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 June 30, 2023

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) 510-4027
(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 July 21, 2023, 426,358,871 shares of the registrant's Class A common stock were outstanding, 211,724,761 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.
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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 supply constraints on availability of Host homes;
- our ability to effectively manage our exposure to fluctuations in foreign currency exchange rates;
- the continued effects of the COVID-19 pandemic, including as a result of new strains or variants of the virus, as well as other highly infectious diseases, on our business, the travel industry, travel trends, and the global economy generally;
- our expectations regarding our financial performance, including our revenue, costs, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), and Free Cash Flow;
- our expectations regarding future operating performance, including Nights and Experiences Booked, Gross Booking Value ("GBV"), Average Daily Rate, and GBV per Night and Experience Booked;
- our ability to attract and retain Hosts and guests;
- our ability to 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;
- seasonality, including the return of pre-COVID-19 pandemic patterns of 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;
- 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;
- our expectations regarding our income tax liabilities, including anticipated increases in foreign taxes, valuation allowances, and the adequacy of our reserves;
- our ability to effectively manage our growth and expand our infrastructure and maintain our corporate culture, and our employee initiatives;
- our ability to identify, recruit, and retain skilled personnel, including key members of senior management;
- 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;
- our ability to make required payments under our credit agreement and to comply with the various requirements of our indebtedness;
- the impact of the ongoing military action between Russia and Ukraine on our business;
- human capital management, including our Live and Work Anywhere policy and diversity and belonging initiatives and commitments;
- environmental, social, and governance matters, including our Net Zero emissions and climate-related initiatives and commitments; and
- our plan to make distributions to our Host Endowment Fund.

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 described in the section titled "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Moreover, we operate in a very 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, 2022	June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 7,378	$ 7,905
Short-term investments (including assets reported at fair value of $2,224 and $1,945, respectively)	2,244	2,435
Funds receivable and amounts held on behalf of customers	4,783	9,144
Prepaids and other current assets (including customer receivables of $200 and $264 and allowances of $39 and $46, respectively)	456	568
Total current assets	14,861	20,052
Property and equipment, net	121	132
Operating lease right-of-use assets	138	131
Goodwill and intangible assets, net	684	679
Other assets, noncurrent	234	194
Total assets	$ 16,038	$ 21,188
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 137	$ 100
Accrued expenses and other current liabilities	1,876	2,033
Funds payable and amounts payable to customers	4,783	9,144
Unearned fees	1,182	2,347
Total current liabilities	7,978	13,624
Long-term debt	1,987	1,989
Operating lease liabilities, noncurrent	295	285
Other liabilities, noncurrent	218	231
Total liabilities	10,478	16,129
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, $0.0001 par value: Class A - authorized 2,000 shares; 408 and 422 shares issued and outstanding, respectively; Class B - authorized 710 shares; 223 and 212 shares issued and outstanding, respectively; Class C - authorized 2,000 shares; zero shares of Class C common stock issued and outstanding, respectively; Class H - authorized 26 shares; 9 shares issued and zero shares outstanding, respectively	—	—
Additional paid-in capital	11,557	11,290
Accumulated other comprehensive loss	(32)	(33)
Accumulated deficit	(5,965)	(6,198)
Total stockholders' equity	5,560	5,059
Total liabilities and stockholders' equity	$ 16,038	$ 21,188

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 June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Revenue	$ 2,104	$ 2,484	$ 3,613	$ 4,302
Costs and expenses:				
Cost of revenue	390	432	753	860
Operations and support	258	317	491	599
Product development	375	451	738	871
Sales and marketing	379	486	724	936
General and administrative	244	275	454	518
Restructuring charges	89	—	89	—
Total costs and expenses	1,735	1,961	3,249	3,784
Income from operations	369	523	364	518
Interest income	20	191	25	337
Interest expense	(8)	(2)	(14)	(6)
Other income (expense), net	2	(36)	—	(43)
Income before income taxes	383	676	375	806
Provision for income taxes	4	26	15	39
Net income	$ 379	$ 650	$ 360	$ 767
Net income per share attributable to Class A and Class B common stockholders:				
Basic	$ 0.59	$ 1.02	$ 0.57	$ 1.21
Diluted	$ 0.56	$ 0.98	$ 0.53	$ 1.15
Weighted-average shares used in computing net income per share attributable to Class A and Class B common stockholders:				
Basic	638	635	637	634
Diluted	684	665	684	667

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 June 30,		Six Months Ended June 30,	
	2022	**2023**	**2022**	**2023**
Net income	$ 379	$ 650	$ 360	$ 767
Other comprehensive loss:				
Net unrealized loss on available-for-sale marketable securities, net of tax	(3)	(6)	(7)	(4)
Net unrealized income (loss) on cash flow hedges, net of tax	—	2	—	(2)
Foreign currency translation adjustments	(9)	1	(10)	5
Other comprehensive loss	(12)	(3)	(17)	(1)
Comprehensive income	$ 367	$ 647	$ 343	$ 766

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

Airbnb, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(in millions)
(unaudited)

	Three and Six Months Ended June 30, 2022					
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of December 31, 2021	633	$ — *	$ 11,140	$ (7)	$ (6,358)	$ 4,775
Net loss	—	—	—	—	(19)	(19)
Other comprehensive loss	—	—	—	(5)	—	(5)
Exercise of common stock options, net of shares withheld for taxes	1	— *	12	—	—	12
Issuance of common stock upon settlement of RSUs, net of shares withheld for taxes	2	— *	(224)	—	—	(224)
Stock-based compensation	—	—	198	—	—	198
Balances as of March 31, 2022	636	$ — *	$ 11,126	$ (12)	$ (6,377)	$ 4,737
Net income	—	— *	—	—	379	379
Other comprehensive loss	—	—	—	(12)	—	(12)
Exercise of common stock options, net of shares withheld for taxes	1	— *	5	—	—	5
Issuance of common stock upon settlement of RSUs, net of shares withheld for taxes	2	— *	(133)	—	—	(133)
Issuance of common stock under employee stock purchase plan, net of shares withheld for taxes	— *	— *	20	—	—	20
Stock-based compensation	—	—	249	—	—	249
Balances as of June 30, 2022	639	$ — *	$ 11,267	$ (24)	$ (5,998)	$ 5,245

* 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)

	Three and Six Months Ended June 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
Exercise of common stock options, net of shares withheld for taxes	2	—*	17	—	—	17
Issuance of common stock upon settlement of RSUs, net of shares withheld for taxes	1	—*	(155)	—	—	(155)
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)
Exercise of common stock options, net of shares withheld for taxes	6	—*	(561)	—	—	(561)
Issuance of common stock upon settlement of RSUs, net of shares withheld for taxes	2	—*	(153)	—	—	(153)
Issuance of common stock under employee stock purchase plan, net of shares withheld for taxes	—*	—*	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

* 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)

	Six Months Ended June 30,	
	2022	**2023**
Cash flows from operating activities:		
Net income	$ 360	$ 767
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	55	20
Stock-based compensation expense	442	544
Foreign exchange (gain) loss	38	(46)
Impairment of long-lived assets	89	—
Other, net	43	29
Changes in operating assets and liabilities:		
Prepaids and other assets	(187)	(83)
Operating lease right-of-use assets	18	7
Accounts payable	23	(38)
Accrued expenses and other liabilities	44	133
Unearned fees	1,078	1,163
Net cash provided by operating activities	2,003	2,496
Cash flows from investing activities:		
Purchases of property and equipment	(11)	(15)
Purchases of short-term investments	(2,079)	(1,691)
Sales and maturities of short-term investments	2,264	1,503
Other investing activities, net	(3)	—
Net cash provided by (used in) investing activities	171	(203)
Cash flows from financing activities:		
Taxes paid related to net share settlement of equity awards	(345)	(872)
Proceeds from exercise of stock options	16	23
Proceeds from the issuance of common stock under employee stock purchase plan	20	31
Repurchases of common stock	—	(1,000)
Change in funds payable and amounts payable to customers	3,958	4,271
Net cash provided by financing activities	3,649	2,453
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(308)	132
Net increase in cash, cash equivalents, and restricted cash	5,515	4,878
Cash, cash equivalents, and restricted cash, beginning of period	9,727	12,103
Cash, cash equivalents, and restricted cash, end of period	$ 15,242	$ 16,981
Supplemental disclosures of cash flow information:		
Cash paid for income taxes, net of refunds	$ 28	$ 50
Cash paid for interest	$ 6	$ 1
Non-cash financing activities		
Net settlement of cashless stock option exercises	$ —	$ 36

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 ("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, 2022, included in the Company's Annual Report on Form 10-K, filed with the SEC on February 17, 2023. The results for the interim periods are not necessarily indicative of results for the full year. The Company has changed its presentation from thousands to millions and, as a result, any necessary rounding adjustments have been made to prior period disclosed amounts. Certain immaterial amounts in prior periods have been reclassified to conform with current period presentation.

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

Principles of Consolidation

The accompanying financial statements include the accounts of the Company and its wholly-owned subsidiaries and variable interest entities ("VIE") in which the Company is the primary beneficiary in accordance with consolidation accounting guidance. All intercompany transactions have been eliminated in consolidation.

The Company determines, at the inception of each arrangement, whether an entity in which it has made an investment or in which it has other variable interest in is considered a VIE. The Company consolidates a VIE when it is deemed to be the primary beneficiary. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to direct the activities that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Periodically, the Company determines whether any changes in its interest or relationship with the entity impact the determination of whether the entity is still a VIE and, if so, whether the Company is the primary beneficiary. If the Company is not deemed to be the primary beneficiary in a VIE, the Company accounts for the investment or other variable interest in a VIE in accordance with applicable U.S. GAAP. As of June 30, 2023, the Company's consolidated VIEs were not material to the financial statements.

Use of Estimates

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the 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 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 financial statements could be affected.

Short-term Investments

The Company considers all highly-liquid investments with original maturities of greater than 90 days to be short-term investments. Short-term investments include time deposits, which are accounted for at amortized cost, and available-for-sale debt securities that consist of corporate debt securities, commercial paper, certificates of deposit, U.S. government and government agency debt securities ("government bonds"), and mortgage-backed and asset-backed securities. The Company determines the appropriate classification of its investments at the time of purchase. The Company determines realized gains or losses on the sale of equity and debt securities on a specific identification method.

Unrealized gains and non-credit related losses on available-for-sale debt securities are reported as a component of accumulated other comprehensive income (loss) ("AOCI") in stockholders' equity. Realized gains and losses and impairments are reported within other income (expense), net in the condensed consolidated statements of operations. The assessment for impairment takes into account the severity and duration of the decline in value, adverse changes in the market or industry of the investee, the Company's intent to sell the security, and whether it is more likely than not that it will be required to sell the security before recovery of the amortized cost basis.

The Company's equity investments with readily determinable fair values are measured at fair value on a recurring basis with changes in fair value recognized within other income (expense), net in the condensed consolidated statements of operations.

Derivative Instruments and Hedging

The Company's primary objective for holding derivative instruments is to manage foreign currency exchange rate risk. The Company enters into master netting arrangements to mitigate credit risk in derivative transactions by permitting net settlement of transactions with the same counterparty. All derivative instruments are recorded in the condensed consolidated balance sheets at fair value. The accounting treatment for derivative gains and losses is based on intended use and hedge designation.

Gains and losses arising from amounts that are included in the assessment of cash flow hedge effectiveness are initially deferred in AOCI and subsequently reclassified into earnings when the hedged transaction affects earnings and in the same line item within the condensed consolidated statement of operations. The Company does not exclude any components in the assessment of hedge effectiveness for forwards and options.

When it is no longer probable that a forecasted hedged transaction will occur in the initially identified time period, hedge accounting is discontinued and the Company accounts for the associated derivatives as undesignated derivative instruments. Gains and losses associated with derivatives no longer designated as hedging instruments in AOCI are recognized immediately in other income (expense), net, if it is probable that the forecasted hedged transaction will not occur by the end of the initially identified time period or within an additional two month period thereafter. In rare circumstances, the additional period of time may exceed two months due to extenuating circumstances related to the nature of the forecasted transaction that are outside the control or influence of the Company.

Gains and losses arising from changes in the fair value of derivative instruments that are not designated as accounting hedges are recognized in the condensed consolidated statement of operations in other income (expense), net.

The Company presents derivative assets and liabilities at their gross fair values in the condensed consolidated balance sheets, even if they are subject to master netting arrangements with the counterparties. The Company classifies cash flows related to derivative instruments as operating activities in the condensed consolidated statement of cash flows.

Recently Adopted Accounting Standards

In March 2022, the FASB issued ASU 2022-01, *Derivatives and Hedging (Topic 815)*, which clarifies the guidance on fair value hedge accounting of interest rate risk for portfolios of financial assets. The standard is effective for public entities in fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted on any date on or after the issuance of ASU 2017-12. The Company adopted the standard during the first quarter of 2023, which did not have an impact on the Company's financial statements.

Recently Issued Accounting Standards Not Yet Adopted

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions,* which clarifies the guidance of equity securities that are subject to a contractual sale restriction as well as includes specific disclosure requirements for such equity securities. The standard is effective for public entities in fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and will be applied prospectively. Early adoption is permitted. The Company is evaluating the impact on the Company's financial statements.

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 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 condensed consolidated balance sheets to the total amount presented in the condensed consolidated statements of cash flows (in millions):

	December 31, 2022	June 30, 2023
Cash and cash equivalents	$ 7,378	$ 7,905
Cash and cash equivalents included in funds receivable and amounts held on behalf of customers	4,708	9,047
Restricted cash included in prepaids and other current assets	17	29
Total cash, cash equivalents, and restricted cash presented in the condensed consolidated statements of cash flows	$ 12,103	$ 16,981

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in millions):

	December 31, 2022	June 30, 2023
Indirect taxes payable	$ 418	$ 588
Compensation and employee benefits	380	310
Indirect tax reserves	206	212
Gift card liability	141	148
Operating lease liabilities, current	59	50
Other	672	725
Total accrued expenses and other current liabilities	$ 1,876	$ 2,033

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 June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Reductions to revenue	$ 67	$ 78	$ 112	$ 155
Charges to operations and support	22	24	44	46
Charges to sales and marketing expense	15	16	25	29
Total payments made to customers	$ 104	$ 118	$ 181	$ 230

Revenue Disaggregated by Geographic Region

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
North America	$ 1,098	$ 1,192	$ 1,920	$ 2,117
Europe, the Middle East, and Africa	732	941	1,105	1,399
Latin America	137	163	315	398
Asia Pacific	137	188	273	388
Total revenue disaggregated by geographic region	$ 2,104	$ 2,484	$ 3,613	$ 4,302

Note 4. Investments

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

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value
Short-term investments				
Debt securities:				
Certificates of deposit	$ 573	$ —	$ —	$ 573
Government bonds	83	—	—	83
Commercial paper	574	—	—	574
Corporate debt securities	965	1	(7)	959
Mortgage-backed and asset-backed securities	37	—	(3)	34
Total debt securities	2,232	1	(10)	2,223
Time deposits	20	—	—	20
Equity investments (1)	1	—	—	1
Total short-term investments	$ 2,253	$ 1	$ (10)	$ 2,244
Long-term investments (2)				
Debt securities:				
Corporate debt securities	$ 13	$ —	$ (9)	$ 4

	June 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value
Short-term investments				
Debt securities:				
Certificates of deposit	$ 403	$ —	$ —	$ 403
Government bonds	284	—	—	284
Commercial paper	316	—	—	316
Corporate debt securities	875	1	(9)	867
Mortgage-backed and asset-backed securities	78	—	(4)	74
Total debt securities	1,956	1	(13)	1,944
Time deposits	490	—	—	490
Equity investments (1)	1	—	—	1
Total short-term investments	$ 2,447	$ 1	$ (13)	$ 2,435
Long-term investments (2)				
Debt securities:				
Corporate debt securities	$ 13	$ —	$ (9)	$ 4

(1) Unrealized gain (loss) on equity investments were immaterial for the three and six months ended June 30, 2022 and 2023.
(2) Classified within other assets, noncurrent on the condensed consolidated balance sheets.

As of December 31, 2022 and June 30, 2023, the Company does not have any available-for-sale debt securities for which the Company has recorded credit related losses.

Unrealized gains and losses, net of tax before reclassifications from AOCI to other income (expense), net were not material for the three and six months ended June 30, 2022 and 2023. Realized gains and losses reclassified from AOCI to other income (expense), net were not material for the three and six months ended June 30, 2022 and 2023.

Debt securities in an unrealized loss position had an estimated fair value of $748 million and $901 million, and unrealized losses of $19 million and $22 million as of December 31, 2022 and June 30, 2023, respectively. A total of $92 million and $91 million of these securities, with unrealized losses of $13 million and $14 million, were in a continuous unrealized loss position for more than twelve months as of December 31, 2022 and June 30, 2023, respectively.

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

	June 30, 2023	
	Amortized Cost	Estimated Fair Value
Due within one year	$ 1,277	$ 1,276
Due in one year to five years	650	633
Due within five to ten years	7	7
Due beyond ten years	35	32
Total	$ 1,969	$ 1,948

Equity Investments Without Readily Determinable Fair Values

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 $75 million as of both December 31, 2022 and June 30, 2023, and are classified within other assets, noncurrent on the condensed consolidated balance sheets. There were no upward or downward adjustments for observable price changes or impairment charges recorded for the three and six months ended June 30, 2022 and 2023. As of December 31, 2022 and June 30, 2023, the cumulative downward adjustments for observable price changes and impairment were $56 million.

Investments Accounted for Under the Equity Method

As of December 31, 2022 and June 30, 2023, the carrying values of the Company's equity method investments were $14 million and $9 million, respectively. The Company recorded unrealized losses of $2 million and $3 million for the three and six months ended June 30, 2022, respectively, and $1 million and $5 million for the three and six months ended June 30, 2023, respectively, within other income (expense), net in the condensed consolidated statements of operations, representing its proportionate share of net income or loss based on the investee's financial results.

The Company recorded no impairment charges related to the carrying value of equity method investments for the three and six months ended June 30, 2022 and 2023.

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, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents:				
Money market funds	$ 2,326	$ —	$ —	$ 2,326
Certificates of deposit	26	—	—	26
Government bonds	—	32	—	32
Commercial paper	—	327	—	327
Corporate debt securities	—	68	—	68
	2,352	427	—	2,779
Short-term investments:				
Certificates of deposit	573	—	—	573
Government bonds	—	83	—	83
Commercial paper	—	574	—	574
Corporate debt securities	—	959	—	959
Mortgage-backed and asset-backed securities	—	34	—	34
Equity investments	1	—	—	1
	574	1,650	—	2,224
Funds receivable and amounts held on behalf of customers:				
Money market funds	501	—	—	501
Prepaids and other current assets:				
Foreign exchange derivative assets	—	14	—	14
Other assets, noncurrent:				
Corporate debt securities	—	—	4	4
Total assets at fair value	$ 3,427	$ 2,091	$ 4	$ 5,522
Liabilities				
Accrued expenses and other current liabilities:				
Foreign exchange derivative liabilities	$ —	$ 31	$ —	$ 31
Total liabilities at fair value	$ —	$ 31	$ —	$ 31

Airbnb, Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents:				
Money market funds	$ 2,796	$ —	$ —	$ 2,796
Government bonds	—	90	—	90
Commercial paper	—	103	—	103
Corporate debt securities	—	4	—	4
	2,796	197	—	2,993
Short-term investments:				
Certificates of deposit	403	—	—	403
Government bonds	—	284	—	284
Commercial paper	—	316	—	316
Corporate debt securities	—	867	—	867
Mortgage-backed and asset-backed securities	—	74	—	74
Equity investments	1	—	—	1
	404	1,541	—	1,945
Funds receivable and amounts held on behalf of customers:				
Money market funds	2,428	—	—	2,428
Prepaids and other current assets:				
Foreign exchange derivative assets	—	23	—	23
Other assets, noncurrent:				
Corporate debt securities	—	—	4	4
Total assets at fair value	$ 5,628	$ 1,761	$ 4	$ 7,393
Liabilities				
Accrued expenses and other current liabilities:				
Foreign exchange derivative liabilities	$ —	$ 30	$ —	$ 30
Other liabilities, noncurrent:				
Foreign exchange derivative liabilities	—	1	—	1
Total liabilities at fair value	$ —	$ 31	$ —	$ 31

The following table presents additional information about investments that are measured at fair value for which the Company has utilized Level 3 inputs to determine fair value (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Balance, beginning of period	$ 11	$ 4	$ 10	$ 4
Changes in unrealized losses included in other comprehensive income related to investments held at the reporting date	(1)	—	—	—
Balance, end of period	$ 10	$ 4	$ 10	$ 4

There were no transfers of financial instruments into or out of Level 3 during the six months ended June 30, 2022 and 2023.

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, typically for up to 18 months. In the first quarter of 2023, the Company initiated a foreign exchange cash flow hedging program to minimize the effects of foreign currency fluctuations on future revenue.

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 condensed consolidated balance sheets (in millions):

	Derivative Assets[1]		
	Location	December 31, 2022	June 30, 2023
Derivatives designated as hedging instruments:			
Foreign exchange contracts (current)	Prepaids and other current assets	$ —	$ 2
Total derivatives designated as hedging instruments		$ —	$ 2
Derivatives not designated as hedging instruments:			
Foreign exchange contracts (current)	Prepaids and other current assets	$ 14	$ 21
Total derivatives not designated as hedging instruments		$ 14	$ 21

	Derivative Liabilities[1]		
	Location	December 31, 2022	June 30, 2023
Derivatives designated as hedging instruments:			
Foreign exchange contracts (current)	Accrued expenses and other current liabilities	$ —	$ 3
Foreign exchange contracts (noncurrent)	Other liabilities, noncurrent	—	1
Total derivatives designated as hedging instruments		$ —	$ 4
Derivatives not designated as hedging instruments:			
Foreign exchange contracts (current)	Accrued expenses and other current liabilities	$ 31	$ 27
Total derivatives not designated as hedging instruments		$ 31	$ 27

(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 June 30, 2023, 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 $17 million, resulting in net derivative assets of $6 million and net derivative liabilities of $14 million.

The effect of derivative instruments designated as hedging instruments on the condensed consolidated statements of operations was not material for the three and six months ended June 30, 2023.

Effect of derivative instruments designated as hedging instruments on AOCI

The following table summarizes the activity of derivative instruments designated as cash flow hedges and the impact of these derivative contracts on AOCI (in millions):

	Gain (Loss) Recognized in Other Comprehensive Income (Loss)	
	Three Months Ended June 30,	Six Months Ended June 30,
	2023	2023
Derivatives designated as cash flow hedges:		
Foreign exchange contracts	$ 2	$ (2)
Total designated cash flow hedges	$ 2	$ (2)

As of June 30, 2023, cumulative unrealized losses recorded in AOCI related to derivative instruments designated as hedging instruments were $2 million.

Effect of derivative instruments not designated as hedging instruments on the condensed consolidated statements of operations

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

	Realized Gain (Loss) on Derivatives				Unrealized Gain on Derivatives			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023	2022	2023	2022	2023
Derivatives not designated as hedging instruments:								
Foreign exchange contracts	$ 27	$ (64)	$ 40	$ (84)	$ 49	$ 13	$ 25	$ 12
Total derivatives not designated as hedging instruments	$ 27	$ (64)	$ 40	$ (84)	$ 49	$ 13	$ 25	$ 12

Cash flow hedges

The total notional amount of outstanding foreign currency derivatives designated as cash flow hedges was $918 million as of June 30, 2023.

Derivatives not designated as hedging instruments

The total notional amount of outstanding derivatives not designated as hedging instruments was $2.4 billion and $3.9 billion as of December 31, 2022 and June 30, 2023, respectively.

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, 2022 and June 30, 2023, total outstanding debt, net of unamortized debt discount and debit issuance costs, was $2.0 billion. The Company recorded interest expense of $1 million for both the three months ended June 30, 2022 and 2023, and $2 million for both the six months ended June 30, 2022 and 2023 for the 2026 Notes relating to amortization of the debt discount and debt issuance costs.

As of June 30, 2023, the if-converted value of the 2026 Notes did not exceed the outstanding principal amount.

As of June 30, 2023, the total estimated fair value of the 2026 Notes was $1.8 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 June 30, 2023.

No amounts were drawn under the 2022 Credit Facility as of December 31, 2022 and June 30, 2023, and outstanding letters of credit totaled $29 million and $26 million as of December 31, 2022 and June 30, 2023, respectively.

Note 8. Stock-Based Compensation

Stock-Based Compensation Expense

The following table summarizes total stock-based compensation expense (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Operations and support	$ 17	$ 19	$ 29	$ 34
Product development	145	191	263	340
Sales and marketing	29	36	50	64
General and administrative	56	58	100	106
Stock-based compensation expense	$ 247	$ 304	$ 442	$ 544

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, 2022	108	22	$ 23.41	34	$ 77.07
Granted	(10)	1	122.41	9	119.27
Increase in shares available for grant	32	—	—	—	—
Exercised/Vested	2	(14)	4.34	(7)	97.47
Canceled	1	—	—	(1)	117.71
As of June 30, 2023	133	9	$ 60.09	35	$ 82.98

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 tax and $36 million of exercise cost.

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Options outstanding as of June 30, 2023	9	$ 60.09	5.32	$ 655
Options exercisable as of June 30, 2023	7	$ 46.19	4.37	$ 587

Employee Stock Purchase Plan ("ESPP")

The Company recorded stock-based compensation expense related to the ESPP of $9 million and $7 million for the three months ended June 30, 2022 and 2023, respectively, and $14 million for both the six months ended June 30, 2022 and 2023.

For the six months ended June 30, 2022, the Company issued 0.2 million shares of Class A common stock under the ESPP at a weighted-average price of $103.23 per share, resulting in net cash proceeds of $20 million. For the six months ended June 30, 2023, the Company issued 0.3 million shares at a weighted-average price of $88.77 per share, resulting in net cash proceeds of $31 million.

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 June 30, 2023, 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, 2022.

Lodging Tax Obligations and Other Non-Income Tax Matters

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 June 30, 2023, the Company collects and remits Lodging Taxes in approximately 32,400 jurisdictions 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, 2022 and June 30, 2023, the Company had an obligation to remit Lodging Taxes collected from guests on bookings in these jurisdictions totaling $251 million and $352 million, respectively. These payables were recorded in accrued expenses and other current liabilities on the condensed consolidated balance sheets.

In jurisdictions where the Company does not collect and remit Lodging Taxes, the responsibility for collecting and remitting these taxes primarily rests with Hosts. 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, 2022 and June 30, 2023, accrued obligations related to these estimated taxes, including estimated penalties and interest, totaled $71 million and $72 million, respectively. As of June 30, 2023, 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
$140 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. 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 which subject the Company's operations to such taxes. Accordingly, the ultimate resolution of Lodging Taxes may be greater or less than reserve amounts that the Company has recorded.

The Company is currently involved in disputes brought by certain 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, as well as the tax treatment of certain employee benefits and related employment taxes. In jurisdictions with disputes connected to transactions with customers, disputes involve the applicability of transactional taxes (such as sales, value-added, and similar taxes) to services provided, as well as the applicability of withholding tax on payments made to such Hosts. As of December 31, 2022 and June 30, 2023, the Company accrued a total of $135 million and $139 million of estimated taxes and interest related to Hosts' withholding tax obligations, respectively. 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.

The Company has identified reasonably possible exposures related to withholding income taxes, 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 June 30, 2023, the Company estimates that the reasonably possible loss related to these matters in excess of the amounts accrued is between $270 million to $290 million; however, no assurance can be given as to the outcomes and the Company could be subject to significant additional tax liabilities.

In 2017, Italy passed a law requiring short-term rental platforms that process payments to withhold Host income tax and collect and remit tourist tax, amongst other obligations ("2017 Law"). The Company has 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 and the case has now returned to the Italian national court. The Company's subsidiary in Italy and subsidiary in Ireland are subject to tax audits in Italy, including in relation to permanent establishment, transfer pricing, and withholding obligations.

In May 2023, the Guardia di Finanza de Milano issued a Tax Audit Report recommending to the Italian tax authorities a formal tax assessment of 779 million Euros on Airbnb's subsidiary in Ireland relating to the 2017 Law and associated withholding tax obligations. While the Company continues to believe that it is not subject to the 2017 Law based on the CJEU ruling, the Company and the Italian tax authorities are actively working to resolve this matter. However due to the inherent complexity and uncertainty of the 2017 Law, the Company is unable to determine an estimate of the possible loss or range of loss.

With respect to all other withholding tax on payments made to Hosts and transactional 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.

In addition, as of both December 31, 2022 and June 30, 2023, the Company accrued a total of $33 million of estimated tax liabilities related to employment taxes on certain employee benefits.

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 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.

The Australian Competition and Consumer Commission ("ACCC") commenced proceedings against Airbnb, Inc. and Airbnb Ireland UC alleging that Airbnb has breached the Australian Consumer Law by making false and misleading representations, because certain users were shown prices and charged in U.S. dollars versus Australian dollars. The Company disputes the allegations of the ACCC.

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 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 loss 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 expense of $4 million and $26 million for the three months ended June 30, 2022 and 2023, respectively, and $15 million and $39 million for the six months ended June 30, 2022 and 2023, respectively. The increase in tax expense for all periods was primarily driven by current tax on foreign earnings and the accrual of interest on certain uncertain tax positions.

In determining the need for a valuation allowance, the Company weighs both positive and negative evidence in the various jurisdictions in which it operates to determine whether it is more likely than not that its deferred tax assets are recoverable. The Company regularly assesses all available evidence, including cumulative historic losses and forecasted earnings. Due to cumulative losses in the United States during the prior three years, including tax deductible stock compensation, and based on all available positive and negative evidence, the Company does not believe it is more likely than not that its U.S. deferred tax assets will be realized as of June 30, 2023. Accordingly, a full valuation allowance has been established in the United States, and no deferred tax assets and related tax benefit have been recognized in the financial statements. However, given the Company's current earnings and anticipated future earnings, the Company believes that there is a reasonable possibility that by December 31, 2023, sufficient positive evidence may become available to allow the Company to reach a conclusion that some portion of or the entire U.S. valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of material U.S. federal and state deferred tax assets and a corresponding decrease to income tax expense estimated to be $2.5 billion to $3.0 billion in the period the release is recorded. The exact timing and amount of the valuation allowance release are subject to change on the basis of the level of sustained U.S. profitability that the Company is able to actually achieve, as well as the amount of tax deductible stock compensation dependent upon the Company's publicly traded share price, foreign currency movements, and macroeconomic conditions, among other factors.

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 the year ended December 31, 2019, new information became available which required the Company to remeasure its reserve for unrecognized tax benefits. The Company recorded additional tax expense of $196 million during the year ended December 31, 2019. 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 its current reserve recorded in its consolidated financial statements by more than $1.0 billion. The Company 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 to 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. The Company will continue to pursue all available remedies to resolve this dispute, including petitioning the U.S. Tax Court ("Tax Court") for redetermination if an acceptable outcome cannot be reached with IRS Appeals, and if necessary, appealing 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 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 on global adjusted financial statement income and a 1% excise tax on share repurchases. The Inflation Reduction Act became effective beginning in fiscal year 2023. The Company does not anticipate the new law to have a material impact on the current year, and will continue to evaluate its impact as further information becomes available.

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 June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Net income	$ 379	$ 650	$ 360	$ 767
Add: convertible notes interest expense, net of tax	1	1	2	2
Net income - diluted	$ 380	$ 651	$ 362	$ 769
Weighted-average shares in computing net income per share attributable to Class A and Class B common stockholders:				
Basic	638	635	637	634
Effect of dilutive securities	46	30	47	33
Diluted	684	665	684	667
Net income per share attributable to Class A and Class B common stockholders:				
Basic	$ 0.59	$ 1.02	$ 0.57	$ 1.21
Diluted	$ 0.56	$ 0.98	$ 0.53	$ 1.15

As of both June 30, 2022 and 2023, RSUs to be settled in 9.6 million shares of Class A common stock were excluded from the table below because they are subject to market 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 June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Stock options	1	2	1	2
RSUs	11	7	7	7
Total	12	9	8	9

On August 2, 2022, the Company announced that its board of directors approved a share repurchase program with authorization to purchase up to $2.0 billion of the Company's Class A common stock. On May 9, 2023, the Company announced that its board of directors approved another share repurchase program with authorization to purchase up to $2.5 billion of the Company's Class A common stock at management's discretion. Share repurchases under these share repurchase programs may be made through a variety of methods, which may include 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. The 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 six months ended June 30, 2023, the Company repurchased and subsequently retired 4.4 million and 8.4 million shares of Class A common stock for $507 million and $1.0 billion, respectively. As of June 30, 2023, the Company completed the repurchase of the $2.0 billion of shares of Class A common stock authorized for repurchase under the August 2022 share repurchase program and had $2.0 billion available to repurchase shares of Class A common stock under the May 2023 share repurchase program.

The Inflation Reduction Act imposed a nondeductible 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. For the three and six months ended June 30, 2023, the excise tax on share repurchases was not material.

Airbnb, Inc.

Note 12. Restructuring

In the second quarter of 2022, the Company shifted to a remote work model, allowing its employees to work from anywhere in the country. The shift to a remote work model was in direct response to the change in how employees work due to the impact of COVID-19. As a result, the Company recorded restructuring charges of $89 million during the three and six months ended June 30, 2022, which includes $81 million relating to an impairment of both domestic and international operating lease right-of-use assets, and $8 million of related leasehold improvements. There were no restructuring charges during the three and six months ended June 30, 2023.

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 condensed consolidated financial statements ("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, 2022 (the "2022 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 2022 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 grown to over 4 million Hosts who have welcomed over 1.5 billion guest arrivals to over 100,000 cities and towns in almost every country and region across the globe. Hosts on Airbnb are everyday people who share their worlds to provide guests with the feeling of connection and being at home. We have five stakeholders and are designed 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.

We operate a global marketplace, where Hosts offer guests stays and experiences on our platform. Our business model relies on the success of Hosts and guests (collectively referred to as "customers") who join our community and generate consistent bookings over time. As Hosts become more successful on our platform and as guests return over time, we benefit from the recurring activity of our community.

Second Quarter Financial Highlights

For the three months ended June 30, 2023, revenue grew by 18% to $2.5 billion, compared to the same period in the prior year, primarily due to an 11% increase in Nights and Experiences Booked of 11.4 million driving a 13% increase in Gross Booking Value of $2.1 billion and stable Average Daily Rate ("ADR"). The growth in revenue demonstrated the continued strong travel demand. On a constant-currency basis, revenue increased 19% for the three months ended June 30, 2023, compared to the same period in the prior year.

Net income for the three months ended June 30, 2023 increased by 72% to $650 million, compared to the same period in the prior year, primarily due to revenue growth, increased interest income, and discipline in managing our cost structure. Additionally, we had restructuring charges during the three months ended June 30, 2022 of $89 million and none in the three months ended June 30, 2023.

Our net cash provided by operating activities was $909 million for the three months ended June 30, 2023, compared to $801 million, in the same period in the prior year. We generated Free Cash Flow[1] of $900 million for the three months ended June 30, 2023, compared to $796 million, in the same period in the prior year. The increase was primarily driven by growth in revenue, unearned fees and net income.

During the three months ended June 30, 2023, we repurchased 4.4 million shares of common stock for $507 million, leaving $2.0 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" and "—Free Cash Flow" 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-generally accepted accounting principal financial measures to the most comparable generally accepted accounting principal financial measures is provided under the subsection titled "Key Business Metrics and Non-GAAP Financial Measures—Adjusted EBITDA" and "—Free Cash Flow" 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 second quarter of 2023, we had 115.1 million Nights and Experiences Booked, an 11% increase from 103.7 million for the same prior year period. For the six months ended June 30, 2023, we had 236.2 million Nights and Experiences Booked, a 15% increase from 205.8 million for the same prior year period. The increase in our Nights and Experiences Booked was driven by growth across all regions.

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 second quarter of 2023, our GBV was $19.1 billion, a 13% increase from $17.0 billion for the same prior year period. For the six months ended June 30, 2023, our GBV was $39.5 billion, a 16% increase from $34.1 billion for the same prior year period. The increase in our GBV was primarily due to an increase in Nights and Experiences Booked, combined with stable ADR. Similar to Nights and Experiences Booked, our GBV improvement was driven by growth in bookings in all regions.

Non-GAAP Financial Measures

Our non-GAAP financial measures include Adjusted EBITDA, Free Cash Flow, and revenue growth rates in constant currency, 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.

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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Net income	$ 379	$ 650	$ 360	$ 767
Adjusted EBITDA	$ 711	$ 819	$ 940	$ 1,081
Net cash provided by operating activities	$ 801	$ 909	$ 2,003	$ 2,496
Free Cash Flow	$ 796	$ 900	$ 1,992	$ 2,481

Adjusted EBITDA

We define Adjusted EBITDA as net income or loss adjusted for (i) provision for (benefit from) income taxes; (ii) other income (expense), net, interest expense, and interest income; (iii) depreciation and amortization; (iv) stock-based compensation expense; (v) acquisition-related impacts consisting of gains (losses) recognized on changes in the fair value of contingent consideration arrangements; (vi) net changes to the reserves for lodging taxes for which management believes it is probable that we may be held jointly liable with Hosts for collecting and remitting such taxes; and (vii) restructuring charges.
The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, or because the amount and timing of these items is unpredictable, not driven by core results of operations and renders comparisons with prior periods and competitors less meaningful. We believe Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our results of operations, as well as provides a useful measure for period-to-period comparisons of our business performance. Moreover, we have included Adjusted EBITDA in this Quarterly Report on Form 10-Q because it is a key measurement used by our management internally

to make operating decisions, including those related to operating expenses, evaluating performance, and performing strategic planning and annual budgeting.

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. These limitations include the following:

- Adjusted EBITDA does not reflect interest income (expense) and other income (expense), net, which include unrealized and realized gains and losses on foreign currency exchange, investments, and financial instruments;
- Adjusted EBITDA excludes certain recurring, non-cash charges, such as depreciation of property and equipment and amortization of intangible assets, and although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect all cash requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA excludes 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;
- Adjusted EBITDA excludes acquisition-related impacts consisting of gains (losses) recognized on changes in the fair value of contingent consideration arrangements. The contingent consideration, which was in the form of equity, was valued as of the acquisition date and is marked-to-market at each reporting period based on factors including our stock price;
- Adjusted EBITDA does not reflect net changes to reserves for lodging taxes for which management believes it is probable that we may be held jointly liable with Hosts for collecting and remitting such taxes; and
- Adjusted EBITDA does not reflect restructuring charges, which include severance and other employee costs, lease impairments, and contract amendments and terminations.

Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net income (loss) and our other U.S. GAAP results.

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 June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Revenue	$ 2,104	$ 2,484	$ 3,613	$ 4,302
Net income	$ 379	$ 650	$ 360	$ 767
Adjusted to exclude the following:				
Provision for income taxes	4	26	15	39
Other income (expense), net	(2)	36	—	43
Interest expense	8	2	14	6
Interest income	(20)	(191)	(25)	(337)
Depreciation and amortization	26	9	55	20
Stock-based compensation expense	247	304	442	544
Acquisition-related impacts	(22)	(15)	(11)	(3)
Net changes in lodging tax reserves	2	(2)	1	2
Restructuring charges	89	—	89	—
Adjusted EBITDA	$ 711	$ 819	$ 940	$ 1,081
Adjusted EBITDA as a percentage of revenue	34 %	33 %	26 %	25 %

The increase in Adjusted EBITDA for the three and six months ended June 30, 2023 demonstrates the continued strength in our business, stable ADR, and discipline in managing our cost structure. Adjusted EBITDA margins for the three and six months ended June 30, 2023 were slightly lower due to changes in the timing of our marketing spend compared to the same periods in the prior year.

Free Cash Flow

We define Free Cash Flow as net cash provided by (used in) operating activities less purchases of property and equipment. We believe that Free Cash Flow is a meaningful 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, including continuous investment in our business, growth through acquisitions, and strengthening our balance sheet. 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. 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 (used in) 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.

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 June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Revenue	$ 2,104	$ 2,484	$ 3,613	$ 4,302
Net cash provided by operating activities	$ 801	$ 909	$ 2,003	$ 2,496
Purchases of property and equipment	(5)	(9)	(11)	(15)
Free Cash Flow	$ 796	$ 900	$ 1,992	$ 2,481
Free Cash Flow as a percentage of revenue	38 %	36 %	55 %	58 %
Other cash flow components:				
Net cash provided by (used in) investing activities	$ 368	$ (20)	$ 171	$ (203)
Net cash provided by financing activities	$ 1,445	$ 167	$ 3,649	$ 2,453

The increase in Free Cash Flow for the three and six months ended June 30, 2023 was primarily driven by growth in revenue, unearned fees and net income.

Constant Currency

In addition to revenue growth rates derived from revenue presented in accordance with U.S. GAAP, we disclose below the percentage change in our current period revenue from the corresponding prior period by comparing results using constant currencies. We present constant currency revenue growth rate information to provide a framework for assessing how our underlying revenue performed excluding the effect of changes in exchange rates. We use the percentage change in constant currency revenues for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe the presentation of revenue on a constant currency basis in addition to the U.S. GAAP presentation helps improve the ability to understand our performance because it excludes the effects of foreign currency volatility that are not indicative of our core operating results. We calculate the percentage change in constant currency by determining the change in the current period revenue over the prior comparable period where current period foreign currency revenue is translated using the exchange rates of the comparative period.

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 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 and 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. As our business matures and travel continues to recover post the COVID-19 pandemic, other seasonal trends may develop, or these existing seasonal trends may become more extreme.

Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Revenue	$ 2,104	$ 2,484	$ 3,613	$ 4,302
Costs and expenses:				
Cost of revenue	390	432	753	860
Operations and support(1)	258	317	491	599
Product development(1)	375	451	738	871
Sales and marketing(1)	379	486	724	936
General and administrative(1)	244	275	454	518
Restructuring charges(1)	89	—	89	—
Total costs and expenses	1,735	1,961	3,249	3,784
Income from operations	369	523	364	518
Interest income	20	191	25	337
Interest expense	(8)	(2)	(14)	(6)
Other income (expense), net	2	(36)	—	(43)
Income before income taxes	383	676	375	806
Provision for income taxes	4	26	15	39
Net income	$ 379	$ 650	$ 360	$ 767

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Operations and support	$ 17	$ 19	$ 29	$ 34
Product development	145	191	263	340
Sales and marketing	29	36	50	64
General and administrative	56	58	100	106
Stock-based compensation expense	$ 247	$ 304	$ 442	$ 544

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Revenue	100 %	100 %	100 %	100 %
Costs and expenses:				
Cost of revenue	19	17	21	20
Operations and support	12	13	14	14
Product development	18	18	20	20
Sales and marketing	18	20	20	22
General and administrative	12	11	13	12
Restructuring charges	3	—	2	—
Total costs and expenses	82	79	90	88
Income from operations	18	21	10	12
Interest income	—	7	—	8
Interest expense	—	—	—	—
Other income (expense), net	—	(1)	—	(1)
Income before income taxes	18	27	10	19
Provision for income taxes	—	1	—	1
Net income	18 %	26 %	10 %	18 %

Comparison of the Three and Six Months Ended June 30, 2023 with the Same Periods in 2022

Revenue

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
	(in millions, except percentages)					
Revenue	$ 2,104	$ 2,484	18 %	$ 3,613	$ 4,302	19 %

Three Months Ended June 30, 2023 Compared with the Same Period in 2022

Revenue increased $380 million, or 18%, for the three months ended June 30, 2023, compared to the same period in the prior year, primarily due to an 11% increase in Nights and Experiences Booked combined with stable ADR. On a constant-currency basis, revenue increased 19% compared to the same period in the prior year.

Six Months Ended June 30, 2023 Compared with the Same Period in 2022

Revenue increased $689 million, or 19%, for the six months ended June 30, 2023, compared to the same period in the prior year, primarily due to a 15% increase in Nights and Experiences Booked combined with stable ADR. On a constant-currency basis, revenue increased 21% compared to the same period in the prior year due to the strengthening of the U.S. dollar against the Euro and British Pounds.

Cost of Revenue

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
	(in millions, except percentages)					
Cost of revenue	$ 390	$ 432	11 %	$ 753	$ 860	14 %
Percentage of revenue	19 %	17 %		21 %	20 %	

Three Months Ended June 30, 2023 Compared with the Same Period in 2022

Cost of revenue increased $42 million, or 11%, for the three months ended June 30, 2023, compared to the same period in the prior year, primarily due to an increase in merchant fees of $34 million largely due to an increase in pay-in volumes, an increase of $10 million in chargebacks due to increased pay-in volumes and chargeback rates, and an increase in cloud computing costs of $6 million due to increased server and data storage usage, partially offset by a decrease in amortization expense of $10 million.

Six Months Ended June 30, 2023 Compared with the Same Period in 2022

Cost of revenue increased $107 million, or 14%, for the six months ended June 30, 2023, compared to the same period in the prior year, primarily due to an increase in merchant fees of $91 million largely due to an increase in pay-in volumes, an increase of $17 million in chargebacks due to increased pay-in volumes and chargeback rates, and an increase in cloud computing costs of $12 million due to increased server and data storage usage, partially offset by a decrease in amortization expense of $17 million.

Operations and Support

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
	(in millions, except percentages)					
Operations and support	$ 258	$ 317	23 %	$ 491	$ 599	22 %
Percentage of revenue	12 %	13 %		14 %	14 %	

Three Months Ended June 30, 2023 Compared with the Same Period in 2022

Operations and support expense increased $59 million, or 23%, for the three months ended June 30, 2023, compared to the same period in the prior year, primarily due to a $45 million increase in third-party community support personnel and customer relations costs, an $8 million increase in payroll-related expenses primarily due to growth in headcount and increased compensation costs, and a $5 million increase in insurance costs due to a higher Host Liability Insurance premiums resulting from higher overall nights.

Six Months Ended June 30, 2023 Compared with the Same Period in 2022

Operations and support expense increased $108 million, or 22%, for the six months ended June 30, 2023, compared to the same period in the prior year, primarily due to a $82 million increase in third-party community support personnel and customer relations costs, an $18 million increase in payroll-related expenses primarily due to growth in headcount and increased compensation costs, and an $8 million increase in insurance costs due to a higher Host Liability Insurance premiums resulting from higher overall nights.

Product Development

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
			(in millions, except percentages)			
Product development	$ 375	$ 451	20 %	$ 738	$ 871	18 %
Percentage of revenue	18 %	18 %		20 %	20 %	

Three Months Ended June 30, 2023 Compared with the Same Period in 2022

Product development expense increased $76 million, or 20%, for the three months ended June 30, 2023, compared to the same period in the prior year, primarily due to a $72 million increase in payroll-related expenses due to growth in headcount and increased compensation costs.

Six Months Ended June 30, 2023 Compared with the Same Period in 2022

Product development expense increased $133 million, or 18%, for the six months ended June 30, 2023, compared to the same period in the prior year, primarily due to a $132 million increase in payroll-related expenses due to growth in headcount and increased compensation costs.

Sales and Marketing

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
			(in millions, except percentages)			
Brand and performance marketing	$ 282	$ 361	28 %	$ 513	$ 668	30 %
Field operations and policy	97	125	29 %	211	268	27 %
Total sales and marketing	$ 379	$ 486	28 %	$ 724	$ 936	29 %
Percentage of revenue	18 %	20 %		20 %	22 %	

Three Months Ended June 30, 2023 Compared with the Same Period in 2022

Sales and marketing expense increased $107 million, or 28%, for the three months ended June 30, 2023, compared to the same period in the prior year, primarily due to a $58 million increase in marketing activities associated with our Airbnb It, I'm Flexible, and Categories marketing campaigns and launches, a $20 million increase in our search engine marketing and advertising spend, a $17 million increase in payroll-related expenses due to growth in headcount and increased compensation costs, and an increase of $8 million related to the changes in the fair value of contingent consideration arrangements related to an acquisition completed in 2019.

Six Months Ended June 30, 2023 Compared with the Same Period in 2022

Sales and marketing expense increased $212 million, or 29%, for the six months ended June 30, 2023, compared to the same period in the prior year, primarily due to a $127 million increase in marketing activities associated with our Airbnb It, I'm Flexible, and Categories marketing campaigns and launches, a $46 million increase in our search engine marketing and advertising spend, a $34 million increase in payroll-related expenses due to growth in headcount and increased compensation costs, and an increase of $9 million related to the changes in the fair value of contingent consideration arrangements related to an acquisition completed in 2019.

General and Administrative

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
			(in millions, except percentages)			
General and administrative	$ 244	$ 275	13 %	$ 454	$ 518	14 %
Percentage of revenue	12 %	11 %		13 %	12 %	

Three Months Ended June 30, 2023 Compared with the Same Period in 2022

General and administrative expense increased $31 million, or 13%, for the three months ended June 30, 2023, compared to the same period in the prior year, primarily due to a $30 million increase in payroll related expenses due to growth in headcount and increased compensation costs, a $6 million increase in professional service fees, a $5 million increase in charitable contributions to Airbnb.org, and a $4 million increase in bad debt expense, partially offset by a $12 million decrease in other business and operational taxes.

Six Months Ended June 30, 2023 Compared with the Same Period in 2022

General and administrative expense increased $64 million, or 14%, for the six months ended June 30, 2023, compared to the same period in the prior year, primarily due to a $56 million increase in payroll related expenses due to growth in headcount and increased compensation costs, a $9 million increase in professional service fees, and an $8 million increase in bad debt expenses, partially offset by a $10 million decrease in insurance costs and a $7 million decrease in charitable contributions, primarily from prior year contributions to Airbnb.org to support Ukrainian refugees.

Restructuring Charges

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
			(in millions, except percentages)			
Restructuring charges	$ 89	$ —	(100) %	$ 89	$ —	(100) %

Three and Six Months Ended June 30, 2023 Compared with the Same Periods in 2022

In the second quarter of 2022, the Company shifted to a remote work model, allowing its employees to work from anywhere in the country they currently work. The shift to a remote work model was in direct response to the change in how employees work due to the impact of COVID-19. As a result, the Company recorded restructuring charges of $89 million during the three and six months ended June 30, 2022, which includes $81 million relating to an impairment of both domestic and international operating lease right-of-use assets, and $8 million of related leasehold improvements. There were no restructuring charges during the three and six months ended June 30, 2023.

Interest Income and Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
			(in millions, except percentages)			
Interest income	$ 20	$ 191	855 %	$ 25	$ 337	*
Interest expense	$ (8)	$ (2)	75 %	$ (14)	$ (6)	(57) %

* Not meaningful

Three and Six Months Ended June 30, 2023 Compared with the Same Periods in 2022

Interest income increased $171 million and $312 million for the three and six months ended June 30, 2023, respectively, compared to the same periods in the prior year, primarily due to higher cash and investment balances and higher interest rates. Our investment portfolio was largely invested in money market funds and short-term, high-quality bonds.

Other Income (Expense), Net

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
			(in millions, except percentages)			
Other income (expense), net	$ 2	$ (36)	*	$ —	$ (43)	*

* Not meaningful

Three Months Ended June 30, 2023 Compared with the Same Period in 2022

Other income (expense), net decreased $38 million and $43 million for the three and six months ended June 30, 2023, respectively, compared to the same periods in the prior year, primarily due to foreign exchange losses.

Provision for Income Taxes

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2023	% Change	2022	2023	% Change
			(in millions, except percentages)			
Provision for income taxes	$ 4	$ 26	550 %	$ 15	$ 39	160 %

Three and Six Months Ended June 30, 2023 Compared with the Same Periods in 2022

The provision for income taxes increased primarily due to increased profitability and the accrual of interest on certain uncertain tax positions.

Liquidity and Capital Resources

Sources and Conditions of Liquidity

As of June 30, 2023, our principal sources of liquidity were cash, cash equivalents and short-term investments totaling $10.3 billion. As of June 30, 2023, cash and cash equivalents totaled $7.9 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 June 30, 2023, short-term investments totaled $2.4 billion. Short-term investments primarily consist of certificates of deposit, U.S. government and government agency debt securities (“government bonds”), commercial paper, highly-liquid investment grade corporate debt securities, mortgage-backed and asset-backed securities, and time deposits. These amounts do not include funds of $9.1 billion as of June 30, 2023, that we held for bookings in advance of guests completing check-ins that we record separately on our 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 must regularly perform stringent stress tests to prove 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 June 30, 2023, no amounts were drawn under the 2022 Credit Facility and outstanding letters of credit totaled $26 million.

Material Cash Requirements

As of June 30, 2023, 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 $100.2 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.

On May 9, 2023, we announced that our board of directors approved a new share repurchase program with authorization to purchase up to $2.5 billion of our Class A common stock at management’s discretion. Share repurchases under the share repurchase program may be made through a variety of methods, which may include 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. The share repurchase program does not obligate us to repurchase any specific number of shares and may be modified, suspended or terminated at any time at our discretion.

During the three and six months ended June 30, 2023, we repurchased and subsequently retired 4.4 million and 8.4 million shares of our Class A common stock for $507 million and $1.0 billion, respectively. As of June 30, 2023, we completed the repurchase of the $2.0 billion of shares of Class A common stock authorized for repurchase under the August 2022 share repurchase program and had $2.0 billion available to repurchase shares of Class A common stock under the May 2023 share repurchase program.

Cash Flows

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

	Six Months Ended June 30,	
	2022	2023
Net cash provided by operating activities	$ 2,003	$ 2,496
Net cash provided by (used in) investing activities	171	(203)
Net cash provided by financing activities	3,649	2,453
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(308)	132
Net increase in cash, cash equivalents, and restricted cash	$ 5,515	$ 4,878

Net cash provided by operating activities for the six months ended June 30, 2023 was $2.5 billion, which is primarily due to a $1.2 billion increase in unearned fees resulting from growth in bookings, net income of $767 million, and stock-based compensation expense non-cash add back of $544 million.

Net cash used in investing activities for the six months ended June 30, 2023 was $203 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 provided by financing activities for the six months ended June 30, 2023 was $2.5 billion, primarily reflecting the increase in funds payable and amounts payable to customers of $4.3 billion resulting from growth in bookings, partially offset by share repurchases of $1.0 billion, and an increase in the taxes paid related to net share settlement of equity awards of $872 million, primarily driven from the taxes paid related to the cashless exercise of stock options (see Note 8, *Stock-Based Compensation*, to our financial statements included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q for further details).

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 six months ended June 30, 2023, we recorded a $132 million increase in cash, cash equivalents, and restricted cash, primarily due to the weakening 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 guests and Hosts.

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 financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these 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 2022 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 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

Our substantial operations around the world expose us to various market risks. These risks primarily include foreign currency risk and investment risk.

Foreign Currency Exchange Risk

We offer the ability to transact on our platform in over 40 currencies, of which the most significant foreign currencies to our operations in the second quarter of 2023 were the Euro, British Pound, Canadian Dollar, Australian Dollar, Brazilian Real, and Mexican Peso. Our international revenue, as well as costs and expenses denominated in foreign currencies, expose us to the risk of fluctuations in foreign currency exchange rates against the U.S. dollar. Accordingly, we are subject to foreign currency risk, which may adversely impact our financial results.

We have foreign currency exchange risks related primarily to:

- revenue and cost of revenue associated with bookings on our platform denominated in currencies other than the U.S. dollar;
- balances held as funds receivable and amounts held on behalf of customers and funds payable and amounts payable to customers;
- unbilled amounts for confirmed bookings under the terms of our Pay Less Upfront program; and
- intercompany balances primarily related to our payment entities that process customer payments.

For revenue and cost of revenue associated with bookings on our platform outside of the United States, we generally receive net foreign currency amounts and therefore benefit from a weakening of the U.S. dollar and are adversely affected by a strengthening of the U.S. dollar. Movements in foreign exchange rates are recorded in other income (expense), net in our condensed consolidated statements of operations. Furthermore, our platform generally enables guests to make payments in the currency of their choice to the extent that the currency is supported by Airbnb, which may not match the currency in which the Host elects to be paid. As a result, in those cases, we bear the currency risk of both the guest payment as well as the Host payment due to timing differences in such payments.

We enter into foreign currency derivative contracts to protect against foreign exchange risks. These hedges are primarily designed to manage foreign exchange risk associated with revenue translated into U.S. dollars, balances held as funds payable and amounts payable to customers, and unbilled amounts for confirmed bookings under the terms of our Pay Less Upfront program. These contracts reduce, but do not entirely eliminate, the impact of foreign currency exchange rate movements on our revenue, assets, and liabilities. However, we may choose not to hedge certain exposures for a variety of reasons including accounting considerations or the prohibitive economic cost of hedging particular exposures.

We have experienced and will continue to experience fluctuations in foreign exchange gains and losses related to changes in exchange rates. If our foreign-currency denominated assets, liabilities, revenues, or expenses increase, our results of operations may be more significantly impacted by fluctuations in the exchange rates of the currencies in which we do business.

If an adverse 10% foreign currency exchange rate change was applied to total net monetary assets and liabilities denominated in currencies other than the local currencies as of June 30, 2023, it would have resulted in a loss of approximately $14 million.

Investment and Interest Rate Risk

We are exposed to interest rate risk related primarily to our investment portfolio. Changes in interest rates affect the interest earned on our total cash, cash equivalents, and available-for-sale short-term investments and the fair value of those securities.

We had cash and cash equivalents of $7.9 billion and short-term investments of $2.4 billion as of June 30, 2023, which primarily consisted of certificates of deposit, government bonds, commercial paper, highly-liquid investment grade corporate debt securities, mortgage-backed and asset-backed securities, and time deposits. As of June 30, 2023, we had an additional $9.1 billion that we held for bookings in advance of guests completing check-ins, which we record separately on our condensed consolidated balance sheets as funds receivable and amounts held on behalf of customers. The primary objective of our investment activities is to preserve capital and meet liquidity requirements without significantly increasing risk. We invest primarily in highly-liquid, investment grade debt securities, and we limit the amount of credit exposure to any one issuer. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Because our cash equivalents and short-term investments generally have short maturities, the fair value of our portfolio is relatively insensitive to interest rate fluctuations. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 100 basis point increase in interest rates would have resulted in a decrease of $16 million to our investment portfolio as of June 30, 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 June 30, 2023, 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 June 30, 2023 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 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, 2022 (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 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 June 30, 2023 (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)
April 1 - 30	—	$ —	—	$ 2,507
May 1 - 31	1.6	107.12	1.6	$ 2,337
June 1 - 30	2.8	120.06	2.8	$ 2,000
Total	4.4	$ 115.39	4.4	

(1) Includes broker commissions.
(2) On August 2, 2022, we announced that our board of directors approved a share repurchase program with authorization to purchase up to $2.0 billion of our Class A common stock, which was completed during the three months ended June 30, 2023. On May 9, 2023, we announced that our board of directors approved a share repurchase program with authorization to purchase up to $2.5 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 June 30, 2023:

Name and Title of Director or Officer	Action	Date	Expiration Date	Maximum Number of Shares to be Sold Under the Plan
David Bernstein, Chief Accounting Officer	Adopt	5/30/2023	11/29/2024	34,788
Nathan Blecharczyk, Chief Strategy Officer, Chairman of Airbnb China, Co-Founder, and Director	Adopt	5/30/2023	8/1/2024	1,000,000
Brian Chesky, Chief Executive Officer, Head of Community, Co-Founder, and Chairman of the Board	Adopt	5/31/2023	5/15/2024	2,060,000
Jeffrey Jordan, Director	Adopt	5/24/2023	8/31/2024	120,000

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 June 30, 2023.

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	12/14/2020	3.1	
3.2	Amended and Restated Bylaws of the Registrant	8-K	001-39778	12/14/2020	3.2	
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)					

* 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.

Date: August 3, 2023	By: /s/ Brian Chesky Brian Chesky Chief Executive Officer *(Principal Executive Officer)*
Date: August 3, 2023	By: /s/ David E. Stephenson David E. Stephenson Chief Financial Officer *(Principal Financial Officer)*