | — | 350 | — | 350 |
| | — | 2,826 | — | 2,826 |
| **Funds receivable and amounts held on behalf of customers:** | | | | |
| Money market funds | 1,640 | — | — | 1,640 |
| **Prepaids and other current assets:** | | | | |
| Foreign exchange derivative assets | — | 12 | — | 12 |
| **Other assets, noncurrent:** | | | | |
| Corporate debt securities | — | — | 4 | 4 |
| **Total assets at fair value** | $ 2,913 | $ 2,983 | $ 4 | $ 5,900 |
| **Liabilities** | | | | |
| **Accrued expenses, accounts payable and other current liabilities:** | | | | |
| Foreign exchange derivative liabilities | $ — | $ 72 | $ — | $ 72 |
| **Other liabilities, noncurrent:** | | | | |
| **Foreign exchange derivative liabilities** | — | 2 | — | 2 |
| **Total liabilities at fair value** | $ — | $ 74 | $ — | $ 74 |

There were no material changes in unrealized losses included in other comprehensive income (loss) relating to investments measured at fair value for which the Company has utilized Level 3 inputs to determine fair value during the nine months ended September 30, 2023 and 2024.

There were no transfers of financial instruments into or out of Level 3 during the nine months ended September 30, 2023 and 2024.

## Note 6. Derivative Instruments and Hedging

The Company has a portion of its business denominated and transacted in foreign currencies, which subjects the Company to foreign exchange risk, and uses derivative instruments to manage financial exposures that occur in the normal course of business. The Company does not hold or issue derivatives for trading or speculative purposes.

The Company may elect to designate certain derivatives to partially offset its business exposure to foreign exchange risk. However, the Company may choose not to hedge certain exposures for a variety of reasons including accounting considerations or the prohibitive economic cost of hedging particular exposures. There can be no assurance the hedges will offset more than a portion of the financial impact resulting from movements in foreign exchange rates.

*Foreign Exchange Risk*

To protect revenue from fluctuations in foreign currency exchange rates, the Company may enter into forward contracts, option contracts, or other instruments, and may designate these instruments as cash flow hedges. The Company generally hedges portions of its forecasted foreign currency exposure associated with revenue, for up to 18 months.

The Company may also enter into derivative instruments that are not designated as accounting hedges to offset a portion of the foreign currency exchange gains and losses generated by the remeasurement of certain assets and liabilities denominated in non-functional currencies.

The following table summarizes the effect of derivative instruments on the Company's unaudited condensed consolidated balance sheets (in millions):

| | | Derivative Assets(1) | |
|---|---|---|---|
| | Location | December 31, 2023 | September 30, 2024 |
| **Derivatives designated as hedging instruments:** | | | |
| Foreign exchange contracts (current) | Prepaids and other current assets | $ 4 | $ — |
| **Derivatives not designated as hedging instruments:** | | | |
| Foreign exchange contracts (current) | Prepaids and other current assets | $ 23 | $ 12 |

| | | Derivative Liabilities(1) | |
|---|---|---|---|
| | Location | December 31, 2023 | September 30, 2024 |
| **Derivatives designated as hedging instruments:** | | | |
| Foreign exchange contracts (current) | Accrued expenses, accounts payable, and other current liabilities | $ 25 | $ 49 |
| Foreign exchange contracts (noncurrent) | Other liabilities, noncurrent | 5 | 2 |
| **Total derivatives designated as hedging instruments** | | $ 30 | $ 51 |
| **Derivatives not designated as hedging instruments:** | | | |
| Foreign exchange contracts (current) | Accrued expenses, accounts payable, and other current liabilities | $ 30 | $ 23 |

(1) Derivative assets and derivatives liabilities are measured using Level 2 inputs.

To limit credit risk, the Company generally enters into master netting arrangements with the respective counterparties to the Company's derivative contracts, under which the Company is allowed to settle transactions with a single net amount payable by one party to the other. As of September 30, 2024, the potential effect of these rights of off-set associated with the Company's derivative contracts would be a reduction to both derivative assets and liabilities of $12 million, resulting in net derivative liabilities of $62 million.

The effect of derivative instruments designated as hedging instruments on the unaudited condensed consolidated statements of operations was not material for the three and nine months ended September 30, 2024.

*Derivative instruments designated as hedging instruments on AOCI*

The following table presents the impact of derivative instruments designated as cash flow hedges on AOCI, net of tax (in millions):

| | Gain (Loss) Recognized in Other Comprehensive Income (Loss) | | | | Gain (Loss) Reclassified from AOCI into Revenue | | | |
|---|---|---|---|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | **2023** | 2024 | **2023** | 2024 | **2023** | 2024 | **2023** | 2024 |
| **Derivatives designated as cash flow hedges:** | | | | | | | | |
| Foreign exchange contracts | $ 36 | $ (65) | $ 34 | $ 6 | $ (1) | $ 3 | $ (1) | $ 12 |

As of September 30, 2024, cumulative unrealized losses recorded in AOCI, net of tax related to derivative instruments designated as hedging instruments were $37 million.

*Derivative instruments not designated as hedging instruments*

The following table presents the impact of activity of derivative instruments not designated as hedging instruments on the unaudited condensed consolidated statements of operations (in millions):

| | Realized Loss on Derivatives | | | | Unrealized Gain (Loss) on Derivatives | | | |
|---|---|---|---|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| **Derivatives not designated as hedging instruments:** | | | | | | | | |
| Foreign exchange contracts | $ (7) | $ (15) | $ (91) | $ (34) | $ 54 | $ (38) | $ 66 | $ (4) |

The total notional amount of outstanding derivatives not designated as hedging instruments was $2.4 billion and $1.6 billion as of December 31, 2023 and September 30, 2024, respectively.

*Cash flow hedges*

The total notional amount of outstanding foreign currency derivatives designated as cash flow hedges was $2.0 billion and $2.2 billion as of December 31, 2023 and September 30, 2024, respectively.

As of September 30, 2024, approximately $34 million of deferred net losses on both outstanding and matured derivatives in AOCI are expected to be reclassified to revenue during the next 12 months concurrent with the underlying hedged transactions which will be recorded in revenue. Actual amounts ultimately reclassified to revenue are dependent on the exchange rates in effect when derivative contracts currently outstanding mature.

## Note 7. Debt

***Convertible Senior Notes***

In 2021, the Company issued $2.0 billion aggregate principal amount of 0% convertible senior notes due 2026 (the "2026 Notes") pursuant to an indenture, dated March 8, 2021 (the "Indenture"), between the Company and U.S. Bank National Association, as trustee.

As of both December 31, 2023 and September 30, 2024, total outstanding debt, net of unamortized debt discount and debit issuance costs, was $2.0 billion. Interest expense was immaterial for both the three and nine months ended September 30, 2023 and 2024.

As of September 30, 2024, the if-converted value of the 2026 Notes did not exceed the outstanding principal amount.

As of September 30, 2024, the total estimated fair value of the 2026 Notes was $1.9 billion and was determined based on a market approach using actual bids and offers of the 2026 Notes in an over-the-counter market on the last trading day of the period, or Level 2 inputs.

***2022 Credit Facility***

In 2022, the Company entered into a five-year unsecured Revolving Credit Agreement, which provides for initial commitments by a group of lenders led by Morgan Stanley Senior Funding, Inc. of $1.0 billion (“2022 Credit Facility”). The 2022 Credit Facility provides a $200 million sub-limit for the issuance of letters of credit.

The 2022 Credit Facility contains customary events of default, affirmative and negative covenants, including restrictions on the Company’s and certain of its subsidiaries’ ability to incur debt and liens, undergo fundamental changes, as well as certain financial covenants. The Company was in compliance with all financial covenants as of September 30, 2024.

As of September 30, 2024, no amounts were drawn under the 2022 Credit Facility and outstanding letters of credit totaled $25 million.

## Note 8. Stock-Based Compensation

***Stock-Based Compensation Expense***

Stock-based compensation expense was $286 million and $362 million for the three months ended September 30, 2023 and 2024, respectively, and $830 million and $1.0 billion for the nine months ended September 30, 2023 and 2024, respectively.

***Stock Option and Restricted Stock Unit Activity***

A summary of stock option and restricted stock unit ("RSU") activity under the Company's equity incentive plans was as follows (in millions, except per share amounts):

| | | Outstanding Stock Options | | Outstanding RSUs | |
|---|---|---|---|---|---|
| | Shares Available for Grant | Number of Shares | Weighted-Average Exercise Price | Number of Shares | Weighted-Average Grant Date Fair Value |
| As of December 31, 2023 | 134 | 7 | $ 71.76 | 30 | $ 85.35 |
| Granted | (12) | 1 | 168.18 | 11 | 156.31 |
| Increase in shares available for grant | 13 | — | — | — | — |
| Options exercised/RSUs vested[(1)] | 3 | (2) | 41.38 | (7) | 127.68 |
| Canceled | 2 | — | — | (2) | 143.43 |
| As of September 30, 2024 | 140 | 6 | $ 88.11 | 32 | $ 96.73 |

(1) RSUs vested are net of shares withheld for taxes.

In May 2023, 11.2 million stock options were exercised in cashless transactions pursuant to which the Company withheld and retired 5.7 million shares of common stock, valued at their fair market value on the exercise date, to cover the related $567 million of employee withholding taxes and $36 million of exercise cost.

The following table summarizes options outstanding and exercisable as of September 30, 2024 (in millions, except per share amounts and years):

| | Number of Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Options outstanding | 6 | $ 88.11 | 5.48 | $ 296 |
| Options exercisable | 5 | $ 74.14 | 4.69 | $ 286 |

## Note 9. Commitments and Contingencies

***Commitments***

The Company has commitments including purchase obligations for web-hosting services and other commitments for brand marketing. As of September 30, 2024, there were no material changes outside the ordinary course of business to the Company's commitments, as disclosed in its Annual Report on Form 10-K for the year ended December 31, 2023.

On October 24, 2024, the Company entered into an eleventh amendment to the office lease agreement for the Company's headquarters located at 888 Brannan Street in San Francisco. The impact of this amendment is not included in the unaudited condensed consolidated balance sheets as of September 30, 2024. The terms of the amendment will impact the consolidated financial statements as of December 31, 2024.

Under the amendment, the Company extended the term of the lease to September 30, 2037. The contractually agreed upon lease payments are approximately $178 million over the term of the lease extension. The Company will recognize the remeasurement of the right of use asset and liability in the consolidated balance sheets as of December 31, 2024.

***Lodging Tax Obligations and Other Non-Income Tax Matters***

***Platform Related Taxes and Collection Obligations***

Some states and localities in the United States and elsewhere in the world impose transient occupancy or lodging accommodations taxes ("Lodging Taxes") on the use or occupancy of lodging accommodations or other traveler services. As of September 30, 2024, the Company collects and remits Lodging Taxes in approximately 33,000 jurisdictions around the world on behalf of its hosts. Such Lodging Taxes are generally remitted to tax jurisdictions within a 30 to 90-day period following the end of each month.

As of December 31, 2023 and September 30, 2024, the Company had an obligation to remit Lodging Taxes collected from guests on bookings in these jurisdictions totaling $274 million and $442 million, respectively. These payables were recorded in accrued expenses, accounts payable, and other current liabilities on the unaudited condensed consolidated balance sheets.

In jurisdictions where the Company does not collect and remit Lodging Taxes, hosts are primarily responsible for such taxes. The Company has estimated Lodging Tax liabilities in a certain number of jurisdictions with respect to state, city, and local taxes where management believes it is probable that the Company can be held jointly liable with hosts for taxes and the related amounts can be reasonably estimated. As of December 31, 2023 and September 30, 2024, accrued obligations related to these estimated taxes, including estimated penalties and interest, totaled $114 million and $82 million, respectively. As of September 30, 2024, the Company estimates that the reasonably possible loss related to certain Lodging Taxes that can be determined in excess of the amounts accrued is between $45 million to $55 million; however, no assurance can be given as to the outcomes and the Company could be subject to significant additional tax liabilities. With respect to all other jurisdictions' Lodging Taxes for which a loss is probable or reasonably possible, the Company is unable to determine an estimate of the possible loss or range of loss beyond the amounts already accrued.

The Company's potential obligations with respect to Lodging Taxes could be affected by various factors, which include, but are not limited to, whether the Company determines or any tax authority asserts that the Company has a responsibility to collect lodging and related taxes on either historical or future transactions, or by the introduction of new ordinances and taxes that subject the Company's operations to such taxes. Accordingly, the ultimate resolution of Lodging Taxes may be greater or less than the liabilities that the Company has recorded.

The Company is currently involved in disputes brought by certain domestic and international states and localities involving the payment of Lodging Taxes. These jurisdictions are asserting that the Company is liable or jointly liable with hosts to collect and remit Lodging Taxes. These disputes are in various stages and the Company continues to vigorously defend these claims. The Company believes that the statutes at issue impose a Lodging Tax obligation on the person exercising the taxable privilege of providing accommodations, or the Company's hosts.

The imposition of such taxes on the Company could increase the cost of a guest booking and potentially cause a reduction in the volume of bookings on the Company's platform, which would adversely impact the Company's results of operations. The Company will continue to monitor the application and interpretation of lodging and related taxes and ordinances and will adjust accruals based on any new information or further developments.

The Company is under audit and inquiry by various domestic and foreign tax authorities with regard to non-income tax matters. The subject matter of these contingent liabilities primarily arises from the Company's transactions with its customers. Such disputes involve the applicability of transactional taxes (such as sales, value-added, business, digital service, and similar taxes) to services provided, as well as the applicability of withholding tax on payments made to hosts.

The Company has estimated transactional tax liabilities in a certain number of jurisdictions where management believes it is probable that the Company can be held liable for such taxes and the related amounts can be reasonably estimated. As of September 30, 2024, accrued obligations related to these estimated taxes, including estimated penalties and interest, totaled $79 million. In addition, the Company has identified reasonably possible exposures related to transactional taxes and business taxes and has not accrued for these amounts since the likelihood of the contingent liability is less than probable. As of September 30, 2024, the Company estimates that the reasonably possible loss related to these matters in excess of the amounts accrued is between $215 million and $245 million; however, no assurance can be given as to the outcomes and the Company could be subject to significant additional tax liabilities.

As of December 31, 2023 and September 30, 2024, the Company accrued a total of $521 million and $445 million of estimated tax liabilities, including interest and penalties, related to hosts' withholding tax obligations, respectively. As of September 30, 2024, the Company estimates that the reasonably possible loss related to withholding income taxes that can be determined in excess of the amounts accrued is between $150 million to $160 million; however, no assurance can be given as to the outcomes and the Company could be subject to significant additional tax liabilities. Due to the inherent complexity and uncertainty of these matters and judicial processes in certain jurisdictions, the final outcomes may exceed the estimated liabilities recorded.

In 2017, Italy passed a law purporting to require short-term rental platforms that process payments to withhold and remit host income tax and collect and remit tourist tax, amongst other obligations ("2017 Law"). The Company challenged this law before the Italian courts and the Court of Justice of the European Union ("CJEU"). In December 2022, the CJEU found that European law does not prohibit member states from passing legislation requiring short-term rental platforms to withhold income taxes from their hosts, however a requirement to appoint a tax representative, on which the 2017 Law and the withholding obligations are based, is contrary to European Union ("EU") law. In October 2023, the Italian national court upheld the ruling of the CJEU. The subsidiary in Ireland continues to be subject to tax audits in Italy. It and other group subsidiaries, including the Italian subsidiary, could in the future be subject to further tax audits in Italy, including in relation to permanent establishment, transfer pricing, and withholding obligations.

In May 2023, the Guardia di Finanza de Milano ("GdF") issued a Tax Audit Report recommending to the Italian tax authorities a formal tax assessment of 779 million Euro on Airbnb's subsidiary in Ireland relating to the 2017 Law and associated withholding tax obligations. On December 13, 2023, without admitting any liability, Airbnb Ireland signed an agreement with the Italian Revenue Agency ("ITA") in settlement of the 2017-2021 audit period for an aggregate payment of 576 million Euro ($621 million). Such agreement settles a dispute about Airbnb Ireland's obligations to withhold and remit host income tax, including taxes, interest, and penalties, for those relevant periods. The GdF conducted a withholding tax audit of Airbnb Ireland UC for the 2022 and 2023 tax years and issued a report to the ITA in March 2024. The Company has been in ongoing settlement discussions with the ITA since June 2024, which are expected to continue through the fourth quarter of 2024.

With respect to all other transactional taxes and withholding tax on payments made to hosts for which a loss is probable or reasonably possible, the Company is unable to determine an estimate of the possible loss or range of loss beyond the amounts already accrued.

***Payroll Taxes***

The Company is subject to regular payroll tax examinations by various international, state and local jurisdictions. Although management believes its tax withholding remittance practices are appropriate, the Company may be subject to additional tax liabilities, including interest and penalties, if any tax authority disagrees with the Company's withholding and remittance practices, or if there are changes in laws, regulations, administrative practices, principles or interpretations related to payroll tax withholding in the various international, state and local jurisdictions.

***Legal and Regulatory Matters***

The Company has been and is currently a party to various legal and regulatory matters arising in the normal course of business. Such proceedings and claims, even if not meritorious, can require significant financial and operational resources, including the diversion of management's attention from the Company's business objectives.

***Regulatory Matters***

The Company operates in a complex legal and regulatory environment and its operations are subject to various U.S. and foreign laws, rules, and regulations, including those related to: Internet activities; short-term rentals, long-term rentals and home sharing; real estate, property rights, housing and land use; travel and hospitality; privacy and data protection; intellectual property; competition; health and safety; protection of minors; consumer protection; employment; payments, money transmission, economic and trade sanctions, anti-corruption and anti-bribery; taxation; and others. In addition, the nature of the Company's business exposes it to inquiries and potential claims related to the compliance of the business with applicable law and regulations. In some instances, applicable laws and regulations do not yet exist or are being applied, interpreted or implemented to address aspects of the Company's business, and such adoption or interpretation could further alter or impact the Company's business.

In certain instances, the Company has been party to litigation with municipalities relating to or arising out of certain regulations. In addition, the implementation and enforcement of regulation can have an impact on the Company's business.

*Intellectual Property*

The Company has been and is currently subject to claims relating to intellectual property, including alleged patent infringement. Adverse results in such lawsuits may include awards of substantial monetary damages, costly royalty or licensing agreements, or orders preventing the Company from offering certain features, functionalities, products, or services, and may also cause the Company to change its business practices or require development of non-infringing products or technologies, which could result in a loss of revenue or otherwise harm its business. To date, the Company has not incurred any material costs as a result of such cases and has not recorded any material liabilities in its consolidated financial statements related to such matters.

*Litigation and Other Legal Proceedings*

The Company is currently involved in, and may in the future be involved in, legal proceedings, claims, and government investigations in the ordinary course of business. These include proceedings, claims, and investigations relating to, among other things, regulatory matters, commercial matters, intellectual property, competition, tax, employment, pricing, discrimination, consumer rights, personal injury, and property rights.

Depending on the nature of the proceeding, claim, or investigation, the Company may be subject to monetary damage awards, fines, penalties, and/or injunctive orders. Furthermore, the outcome of these matters could materially adversely affect the Company's business, results of operations, and financial condition. The outcomes of legal proceedings, claims, and government investigations are inherently unpredictable and subject to significant judgment to determine the likelihood and amount of loss related to such matters. While it is not possible to determine the outcomes, the Company believes based on its current knowledge that the resolution of all such pending matters 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.

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. Such currently accrued amounts are not material to the Company's unaudited condensed consolidated financial statements. However, 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 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. Legal fees are expensed as incurred.

***Host Protections***

The Company offers AirCover coverage, which includes but is not limited to, the Company's Host Damage Protection program that provides protection of up to $3 million for direct physical loss or damage to a host's covered property caused by guests during a confirmed booking and when the host and guest are unable to resolve the dispute. The Company retains risk and also maintains insurance from third parties on a per claim basis to protect the Company's financial exposure under this program. In addition, through third-party insurers and self-insurance mechanisms, including a wholly-owned captive insurance subsidiary, the Company provides insurance coverage for third-party bodily injury or property damage liability claims that occur during a stay. The Company's Host Liability Insurance and Experiences Liability Insurance consists of a commercial general liability policy, with hosts and the Company as named insureds and landlords of hosts as additional insureds. The Host Liability Insurance and Experiences Liability Insurance provides primary coverage for up to $1 million per occurrence, subject to a $1 million cap per listing location, and includes various market standard conditions, limitations, and exclusions.

***Indemnifications***

The Company has entered into indemnification agreements with certain of its employees, officers and directors. The indemnification agreements and the Company's Amended and Restated Bylaws (the "Bylaws") require the Company to indemnify its directors and officers and those employees who have entered into indemnification agreements 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 and officers and those employees who have entered into indemnification agreements. No demands have been made upon the Company to provide indemnification or advancement under the indemnification agreements or the Bylaws, and thus, there are no indemnification or advancement claims that the Company 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 in certain agreements with parties with whom the Company has commercial relations, which provisions are of varying scope and terms with respect to indemnification of certain matters, which may include losses arising out of the Company's 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 significant costs have been incurred, either individually or collectively, in connection with the Company's indemnification provisions.

## Note 10. Income Taxes

The Company's tax provision for interim periods is determined by using an estimated annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, the Company updates the estimated annual effective tax rate and makes a year-to-date adjustment to the provision. The estimated annual effective tax rate is subject to significant volatility due to several factors, including accurately predicting the Company's pre-tax and taxable income and the mix of jurisdictions to which they relate, intercompany transactions, audit-related developments, and changes in statutes, regulations, case law, and administrative actions.

The Company recorded income tax benefit of $2.7 billion for both the three and nine months ended September 30, 2023. The income tax benefit was primarily due to the release of the valuation allowance of certain U.S. federal and state deferred tax assets during the three months ended September 30, 2023. The Company recorded income tax expense of $367 million and $522 million for the three and nine months ended September 30, 2024, respectively, which primarily related to current and deferred tax on U.S. and foreign earnings, net of the income tax benefit from excess tax benefits on stock-based compensation. The increase in tax expense was primarily driven by deferred tax expense on the utilization of U.S. deferred tax assets due to the lack of a valuation allowance in the current period.

The Company regularly assesses the need for a valuation allowance against its deferred tax assets each quarter. In making that assessment, the Company considers both positive and negative evidence in the various jurisdictions in which it operates related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. As of September 30, 2023, based on all available positive and negative evidence, having demonstrated sustained profitability which is objective and verifiable, and taking into account anticipated future earnings, the Company concluded that it is more likely than not that its U.S. federal and state deferred tax assets will be realizable, with the exception of California research and development credits, capital loss carryovers, and certain losses subject to the dual consolidated loss rules. As of September 30, 2024, the Company continues to maintain a valuation allowance against its California research and development credit deferred tax assets due to the uncertainty regarding realizability of these deferred tax assets as they have not met the "more likely than not" realization criteria, particularly as the Company expects research and development tax credit generation to exceed its ability to use the credits in future years. When a change in valuation allowance is recognized during an interim period, the change in valuation allowance resulting from current year income is included in the annual effective tax rate and the release of valuation allowance supported by projections of future taxable income is recorded as a discrete tax benefit in the interim period. The Company will continue to monitor the need for a valuation allowance against its deferred tax assets on a quarterly basis.

The Company's significant tax jurisdictions include the United States, California, and Ireland. The Company is currently under examination for income taxes by the Internal Revenue Service ("IRS") for the 2013, 2016, 2017, and 2018 tax years. The primary issue under examination in the 2013 audit is the valuation of the Company's international intellectual property which was sold to a subsidiary in 2013. In December 2020, the Company received a Notice of Proposed Adjustment ("NOPA") from the IRS which proposed an increase to the Company's U.S. taxable income that could result in additional income tax expense and cash liability of $1.3 billion, plus penalties and interest, which exceeds the reserve recorded in its consolidated financial statements by more than $1.0 billion. The Company strongly disagrees with the proposed adjustment and continues to vigorously contest it. In February 2021, the Company submitted a protest to the IRS describing its disagreement with the proposed adjustment and requesting the case be transferred to the IRS Independent Office of Appeals ("IRS Appeals"). In December 2021, the Company received a rebuttal from the IRS with the same proposed adjustments that were in the NOPA. In January 2022, the Company entered into an administrative dispute process with IRS Appeals. An acceptable outcome was not reached with IRS Appeals, and in May 2024, the Company received a Statutory Notice of Deficiency ("Notice") from the IRS related to the aforementioned valuation of its international intellectual property. The Notice claims that the Company owes $1.3 billion in tax, plus penalties and interest. The Company will continue to pursue all available remedies to resolve this dispute. In July 2024, the Company petitioned the U.S. Tax Court ("Tax Court") for redetermination, and if necessary, the Company will appeal the Tax Court's decision to the appropriate appellate court. The Company believes that adequate amounts have been reserved for any adjustments that may ultimately result from these examinations. If the IRS prevails in the assessment of additional tax due based on its position and such tax and related interest and penalties, if any, exceeds the Company's current reserves, such outcome could have a material adverse impact on the Company's financial position and results of operations, and any assessment of additional tax could require a significant cash payment and have a material adverse impact on the Company's unaudited condensed consolidated statements of cash flow.

On August 16, 2022, the Inflation Reduction Act was signed into law, with tax provisions primarily focused on implementing a 15% minimum tax known as the Corporate Alternative Minimum Tax ("CAMT") on global adjusted financial statement income and a 1% excise tax on net share repurchases. The Inflation Reduction Act became effective beginning in fiscal year 2023. The Company anticipates paying a material amount of additional federal taxes in 2024 due to the CAMT. The additional CAMT will result in tax credits that are expected to offset the Company's federal tax in subsequent years, thus there is no impact to the overall tax provision.

## Note 11. Net Income per Share

The following table sets forth the computation of basic and diluted net income per share attributable to common stockholders for the periods indicated (in millions, except per share amounts):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Net income | $ 4,374 | $ 1,368 | $ 5,141 | $ 2,187 |
| Add: convertible notes interest expense, net of tax | 1 | 1 | 2 | 2 |
| Net income - diluted | $ 4,375 | $ 1,369 | $ 5,143 | $ 2,189 |
| Weighted-average shares in computing net income per share attributable to Class A and Class B common stockholders: | | | | |
| Basic | 640 | 631 | 636 | 634 |
| Effect of dilutive securities | 20 | 11 | 29 | 14 |
| Diluted | 660 | 642 | 665 | 648 |
| Net income per share attributable to Class A and Class B common stockholders: | | | | |
| Basic | $ 6.83 | $ 2.17 | $ 8.08 | $ 3.45 |
| Diluted | $ 6.63 | $ 2.13 | $ 7.74 | $ 3.38 |

As of both September 30, 2023 and 2024, 9.6 million shares of RSUs were excluded from earning per share because they are subject to market and performance conditions that were not achieved as of such date.

Additionally, the following securities were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Stock options | 2 | 2 | 2 | 2 |
| RSUs | 5 | 11 | 5 | 8 |
| Total | 7 | 13 | 7 | 10 |

***Share Repurchase Program***

In May 2023 and February 2024, the Company announced that its board of directors approved share repurchase programs to purchase up to $2.5 billion and $6.0 billion of the Company's Class A common stock, respectively.

Share repurchases under these share repurchase programs may be made through a variety of methods, such as open market purchases, privately negotiated transactions, block trades or accelerated share repurchase transactions or by any combination of such methods. Any such repurchases will be made from time to time subject to market and economic conditions, applicable legal requirements and other relevant factors. These share repurchase programs do not obligate the Company to repurchase any specific number of shares and may be modified, suspended or terminated at any time at the Company's discretion.

During the three and nine months ended September 30, 2024, the Company repurchased and subsequently retired 8.7 million and 18.3 million shares of Class A common stock for $1.1 billion and $2.6 billion, respectively. The Company completed the repurchases authorized under the share repurchase program announced in May 2023 during the first quarter of 2024. As of September 30, 2024, the Company had $4.2 billion available to repurchase shares of Class A common stock under its share repurchase program.

***Class A Common Stock Warrants***

As of December 31, 2023, the Company had warrants outstanding to purchase 0.8 million shares of Class A common stock with an exercise price of $28.355 per share, subject to adjustment upon the occurrence of certain specified events. During the three months ended June 30, 2024, the warrants were exercised to purchase 0.8 million shares of Class A common stock. The warrants were exercised on a cashless basis, resulting in the issuance of 0.7 million shares of the Class A common stock. As of September 30, 2024, there were no outstanding warrants.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Annual Report"). This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our 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 titled "Risk Factors" of our 2023 Annual Report. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.*

### Overview

We are a community based on connection and belonging—a community that was born in 2007 when two hosts welcomed three guests to their San Francisco home, and has since grown to over 5 million hosts who have welcomed over 2 billion guest arrivals in almost every country and region across the globe. Every day, hosts offer unique stays and experiences that make it possible for guests to connect with communities in a more authentic way.

We have five stakeholders and we have designed our Company with all of them in mind. Along with employees and shareholders, we serve hosts, guests, and the communities in which they live. We intend to make long-term decisions considering all of our stakeholders because their collective success is key for our business to thrive.

### Third Quarter Financial Highlights

For the three months ended September 30, 2024, revenue grew by 10% to $3.7 billion, compared to the same period in the prior year. The increase was primarily due to an increase in the number of check-ins relating to Nights and Experiences Booked and a modest increase in Average Daily Rate ("ADR").

Net income for the three months ended September 30, 2024 decreased by 69% to $1.4 billion, compared to the same period in the prior year, driven by an increase in income tax expense of $3.1 billion, primarily due to the prior year's valuation allowance release of our U.S. deferred tax assets of $2.8 billion, and the recognition of deferred tax expense related to the utilization of some of those assets in the current year.

Adjusted EBITDA[1] for the three months ended September 30, 2024 increased 7% to $2.0 billion, compared to the same period in the prior year, driven by growth in the number of check-ins relating to Nights and Experiences Booked and a modest increase in ADR.

Cash provided by operating activities was $1.1 billion for the three months ended September 30, 2024, compared to $1.3 billion, in the same period in the prior year. We generated Free Cash Flow[1] of $1.1 billion for the three months ended September 30, 2024, compared to $1.3 billion, in the same period in the prior year.

During the three months ended September 30, 2024, we repurchased 8.7 million shares of Class A common stock for $1.1 billion, leaving $4.2 billion available to repurchase under our share repurchase program.

### Key Business Metrics and Non-GAAP Financial Measures

We track the following key business metrics and financial measures that are not calculated and presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") ("non-GAAP financial measures") to evaluate our operating performance, identify trends, formulate financial projections, and make strategic decisions. Accordingly, we believe that these key business metrics and non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management team. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance, and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their U.S. GAAP results.

These key business metrics and non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with U.S. GAAP, and may be different from similarly titled metrics or measures presented by other companies. A reconciliation of each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with U.S. GAAP is provided under the subsection titled "—Adjusted EBITDA Reconciliation" and "—Free Cash Flow Reconciliation" below. Investors are encouraged to review the related U.S. GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable U.S. GAAP financial measures.

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[1] A reconciliation of non-GAAP financial measures to the most comparable U.S. GAAP financial measures is provided under the subsection titled "Key Business Metrics and Non-GAAP Financial Measures—Adjusted EBITDA Reconciliation" and "—Free Cash Flow Reconciliation" below.

***Nights and Experiences Booked***

Nights and Experiences Booked is a key measure of the scale of our platform, which in turn drives our financial performance. Nights and Experiences Booked on our platform in a period represents the sum of the total number of nights booked for stays and the total number of seats booked for experiences, net of cancellations and alterations that occurred in that period. For example, a booking made on February 15 would be reflected in Nights and Experiences Booked for our quarter ended March 31. If, in the example, the booking were canceled on May 15, Nights and Experiences Booked would be reduced by the cancellation for our quarter ended June 30. A night can include one or more guests and can be for a listing with one or more bedrooms. Nights and Experiences Booked grows as we attract new customers to our platform and as repeat guests increase their activity on our platform. A seat is booked for each participant in an experience. Substantially all of the bookings on our platform to date have come from nights. We believe Nights and Experiences Booked is a key business metric to help investors and others understand and evaluate our results of operations in the same manner as our management team, as it represents a single unit of transaction on our platform.

For the three months ended September 30, 2024, we had 122.8 million Nights and Experiences Booked, an 8% increase from 113.2 million for the same period in the prior year. For the nine months ended September 30, 2024, we had 380.5 million Nights and Experiences Booked, a 9% increase from 349.4 million for the same period in the prior year. The increase was driven by growth across all regions, with the strongest growth percentages in Asia Pacific and Latin America, as we continue to focus on international expansion.

***Gross Booking Value***

GBV represents the dollar value of bookings on our platform in a period and is inclusive of host earnings, service fees, cleaning fees, and taxes, net of cancellations and alterations that occurred during that period. The timing of recording GBV and any related cancellations is similar to that described in the subsection titled "— Key Business Metrics and Non-GAAP Financial Measures — Nights and Experiences Booked" above. Revenue from the booking is recognized upon check-in; accordingly, GBV is a leading indicator of revenue. The entire amount of a booking is reflected in GBV during the quarter in which booking occurs, whether the guest pays the entire amount of the booking upfront or elects to use our Pay Less Upfront program. Growth in GBV reflects our ability to attract and retain customers and reflects growth in Nights and Experiences Booked.

For the three months ended September 30, 2024, our GBV was $20.1 billion, a 10% increase from $18.3 billion for the same period in the prior year. For the nine months ended September 30, 2024, our GBV was $64.2 billion, an 11% increase from $57.8 billion for the same period in the prior year. The increase was primarily due to an increase in Nights and Experiences Booked, combined with a modest increase in ADR. We saw GBV growth across all regions, with the strongest growth percentages in Asia Pacific and EMEA.

***Non-GAAP Financial Measures***

Our non-GAAP financial measures include Adjusted EBITDA and Free Cash Flow, which are described below. A reconciliation of each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with U.S. GAAP is provided below. Investors are encouraged to review the related U.S. GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable U.S. GAAP financial measures. Adjusted EBITDA has limitations as a financial measure, should be considered as supplemental in nature, and is not meant as a substitute for the related financial information prepared in accordance with U.S. GAAP. Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net income and our other U.S. GAAP results. Free Cash Flow has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of other U.S. GAAP financial measures, such as net cash provided by operating activities. Free Cash Flow does not reflect our ability to meet future contractual commitments and may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure.

| Non-GAAP Measure | Definition | Purpose of Non-GAAP Measure |
|---|---|---|
| ***Adjusted EBITDA & Adjusted EBITDA Margin*** | *Adjusted EBITDA*: Net income adjusted for:<br>• provision for (benefit from) income taxes,<br>• other income (expense), net,<br>• interest income,<br>• depreciation and amortization,<br>• stock-based compensation expense,<br>• acquisition-related impacts consisting of gains (losses) recognized on changes in the fair value of contingent consideration arrangements, and<br>• lodging taxes for which we may have joint and several liability with hosts for collecting and remitting such taxes, withholding taxes on payments made to such hosts, and any related settlements and transactional taxes where there is significant ambiguity as to how the taxes apply to our platform.<br><br>*Adjusted EBITDA Margin*: Adjusted EBITDA divided by revenue. | • Enhances comparability on a consistent basis and provides investors with useful insight into the underlying trends of the business.<br><br>• Used by management to make operating decisions such as evaluating performance, performing strategic planning, and budgeting. |
| ***Free Cash Flow*** | Net cash provided by operating activities less purchases of property and equipment. | • Indicator of liquidity that provides information to our management and investors about the amount of cash generated from operations, after purchases of property and equipment, that can be used for strategic initiatives. |

The following table summarizes our non-GAAP financial measures, along with the most directly comparable U.S. GAAP measure, for each period presented below (in millions, except percentages):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Net income | $ 4,374 | $ 1,368 | $ 5,141 | $ 2,187 |
| Net income as a percentage of revenue | 129 % | 37 % | 67 % | 25 % |
| Adjusted EBITDA | $ 1,834 | $ 1,958 | $ 2,915 | $ 3,276 |
| Adjusted EBITDA as a percentage of revenue | 54 % | 52 % | 38 % | 38 % |
| | | | | |
| Net cash provided by operating activities | $ 1,325 | $ 1,078 | $ 3,821 | $ 4,052 |
| Net cash provided by operating activities as a percentage of revenue | 39 % | 29 % | 50 % | 47 % |
| Free Cash Flow | $ 1,310 | $ 1,074 | $ 3,791 | $ 4,026 |
| Free Cash Flow as a percentage of revenue | 39 % | 29 % | 49 % | 47 % |

***Adjusted EBITDA Reconciliation***

The following is a reconciliation of Adjusted EBITDA to the most comparable U.S. GAAP measure, net income (in millions, except percentages):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Revenue | $ 3,397 | $ 3,732 | $ 7,699 | $ 8,622 |
| | | | | |
| Net income | $ 4,374 | $ 1,368 | $ 5,141 | $ 2,187 |
| Adjusted to exclude the following: | | | | |
| Provision for (benefit from) income taxes | (2,695) | 367 | (2,656) | 522 |
| Other (income) expense, net | 9 | (3) | 58 | 49 |
| Interest income | (192) | (207) | (529) | (635) |
| Depreciation and amortization | 8 | 15 | 28 | 43 |
| Stock-based compensation expense[(1)] | 286 | 362 | 830 | 1,039 |
| Acquisition-related impacts | 3 | (2) | — | 5 |
| Lodging taxes, host withholding taxes, and transactional taxes, net | 41 | 58 | 43 | 66 |
| Adjusted EBITDA | $ 1,834 | $ 1,958 | $ 2,915 | $ 3,276 |
| Adjusted EBITDA as a percentage of revenue | 54 % | 52 % | 38 % | 38 % |

(1) Stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy.

The above items are excluded from our Adjusted EBITDA measure because they are non-cash in nature, or because the amount and timing of these items are unpredictable, not driven by core results of operations, and renders comparisons with prior periods and competitors less meaningful.

Adjusted EBITDA increased by $124 million to $2.0 billion while Adjusted EBITDA Margin decreased slightly to 52% from 54% for the three months ended September 30, 2024, compared to the same period in the prior year. The increase in Adjusted EBITDA was primarily driven by growth in the number of check-ins relating to Nights and Experiences Booked and a modest increase in ADR.

Adjusted EBITDA increased by $361 million to $3.3 billion while Adjusted EBITDA margin remained consistent at 38% for the nine months ended September 30, 2024, compared to the same period in the prior year. The improvements in Adjusted EBITDA were primarily driven by growth in the number of check-ins relating to Nights and Experiences Booked and a modest increase in ADR.

During the three months ended September 2023, we released $2.8 billion of our valuation allowance related to our U.S. deferred tax assets (see Note 10, *Income Taxes* to our unaudited condensed consolidated financial statements included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q for further details).

**Free Cash Flow Reconciliation**

The following is a reconciliation of Free Cash Flow to the most comparable U.S. GAAP cash flow measure, net cash provided by operating activities (in millions, except percentages):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Revenue | $ 3,397 | $ 3,732 | $ 7,699 | $ 8,622 |
| | | | | |
| Net cash provided by operating activities | $ 1,325 | $ 1,078 | $ 3,821 | $ 4,052 |
| Purchases of property and equipment | (15) | (4) | (30) | (26) |
| Free Cash Flow | $ 1,310 | $ 1,074 | $ 3,791 | $ 4,026 |
| Free Cash Flow as a percentage of revenue | 39 % | 29 % | 49 % | 47 % |

Our Free Cash Flow is impacted by the timing of GBV because we collect our service fees at the time of booking, which is generally before a stay or experience occurs. Funds held on behalf of our customers and amounts payable to our customers do not impact Free Cash Flow, except interest earned on these funds. The decrease in Free Cash Flow for the three and nine months ended September 30, 2024, compared to the same periods in the prior year, was primarily driven by the decrease in net cash provided by operating activities.

## Seasonality

Our business is seasonal, reflecting typical travel behavior patterns over the course of the calendar year. In a typical year, the first, second, and third quarters have higher Nights and Experiences Booked than the fourth quarter, as guests plan for travel during the peak travel season, which is in the third quarter for North America and EMEA.

Our key business metrics, including GBV and Adjusted EBITDA, can also be impacted by the timing of holidays and other events. We experience seasonality in our GBV that is generally consistent with the seasonality of Nights and Experiences Booked. Revenue and Adjusted EBITDA have historically been, and are expected to continue to be, highest in the third quarter when we have the most check-ins, which is the point at which we recognize revenue. Seasonal trends in our GBV impact Free Cash Flow for any given quarter. A significant portion of our costs are relatively fixed across quarters or vary in line with the volume of transactions, and we historically achieve our highest GBV in the first and second quarters of the year with comparatively lower check-ins. As a result, increases in unearned fees typically make our Free Cash Flow and Free Cash Flow as a percentage of revenue the highest in the first two quarters of the year. We typically see a slight decline in GBV and a peak in check-ins in the third quarter, which results in a decrease in unearned fees, a lower sequential decrease in Free Cash Flow, and a greater decline in GBV in the fourth quarter, where Free Cash Flow is typically lower.

## Results of Operations

The following table sets forth our results of operations for the periods presented (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Revenue | $ 3,397 | $ 3,732 | $ 7,699 | $ 8,622 |
| Costs and expenses: | | | | |
| Cost of revenue | 459 | 465 | 1,319 | 1,451 |
| Operations and support[1] | 316 | 369 | 915 | 992 |
| Product development[1] | 419 | 524 | 1,290 | 1,518 |
| Sales and marketing[1] | 403 | 514 | 1,339 | 1,601 |
| General and administrative[1] | 304 | 335 | 822 | 937 |
| Total costs and expenses | 1,901 | 2,207 | 5,685 | 6,499 |
| Income from operations | 1,496 | 1,525 | 2,014 | 2,123 |
| Interest income | 192 | 207 | 529 | 635 |
| Other income (expense), net | (9) | 3 | (58) | (49) |
| Income before income taxes | 1,679 | 1,735 | 2,485 | 2,709 |
| Provision for (benefit from) income taxes | (2,695) | 367 | (2,656) | 522 |
| Net income | $ 4,374 | $ 1,368 | $ 5,141 | $ 2,187 |

(1) Includes stock-based compensation expense as follows (in millions):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Operations and support | $ 17 | $ 22 | $ 51 | $ 65 |
| Product development | 175 | 230 | 515 | 654 |
| Sales and marketing | 33 | 43 | 97 | 124 |
| General and administrative | 61 | 67 | 167 | 196 |
| Stock-based compensation expense | $ 286 | $ 362 | $ 830 | $ 1,039 |

The following table sets forth the components of our unaudited condensed consolidated statements of operations for each of the periods presented as a percentage of revenue:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 |
| Revenue | 100 % | 100 % | 100 % | 100 % |
| Costs and expenses: | | | | |
| Cost of revenue | 14 | 12 | 17 | 16 |
| Operations and support | 9 | 10 | 12 | 12 |
| Product development | 12 | 14 | 17 | 18 |
| Sales and marketing | 12 | 14 | 17 | 19 |
| General and administrative | 9 | 9 | 11 | 11 |
| Total costs and expenses | 56 | 59 | 74 | 76 |
| Income from operations | 44 | 41 | 26 | 24 |
| Interest income | 6 | 6 | 7 | 7 |
| Other income (expense), net | — | — | — | — |
| Income before income taxes | 50 | 47 | 33 | 31 |
| Provision for (benefit from) income taxes | (79) | 10 | (34) | 6 |
| Net income | 129 % | 37 % | 67 % | 25 % |

## Comparison of the Three and Nine Months Ended September 30, 2024 with the Same Periods in 2023

***Revenue***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | % Change | 2023 | 2024 | % Change |
| | | | (in millions, except percentages) | | | |
| Revenue | $ 3,397 | $ 3,732 | 10 % | $ 7,699 | $ 8,622 | 12 % |

*Three months ended September 30, 2024 Compared with the Same Period in 2023*

Revenue increased $335 million, or 10%, for the three months ended September 30, 2024, compared to the same period in the prior year, primarily due to an increase in the number of check-ins relating to Nights and Experiences Booked and a modest increase in ADR.

*Nine months ended September 30, 2024 Compared with the Same Period in 2023*

Revenue increased $923 million, or 12%, for the nine months ended September 30, 2024, compared to the same period in the prior year, primarily due to an increase in the number of check-ins relating to Nights and Experiences Booked and a modest increase in ADR.

***Cost of Revenue***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | % Change | 2023 | 2024 | % Change |
| | | | (in millions, except percentages) | | | |
| Cost of revenue | $ 459 | $ 465 | 1 % | $ 1,319 | $ 1,451 | 10 % |
| Percentage of revenue | 14 % | 12 % | | 17 % | 16 % | |

*Three months ended September 30, 2024 Compared with the Same Period in 2023*

Cost of revenue increased $6 million, or 1%, for the three months ended September 30, 2024, compared to the same period in the prior year, primarily due to an increase in merchant fees of $15 million, largely due to an increase in pay-in volumes, partially offset by a reduction in chargebacks of $11 million.

*Nine Months Ended September 30, 2024 Compared with the Same Period in 2023*

Cost of revenue increased $132 million, or 10%, for the nine months ended September 30, 2024, compared to the same period in the prior year, primarily due to an increase in merchant fees of $137 million, due to an increase in pay-in volumes and the impact of certain one-time incentives in 2023, and an increase in cloud computing costs of $21 million, due to increased server and data storage usage. These increases were partially offset by a reduction in chargebacks of $31 million.

***Operations and Support***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | % Change | 2023 | 2024 | % Change |
| | | | (in millions, except percentages) | | | |
| Operations and support | $ 316 | $ 369 | 17 % | $ 915 | $ 992 | 8 % |
| Percentage of revenue | 9 % | 10 % | | 12 % | 12 % | |

*Three months ended September 30, 2024 Compared with the Same Period in 2023*

Operations and support expense increased $53 million, or 17%, for the three months ended September 30, 2024, compared to the same period in the prior year, primarily due to an increase in customer relations costs of $17 million, which resulted from increased make good losses associated with higher nights booked, an increase in third-party customer service costs of $12 million, driven by the busy summer travel season, which included the Olympics and Paralympics, and an increase in insurance costs of $10 million, due to higher premiums as a result of higher nights booked.

*Nine Months Ended September 30, 2024 Compared with the Same Period in 2023*

Operations and support expense increased $77 million, or 8%, for the nine months ended September 30, 2024, compared to the same period in the prior year, primarily due to an increase in customer relations costs of $21 million, mainly due to higher nights booked, an increase in insurance costs of $15 million, due to higher premiums as a result of higher nights booked, and a $27 million increase in payroll-related expenses.

***Product Development***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | % Change | 2023 | 2024 | % Change |
| | (in millions, except percentages) | | | | | |
| Product development | $ 419 | $ 524 | 25 % | $ 1,290 | $ 1,518 | 18 % |
| Percentage of revenue | 12 % | 14 % | | 17 % | 18 % | |

*Three months ended September 30, 2024 Compared with the Same Period in 2023*

Product development expense increased $105 million, or 25%, for the three months ended September 30, 2024, compared to the same period in the prior year, primarily due to a $93 million increase in payroll-related expenses.

*Nine Months Ended September 30, 2024 Compared with the Same Period in 2023*

Product development expense increased $228 million, or 18%, for the nine months ended September 30, 2024, compared to the same period in the prior year, primarily due to a $202 million increase in payroll-related expenses.

***Sales and Marketing***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | % Change | 2023 | 2024 | % Change |
| | (in millions, except percentages) | | | | | |
| Brand and performance marketing | $ 264 | $ 332 | 26 % | $ 932 | $ 1,086 | 17 % |
| Field operations and policy | 139 | 182 | 31 % | 407 | 515 | 27 % |
| Total sales and marketing | $ 403 | $ 514 | 28 % | $ 1,339 | $ 1,601 | 20 % |
| Percentage of revenue | 12 % | 14 % | | 17 % | 19 % | |

*Three months ended September 30, 2024 Compared with the Same Period in 2023*

Sales and marketing expense increased $111 million, or 28%, for the three months ended September 30, 2024, compared to the same period in the prior year. The increase was primarily due to a $83 million increase in marketing activities associated with ongoing marketing campaigns and search engine marketing, and a $14 million increase in payroll-related expenses.

*Nine Months Ended September 30, 2024 Compared with the Same Period in 2023*

Sales and marketing expense increased $262 million, or 20%, for the nine months ended September 30, 2024, compared to the same period in the prior year. The increase was primarily due to a $200 million increase in marketing activities associated with ongoing marketing campaigns and search engine marketing, and a $40 million increase in payroll-related expenses.

***General and Administrative***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | % Change | 2023 | 2024 | % Change |
| | (in millions, except percentages) | | | | | |
| General and administrative | $ 304 | $ 335 | 10 % | $ 822 | $ 937 | 14 % |
| Percentage of revenue | 9 % | 9 % | | 11 % | 11 % | |

*Three months ended September 30, 2024 Compared with the Same Period in 2023*

General and administrative expense increased $31 million, or 10%, for the three months ended September 30, 2024, compared to the same period in the prior year, primarily due to higher non-income taxes and payroll-related expenses. Non-income taxes increased $22 million along with an increase in payroll-related expenses of $13 million.

*Nine Months Ended September 30, 2024 Compared with the Same Period in 2023*

General and administrative expense increased $115 million, or 14%, for the nine months ended September 30, 2024, compared to the same period in the prior year, primarily due to higher non-income taxes and payroll-related expenses. Non-income taxes increased $98 million along with an increase in payroll-related expenses of $28 million.

***Interest Income***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2023** | **2024** | **% Change** | **2023** | **2024** | **% Change** |
| | (in millions, except percentages) | | | | | |
| Interest income | $ 192 | $ 207 | 8 % | $ 529 | $ 635 | 20 % |

*Three and Nine Months Ended September 30, 2024 Compared with the Same Periods in 2023*

Interest income increased $15 million, or 8%, for the three months ended September 30, 2024, and $106 million, or 20%, for the nine months ended September 30, 2024, compared to the same periods in the prior year, primarily due to higher cash and investment balances.

***Other Income (Expense), Net***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2023** | **2024** | **% Change** | **2023** | **2024** | **% Change** |
| | (in millions, except percentages) | | | | | |
| Other income (expense), net | $ (9) | $ 3 | 133 % | $ (58) | $ (49) | 16 % |

*Three months ended September 30, 2024 Compared with the Same Period in 2023*

Other income (expense), net increased $12 million, or 133% for the three months ended September 30, 2024, compared to the same period in the prior year, primarily due to foreign exchange gains.

*Nine months ended September 30, 2024 Compared with the Same Period in 2023*

Other income (expense), net increased $9 million, or 16% for the nine months ended September 30, 2024, compared to the same period in the prior year, primarily due to an impairment charge on an investment in a privately-held company of $45 million, partially offset by foreign exchange gains.

***Provision for (Benefit from) Income Taxes***

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2023** | **2024** | **% Change** | **2023** | **2024** | **% Change** |
| | (in millions, except percentages) | | | | | |
| Provision for (benefit from) income taxes | $ (2,695) | $ 367 | 114 % | $ (2,656) | $ 522 | 120 % |

*Three and Nine Months Ended September 30, 2024 Compared with the Same Periods in 2023*

The provision for income taxes during the three and nine months ended September 30, 2024 was driven by current tax on U.S. and foreign earnings and deferred tax expense resulting from last year's valuation allowance release on our U.S. deferred tax assets and the utilization of some of those assets in the current year. The income tax benefit for the three and nine months ended September 30, 2023, was primarily due to the release of $2.8 billion of our valuation allowance related to certain of our U.S. deferred tax assets, as a discrete tax benefit during the three months ended September 30, 2023.

In 2021, the Organization for Economic Co-operation and Development ("OECD") established an inclusive framework on base erosion and profit shifting and agreed on a two-pillar solution to global taxation, focusing on global profit allocation, known to as Pillar One and a 15% global minimum effective tax rate, known as Pillar Two. On December 15, 2022, the EU member states agreed to implement the OECD's global minimum tax rate of 15%. The OECD issued Pillar Two model rules and continues to release guidance on these rules. The inclusive framework calls for tax law changes by participating countries to take effect in 2024 and 2025. Various countries have enacted or have announced plans to enact new tax laws to implement the global minimum tax. We considered the applicable tax law changes on Pillar Two implementation in the relevant countries, and concluded there was no material impact to our tax provision for the three and nine months ended September 30, 2024. We will continue to evaluate the impact of these tax law changes on future reporting periods.

## Liquidity and Capital Resources

***Sources and Conditions of Liquidity***

As of September 30, 2024, our principal sources of liquidity were cash, cash equivalents and short-term investments totaling $11.3 billion. As of September 30, 2024, cash and cash equivalents totaled $7.7 billion, which included $2.2 billion held by our foreign subsidiaries. Cash and cash equivalents consist of checking and interest-bearing accounts and highly-liquid securities with an original maturity of 90 days or less. As of September 30, 2024, short-term investments totaled $3.6 billion. Short-term investments primarily consist of highly-liquid investment grade corporate debt securities, time deposits, commercial paper, certificates of deposit, U.S. government and government agency debt securities (“government bonds”), and mortgage-backed and asset-backed securities. These amounts do not include funds of $6.6 billion as of September 30, 2024, that we held for bookings in advance of guests completing check-ins that we record separately on our unaudited condensed consolidated balance sheet in funds receivable and amounts held on behalf of customers with a corresponding liability in funds payable and amounts payable to customers.

Our cash and cash equivalents are generally held at large global systemically important banks (or “G-SIBs”) which are subject to high capital requirements and are required to regularly perform stringent stress tests related to their ability to absorb capital losses. Our cash, cash equivalents, and short-term investments held outside the United States may be repatriated, subject to certain limitations, and would be available to be used to fund our domestic operations. However, repatriation of such funds may result in additional tax liabilities. We believe that our existing cash, cash equivalents, and short-term investments balances in the United States are sufficient to fund our working capital needs in the United States.

We have access to $1.0 billion of commitments and a $200 million sub-limit for the issuance of letters of credit under the 2022 Credit Facility. As of September 30, 2024, no amounts were drawn under the 2022 Credit Facility and outstanding letters of credit totaled $25 million. See Note 7, *Debt*, to our unaudited condensed consolidated financial statements included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q additional information.

***Material Cash Requirements***

As of September 30, 2024, we had outstanding $2.0 billion in aggregate principal amount of indebtedness of our 0% convertible senior notes due in 2026. On March 3, 2021, in connection with the pricing of the 2026 Notes, we entered into privately negotiated capped call transactions (the “Capped Calls”) with certain of the initial purchasers and other financial institutions (the "option counterparties") at a cost of approximately $100 million. The cap price of the Capped Calls was $360.80 per share of Class A common stock, which represented a premium of 100% over the last reported sale price of the Class A common stock of $180.40 per share on March 3, 2021, subject to certain customary adjustments under the terms of the Capped Call Transactions.

In February 2024, our board of directors approved an additional share repurchase program to purchase up to $6.0 billion of our Class A common stock. During the three and nine months ended September 30, 2024, we repurchased an aggregate of 8.7 million and 18.3 million shares of Class A common stock for $1.1 billion and $2.6 billion, respectively through our share repurchase programs. As of September 30, 2024, we had $4.2 billion available to repurchase shares of Class A common stock under our share repurchase program.

## Cash Flows

The following table summarizes our cash flows for the periods indicated (in millions):

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2023 | 2024 |
| Net cash provided by operating activities | $ 3,821 | $ 4,052 |
| Net cash used in investing activities | (567) | (396) |
| Net cash used in financing activities | (1,259) | (2,242) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (10) | 117 |
| Net increase in cash, cash equivalents, and restricted cash | $ 1,985 | $ 1,531 |

Net cash provided by operating activities for the nine months ended September 30, 2024 was $4.1 billion, which was primarily due to net income of $2.2 billion, additional cash provided by unearned fees of $233 million, resulting from growth in bookings, and an increase in accrued expenses and other liabilities of $218 million, which is net of a $163 million tax payment to the IRS related to a 2013 matter under examination. Additionally, we had adjustments for non-cash charges, primarily consisting of $1.0 billion of stock-based compensation expense.

Net cash used in investing activities for the nine months ended September 30, 2024 was $396 million, which was primarily due to purchases of short-term investments, partially offset by proceeds resulting from sales and maturities of short-term investments.

Net cash used in financing activities for the nine months ended September 30, 2024 was $2.2 billion, primarily due to share repurchases of $2.6 billion and an increase in taxes paid related to net share settlement of equity awards of $422 million, partially offset by an increase in funds payable and amounts payable to customers of $665 million.

The effect of exchange rate changes on cash, cash equivalents, and restricted cash on our consolidated statements of cash flows relates to certain of our assets, principally cash balances held on behalf of customers, that are denominated in currencies other than the functional currency of certain of our subsidiaries. For the nine months ended September 30, 2024, we recorded a decrease of $117 million in cash, cash equivalents, and restricted cash, primarily due to the strengthening of the U.S. dollar. The impact of exchange rate changes on cash balances can serve as a natural hedge for the effect of exchange rates on our liabilities to our hosts and guests.

We assess our liquidity in terms of our ability to generate cash to fund our short and long-term cash requirements. As such, we believe that the cash flows generated from operating activities will meet our anticipated cash requirements in the short-term. In addition to normal working capital requirements, we anticipate that our short- and long-term cash requirements will include share repurchases, introduction of new products and offerings, timing and extent of spending to support our efforts to develop our platform, debt repayments, and expansion of sales and marketing activities. Our future capital requirements, however, will depend on many factors, including, but not limited to our growth, headcount, and ability to attract and retain customers on our platform. Additionally, we may in the future raise additional capital or incur additional indebtedness to continue to fund our strategic initiatives. On a long-term basis, we would rely on either our access to the capital markets or our credit facility for any long-term funding not provided by operating cash flows and cash on hand. In the event that additional financing is required from outside sources, we may seek to raise additional funds at any time through equity, equity-linked arrangements, and/or debt, which may not be available on favorable terms, or at all. If we are unable to raise additional capital when desired and at reasonable rates, our business, results of operations, and financial condition could be materially adversely affected. Our liquidity is subject to various risks including the risks identified in the section titled "Quantitative and Qualitative Disclosures about Market Risk" in Item 3.

## Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Annual Report for a discussion of the assumptions and judgments involved in our critical accounting estimates. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

## Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies*, to our unaudited condensed consolidated financial statements included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q for a description of recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our market risk during the three and nine months ended September 30, 2024. For additional information, see Part II, Item 7A. "*Quantitative and Qualitative Disclosures About Market Risk*" in our Annual Report on Form 10-K for the year ended December 31, 2023.

## Item 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of the design and operation 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 Quarterly Report on Form 10-Q. Based on that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2024, the end of the period covered by this Quarterly Report on Form 10-Q, to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

### Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended September 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on Controls**

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their desired objectives. Management does not expect, however, that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

We are currently involved in, and may in the future be involved in, legal proceedings, claims, and government investigations in the ordinary course of business. These include proceedings, claims, and investigations relating to, among other things, regulatory matters, commercial matters, intellectual property, competition, tax, employment, pricing, discrimination, consumer rights, personal injury, and property rights. See Note 9, *Commitments and Contingencies,* to our unaudited condensed consolidated financial statements included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q.

Depending on the nature of the proceeding, claim, or investigation, we may be subject to monetary damage awards, fines, penalties, or injunctive orders. Furthermore, the outcome of these matters could materially adversely affect our business, results of operations, and financial condition. The outcomes of legal proceedings, claims, and government investigations are inherently unpredictable and subject to significant judgment to determine the likelihood and amount of loss related to such matters. While it is not possible to determine the outcomes, we believe based on our current knowledge that the resolution of all such pending matters will not, either individually or in the aggregate, have a material adverse effect on our business, results of operations, cash flows, or financial condition.

### Item 1A. Risk Factors

There have been no material changes from the risk factors set forth in Part I, Item IA of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Annual Report"). Our business, operations, and financial results are subject to various risks and uncertainties that could materially adversely affect our business, results of operations, financial condition, and the trading price of our Class A common stock. You should carefully read and consider the risks and uncertainties included in the Annual Report, together with all of the other information in the Annual Report and this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited condensed consolidated financial statements and related notes, and other documents that we file with the U.S. Securities and Exchange Commission. The risks and uncertainties described in these reports may not be the only ones we face. The factors discussed in these reports, among others, could cause our actual results to differ materially from historical results and those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors, and oral statements.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

***Issuer Purchases of Equity Securities***

The following table sets forth information relating to repurchases of our equity securities during the three months ended September 30, 2024 (in millions, except per share amounts):

| Period | Total Number of Shares Purchased | Average Price Paid per Share (1) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs (2) |
|---|---|---|---|---|
| July 1 -31 | 1.9 | $ 147.54 | 1.9 | $ 4,967 |
| August 1 - 31 | 3.7 | $ 118.93 | 3.7 | $ 4,529 |
| September 1 -30 | 3.1 | $ 120.47 | 3.1 | $ 4,158 |
| Total | 8.7 | $ 125.82 | 8.7 | |

(1) Includes broker commissions.
(2) On February 13, 2024, we announced that our board of directors approved a share repurchase program with authorization to purchase up to $6.0 billion of our Class A common stock at management's discretion. The share repurchase program does not have an expiration date, does not obligate us to repurchase any specific number of shares, and may be modified, suspended or terminated at any time at our discretion.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

***Director and Officer 10b5-1 Trading Plans ("10b5-1 Plans")***

The following table sets forth the material terms of 10b5-1 Plans intended to satisfy the affirmative defense conditions of Rule 10b5–1(c) that were adopted, terminated, or modified by our directors and officers during the three months ended September 30, 2024:

| Name and Title of Director or Officer | Action | Date | Expiration Date | Maximum Number of Shares to be Sold Under the Plan |
|---|---|---|---|---|
| Aristotle Balogh, Chief Technology Officer | Adopt | 8/30/2024 | 4/30/2025 | 128,799 |
| Brian Chesky, Chief Executive Officer and Director | Adopt | 8/22/2024 | 5/23/2025 | 1,135,300 |
| Joseph Gebbia, Director | Adopt | 8/20/2024 | 5/22/2025 | 3,086,102 |

There were no "non-Rule 10b5-1 trading arrangements," as defined in Item 408(c) of Regulation S-K, adopted, terminated, or modified by our directors or officers during the three months ended September 30, 2024.

## Item 6. Exhibits

The documents listed in the Exhibit Index of this Quarterly Report on Form 10-Q are incorporated herein by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated herein (numbered in accordance with Item 601 of Regulation S-K).

### Exhibit Index

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed Herewith |
|---|---|---|---|---|---|---|
| | | Form | File Number | Date | Number | |
| 3.1 | Restated Certificate of Incorporation of the Registrant | 8-K | 001-39778 | 6/7/2024 | 3.1 | |
| 3.2 | Amended and Restated Bylaws of the Registrant | 8-K | 001-39778 | 12/14/2020 | 3.2 | |
| 10.1 | Eleventh Amendment to Office Lease Agreement, dated October 24, 2024, by and among the Registrant and T-C 888 Brannan Owner | | | | | 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* | Certifications of Chief Executive Officer and Chief 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 | The following financial statements from the Company's 10-Q, formatted as Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations (iii), Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements | | | | | X |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | | | | | X |

* The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Airbnb, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

## 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.

| | |
|---|---|
| | **AIRBNB, INC.** |
| | By: /s/ Brian Chesky |
| Date: November 7, 2024 | Brian Chesky<br>Chief Executive Officer<br>*(Principal Executive Officer)* |
| | By: /s/ Elinor Mertz |
| Date: November 7, 2024 | Elinor Mertz<br>Chief Financial Officer<br>*(Principal Financial Officer)* |