

[Table of Contents](#)

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

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 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**

(State or Other Jurisdiction of Incorporation or Organization)

**26-3051428**

(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:**

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

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

None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

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

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

As of June 30, 2023, the aggregate market value of the Class A common stock held by non-affiliates of the registrant was approximately \$52.8 billion based upon the closing price reported for such date on the NASDAQ Global Select Market.

As of February 2, 2024, 438,087,239 shares of the registrant's Class A common stock were outstanding 199,777,430 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.

---

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The information required by Part III of this Annual Report on Form 10-K, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement relating to the Annual Meeting of Shareholders to be held in 2024, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates.

---

---

[Table of Contents](#)

**AIRBNB, INC.**  
**TABLE OF CONTENTS**

	Page
Special Note Regarding Forward-Looking Statements	1
Risk Factors Summary	2
<b>PART I</b>	
Item 1. Business	3
Item 1A. Risk Factors	8
Item 1B. Unresolved Staff Comments	49
Item 1C. Cybersecurity	49
Item 2. Properties	49
Item 3. Legal Proceedings	49
Item 4. Mine Safety Disclosures	50
<b>PART II</b>	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	51
Item 6. [Reserved]	52
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	52
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	63
Item 8. Financial Statements and Supplementary Data	64
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	102
Item 9A. Controls and Procedures	102
Item 9B. Other Information	102
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	103
<b>PART III</b>	
Item 10. Directors, Executive Officers and Corporate Governance	104
Item 11. Executive Compensation	104
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	104
Item 13. Certain Relationships and Related Transactions, and Director Independence	104
Item 14. Principal Accountant Fees and Services	104
<b>PART IV</b>	
Item 15. Exhibit and Financial Statement Schedules	105
Item 16. Form 10-K Summary	107
Signatures	108

---

## Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K 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 Annual Report on Form 10-K, 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 Annual Report on Form 10-K include, but are not limited to, statements about:

- the effects of macroeconomic conditions, including inflation, slower growth or recession, higher interest rates, high unemployment, and foreign currency fluctuations, on the demand for travel or similar experiences;
- the effects of fluctuations in demand for Host homes, including lower demand in certain areas or as a result of oversupply in others;
- the effects of supply constraints on availability of Host homes;
- our ability to attract and retain Hosts and guests;
- our ability to effectively manage our exposure to fluctuations in foreign currency exchange rates;
- the impact of the ongoing armed conflicts around the world on our business;
- our expectations regarding our financial performance, including our revenue, costs, Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization, and Free Cash Flow;
- our expectations regarding future operating performance, including Nights and Experiences Booked, Gross Booking Value (“GBV”), Average Daily Rate, and GBV per Night and Experience Booked;
- 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;
- our ability to stay in compliance with laws and regulations that currently apply or may become applicable to our business, both in the United States and internationally, and our expectations regarding various laws and restrictions that relate to our business;
- seasonality, 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;
- laws, regulations, and rules that affect the short-term rental, long-term rental, and home sharing business that have limited and may continue to limit the ability or willingness of Hosts to share their spaces over our platform and expose our Hosts or us to significant fees or penalties;
- the lingering effects of the COVID-19 pandemic, as well as other highly infectious diseases such as influenza or respiratory syncytial virus, on our business, the travel industry, travel trends, and the global economy generally;
- the impact on our income as a result of the release of valuation allowances on deferred tax assets;
- our expectations regarding lodging tax obligations and other non-income tax matters;
- 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 our ability to maintain our corporate culture and our employee initiatives;
- the safety, affordability, and convenience of our platform and our offerings;
- our ability to successfully defend litigation brought against us;
- the sufficiency of our cash, cash equivalents, and investments to meet our liquidity needs;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to make required payments under our credit agreement and to comply with the various requirements of our indebtedness;
- human capital management, including our Live and Work Anywhere policy and diversity and belonging initiatives and commitments;
- environmental, social, and governance (“ESG”) matters, including potential impacts of environmental risks, including climate change, on our business, and 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 Annual Report on Form 10-K. You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K 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 Annual Report on Form 10-K, 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 “Item 1A. Risk Factors” in Part I and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a highly competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. 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.

## [Table of Contents](#)

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made available. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. 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.

We include certain voluntary ESG disclosures on our website and herein. Any references to “materiality” in the context of such ESG disclosures and any related assessment of ESG “materiality” may differ from the definition of “materiality” under the federal securities laws for SEC reporting purposes. Furthermore, much of this information is subject to assumptions, estimates or third-party information that is still evolving and subject to change, including the standards and expectations regarding greenhouse gas (“GHG”) accounting and the processes for classifying, measuring, and counting GHG emissions and GHG emission reductions, which are evolving. Similarly, we cannot guarantee strict adherence to standard recommendations, and our disclosures based on any standards may change due to revisions in framework or legal requirements, availability of information, changes in our business or applicable government policies, or other factors, some of which may be beyond our control. Finally, any website or document references included herein are for convenience only and, unless indicated otherwise, are explicitly not incorporated by reference.

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 Annual Report on Form 10-K, 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 Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed as exhibits to this Annual Report on Form 10-K, 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 Annual Report on Form 10-K by these cautionary statements.

### **Risk Factors Summary**

The following is a summary of the principal risks that could materially adversely affect our business, results of operations, and financial condition, all of which are more fully described in Part 1 in the section titled “Item 1A. Risk Factors” in this Annual Report on Form 10-K. This summary should be read in conjunction with the “Item 1A. Risk Factors” section and should not be relied upon as an exhaustive summary of the material risks facing our business.

- Our revenue growth rate has slowed over time, and we expect it to continue to slow in the future.
- If we fail to retain existing Hosts or add new Hosts, or if Hosts fail to provide high-quality stays and experiences, our business, results of operations, and financial condition would be materially adversely affected.
- If we fail to retain existing guests or add new guests, our business, results of operations, and financial condition would be materially adversely affected.
- If our new offerings and initiatives are unsuccessful, we may fail to grow, and our business, results of operations, and financial condition would be materially adversely affected.
- Any decline or disruption in the travel and hospitality industries or economic downturn could materially adversely affect our business, results of operations, and financial condition.
- The business and industry in which we participate are highly competitive, and we may be unable to compete successfully with our current or future competitors.
- We are subject to a wide variety of laws, regulations, and rules applicable to short-term rental and home sharing businesses, or that govern our business practices.
- If we are unable to successfully expand our global network or manage the risks presented by our business model internationally, our business, results of operations, and financial condition would be materially adversely affected.
- Changes in tax laws or tax rulings could materially affect our results of operations and financial condition.
- We may have exposure to greater than anticipated income tax liabilities.
- Uncertainty in the application of taxes to our Hosts, guests, or platform could increase our tax liabilities and may discourage Hosts and guests from conducting business on our platform.
- Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.
- Our use of artificial intelligence, machine learning, and automated decision making gives rise to legal, business, and operational risks.
- We may experience significant fluctuations in our results of operations, which make it difficult to forecast our future results.
- We could face liability for information or content on or accessible through our platform.
- Maintaining and enhancing our brand and reputation is critical to our growth, and negative publicity could damage our brand.
- Our share price has been, and may continue to be, volatile, and the value of our Class A common stock may decline.
- The multi-series structure of our common stock has the effect of concentrating voting control with certain holders of our common stock, including our directors, executive officers, and 5% stockholders and their respective affiliates.

## PART I

### Item 1. Business

#### Overview

We are a community based on connection and belonging—a community that was born in 2007 when two Hosts welcomed three guests to their San Francisco home, and has since grown to over 5 million Hosts who have welcomed over 1.5 billion guest arrivals in almost every country and region across the globe. Every day, Hosts offer unique stays and experiences that make it possible for guests to connect with communities in a more authentic way.

Airbnb has five stakeholders and is 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.

#### A Resilient Model

We believe we are well positioned for the road ahead due to our adaptability and relentless innovation. Our business model is adaptable. We have nearly every type of space in nearly every location, so however travel changes, we are able to adapt. Regardless of the economic environment, our guests come to Airbnb because they can find great value, and our Hosts can earn income. We've relentlessly innovated while also staying focused and disciplined.

#### Our Long-Term Growth Strategy

Our strategy is to continue to invest in our key strengths:

- *Make hosting mainstream.* We're focused on making hosting just as popular as traveling on Airbnb. We will continue to invest in growing the size and quality of our Host community. We plan to attract more Hosts globally by expanding use cases and supporting all different types of Hosts, including those who host occasionally. We will also continue to increase the support that we provide to our Hosts to deliver high-quality stays and experiences for guests. We'll continue to raise awareness around hosting, make it easier to get started, and improve the overall experience for Hosts.
- *Grow and engage our guest community.* We intend to continue to attract new guests to Airbnb and will continue to focus on engaging our existing guests to return to book and to use Airbnb with more frequency. With new behaviors developed during the COVID-19 pandemic, we believe the ways that people approach work, living, and travel have fundamentally changed. We believe there will be further opportunities to enhance our offerings based on these new behaviors and attract more guests to our platform.
- *Perfect the core service.* Our innovations are focused on improving our Host and guest experiences, making Airbnb more accessible and appealing for new Hosts and guests and driving increased engagement and loyalty with our existing community. Two years ago, we started doing twice-a-year product releases to address feedback from our existing community. Since then, we've launched more than 430 new features and upgrades to our core service. In the past year alone, this included improved customer service, total price display, and new tools to help Hosts set more competitive prices. We intend to continue to invest in our brand to educate new Hosts and guests on the benefits of Airbnb and the uniqueness of our offerings. We will continue to leverage our brand through a cohesive and integrated marketing strategy through our two annual product launches.
- *Expand our global network.* We've made significant progress over the past three years to build a strong and profitable business. In addition to laying the foundation for differentiated offerings for our Hosts and guests, we've been focused on international expansion. We are investing in under-penetrated international markets and have seen strong results. We plan to continue to expand our global network and partner with communities to update laws and regulations for short-term rentals to allow more Hosts to join our platform.

#### Our Platform

##### Our Platform for Hosts

We built our platform to seamlessly onboard new Hosts, especially those who previously had not considered hosting. We partner with Hosts throughout the process of setting up their listing and provide them with a robust suite of tools to successfully manage their listings, including scheduling, merchandising, integrated payments, community support, Host protections, pricing guidance, and feedback from reviews. During 2023, we launched new pricing tools to help Hosts set competitive prices, easily add weekly and monthly discounts, and compare their listing to similar ones in their area.

We count the number of Hosts on our platform based on the number of users with available listings, defined as accommodations and experiences that are viewable on our platform (excluding HotelTonight), as of a certain date. We consider a listing of a home or an experience to be an "active listing" if it is viewable on Airbnb and has been previously booked at least once on Airbnb (excluding HotelTonight).

## [Table of Contents](#)

### **Our Platform for Guests**

Our website and mobile apps provide our guests with an engaging way to explore a wide variety of unique homes and experiences and an easy way to book them. To better meet the needs of our guests, we have launched a series of new features and upgrades through our biannual product releases to help guests find affordable, high quality and reliable stays across the platform.

### **Our System of Trust**

The system for trust that we have designed includes the following components: Host and guest reviews, account protection, risk scoring, secure payments, a nondiscrimination policy, watchlist and background checks in certain jurisdictions, cleanliness, fraud and scam prevention, insurance and similar protections, booking restrictions, an urgent safety line, a 24/7 neighborhood support line, and a guest refund policy.

We offer top-to-bottom protection for our Hosts through AirCover for Hosts. AirCover for Hosts includes, among other features, guest property damage protection of up to \$3 million per stay, liability coverage to Hosts of up to \$1 million per occurrence in the event of third-party claims of personal injury or property damage, deep cleaning protection, and pet damage protection.

We also offer AirCover for guests, which provides support for serious issues with a booking or during a stay, including Host cancellations, inability to check-in, inaccurate listings, and a 24-hour safety support line.

We have new initiatives under development and will continue to create additional features to strengthen the trust and safety on our platform.

### **Our Technology**

Our technology platform powers our two-sided marketplace and enables our global network of Hosts and guests. As of December 31, 2023, we had more than 2,000 engineers within our product development organization. Given the nature of the business, our technology platform has broad and complex requirements:

- *Support of global payments.* It supports global payment capabilities and sophisticated anti-fraud and anti-money-laundering measures.
- *Delivery of global community support.* It provides multilingual, real-time community safety and support, and city-specific regulatory support.
- *Delivery of deep business insights.* It delivers deep business intelligence insights to manage our marketplace, including pricing insights and occupancy optimization for our Hosts.
- *Incorporation of artificial intelligence (“AI”)/machine learning.* It incorporates sophisticated AI to power key areas, from fraud detection, to personalized listing matching and enabling customized and real-time community support.
- *Operation of a microservices architecture.* We operate a microservices architecture and are evolving our foundational components to enable us to move rapidly in response to evolving customer needs without sacrificing correctness or stability.

As we continue to evolve our foundational technology, we are focused on the following broad capabilities:

- Data management systems that continue to support user privacy, analytics, machine learning/AI, and business insights.
- Service reliability leading to best-in-class performance centered on availability, latency, disaster recovery and business continuity, security, testability, observability, operability, and agility.
- Cloud support focusing on robust capabilities for granular attribution and usage patterns to realize efficiency gains.

These continued technological investments aim to ensure we have a robust platform that allows us to more quickly adapt to the needs of our Hosts and guests around the world and increase the productivity of our product development organization.

### **Our Marketing**

Our marketing strategy includes brand marketing, communications, and performance marketing. Brand marketing increases awareness among potential Hosts and guests, helping them understand the benefits of hosting and booking stays and experiences, and what makes these stays and experiences distinctly Airbnb. Our global communications team works across press, policy, and influencers to share timely and important news about Airbnb. They also oversee the execution of a global consumer, product, corporate, and policy-communications plan that supports our brand strategy and generates considerable press and social media coverage. While performance marketing drives additional traffic from high-intent prospective guests, the strength of the Airbnb brand and our communications strategy allows us to be less reliant on performance marketing.

### **Human Capital**

We consider the management of our global talent to be essential to the ongoing success of our business. As of December 31, 2023, we had 6,907 employees.

## [Table of Contents](#)

As of December 31, 2023, we relied on a global network of approximately 11,000 third-party contingent workers to handle the vast majority of our community support contacts. Our internal community support employees are comprised of operations teams who handle complex and sensitive issues, and enablement teams who support all community-facing teams, including our partners.

Attracting, recruiting, developing, and retaining diverse talent enables us to provide our Hosts and guests with innovative products and services as well as serve our other stakeholders. As of December 31, 2023, 49% of our global employees identify in the gender binary as women and 16% of our U.S.-based employees identify as under-represented minorities. Through our hiring process, we commit to encouraging diversity and eliminating bias, and we publish the changing demographic makeup of our workforce to hold ourselves accountable. We are also focused on supporting our employees across the employee lifecycle from recruitment to onboarding to ongoing development.

Our Live and Work Anywhere policy allows for the vast majority of our employees to work remotely on a permanent basis. We believe that expanding our talent pool beyond the commuting radius near our offices will allow us to attract the best and most diverse employees over time. We aim to create a highly coordinated working culture, and as such, will continue to promote ways to keep employees highly engaged and connected by aligning employees' work through our roadmap, as well as curating employee collaboration sessions either in the office or at off-site locations.

## **Climate Change**

In 2021, we committed to a goal to operate as a net zero company for our global corporate operations by 2030, reducing greenhouse gas emissions associated with our corporate operations across Scope 1 (direct emissions from stationary combustion and refrigerants), Scope 2 (indirect emissions from purchased electricity, diesel generators and district heat), and the following Scope 3 categories defined by the Greenhouse Gas Protocol: purchased goods and services, capital goods, fuel- and energy-related activities (not included in Scope 1 or Scope 2), waste generated in operations, business travel, employee commuting, and upstream leased assets. To meet our goals, we are implementing a broad range of initiatives designed to help decarbonize our business and make our corporate operations more sustainable.

We also purchase, and plan to continue purchasing, carbon credits to fully achieve our emissions goals in the long-term. Our aim is to procure such credits from high integrity projects, with a focus on nature-based solutions where feasible.

## **Regulations**

We are subject to laws, regulations, and rules that affect the short-term rental and home sharing business at city, state, country, and regional levels. While a number of cities and countries have implemented legislation to address short-term rentals, there are many others that are not yet explicitly addressing or enforcing short-term rental laws, and could follow suit and enact regulations. We seek to work with governments to establish clear, fair, and workable home sharing rules to create clarity for our Hosts.

No single city represented more than 2% of our revenue before adjustments for incentives and refunds during the year ended December 31, 2023 or approximately 1% of our active listings as of December 31, 2023. Incentives include our referral programs and marketing promotions to encourage the use of our platform and attract new Hosts and guests, while our refunds to Hosts and guests are part of our support activities. We do not believe that the current regulations in our top 10 cities, in the aggregate, have had or are expected to have a material adverse impact on our results of operations and financial condition. We will continue to collaborate with policymakers to implement sensible legislation around the world.

In addition to laws, regulations, and rules directly applicable to the short-term rental and home sharing business, we are subject to a wide variety of laws, regulations and rules governing our business practices. These include those related to the Internet, e-commerce, and electronic devices, and involving taxation, privacy, data privacy, data security, pricing, content, advertising, discrimination, consumer protection, protection of minors, copyrights, distribution, messaging, mobile communications, use of AI and automated decision making, electronic device certification, electronic waste, electronic contracts, communications, Internet access, competition, and unfair commercial practices. We are also subject to laws, regulations, and rules governing the provision of online payment services, the design and operation of our platform, and the operations, characteristics, and quality of our platform and services. Additionally, we are subject to a variety of taxes and tax collection obligations in the United States (federal, state, and local) and numerous foreign jurisdictions.

Our payments platform is subject to various laws, rules, regulations, policies, legal interpretations, and regulatory guidance, including those governing cross-border and domestic money transmission and funds transfers, stored value and prepaid access, foreign exchange, data privacy, data security, and cybersecurity, banking secrecy, payment services (including payment processing and settlement services), consumer protection, economic and trade sanctions, anti-corruption and anti-bribery, and anti-money laundering and counter-terrorist financing.

Our business collects, processes, and uses the personal data of individuals across the globe. As a result, compliance with laws on data privacy and data security regulating the collection, storage, handling, use, disclosure, transfer, security, and other processing of personal data is core to our strategy and integral to the creation of trust in our platform. We take a variety of technical and organizational security measures and other procedures and protocols designed to protect data, including data pertaining to Hosts, guests, employees, and others.

Legal requirements relating to the collection, storage, handling, use, disclosure, transfer, security and other processing of personal data continue to evolve, and regulatory scrutiny in this area is increasing around the world. This increases the complexity of compliance requirements, may limit offerings, and result in additional expenses while also diverting attention and resources from other projects. Regulators around the world continue to propose more stringent data privacy and data security laws, and these laws are rapidly increasing in number, complexity, enforcement, fines, and penalties. Data privacy and data security laws and their interpretations continue to develop and may be inconsistent from jurisdiction to jurisdiction.



## [Table of Contents](#)

As we continue to expand the reach of our brand into additional markets, we will be increasingly subject to additional laws, regulations, and rules.

For additional information regarding these and other laws, regulations, and rules that affect us and our business, see Note 13, *Commitments and Contingencies – Legal and Regulatory Matters – Regulatory Matters*, to our consolidated financial statements included in Item 8 of Part I of this Annual Report on Form 10-K and Item 1A. Risk Factors of Part I of this Annual Report on Form 10-K.

### **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 Europe, the Middle East, and Africa (“EMEA”). Our key business metrics, including Gross Booking Value (“GBV”) and Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”), can also be impacted by the timing of holidays and other events. We experience seasonality in our GBV that is generally consistent with the seasonality of Nights and Experiences Booked. Revenue and Adjusted EBITDA have historically been, and are expected to continue to be, highest in the third quarter when we have the most check-ins, which is the point at which we recognize revenue. Seasonal trends in our GBV impact Free Cash Flow for any given quarter. A significant portion of our costs are relatively fixed across quarters or vary in line with the volume of transactions, and we historically achieve our highest GBV in the first and second quarters of the year with comparatively lower check-ins. As a result, increases in unearned fees typically make our Free Cash Flow and Free Cash Flow as a percentage of revenue the highest in the first two quarters of the year. We typically see a slight decline in GBV and a peak in check-ins in the third quarter, which results in a decrease in unearned fees, a lower sequential decrease in Free Cash Flow, and a greater decline in GBV in the fourth quarter, where Free Cash Flow is typically lower. As our business and travel continues to recover following the COVID-19 pandemic, other seasonal trends may develop, or these existing seasonal trends may become more extreme. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Key Business Metrics and Non-GAAP Financial Measures” included in Item 7 of Part II of this Annual Report on Form 10-K for definitions of our key business metrics.

### **Competition**

We operate in a highly competitive environment. As we seek to expand our community globally, we face competition in attracting Hosts and guests.

#### **Competition for Hosts**

We compete to attract and retain Hosts to and on our platform to list their homes and experiences, as Hosts have a range of options for doing so. We compete for Hosts based on many factors including the volume of bookings generated by guests, ease of use of our platform, the service fees we charge, Host protections, such as those included in AirCover for Hosts, and our brand.

#### **Competition for Guests**

We compete to attract and retain guests to and on our platform, as guests have a range of options to find and book accommodations and experiences. We compete for guests based on many factors, including unique inventory and availability of listings, the value and all-in cost of Host offerings on our platform relative to other options, our brand, ease of use of our platform, the trust and safety of our platform, and community support.

Our competitors include:

- Online travel agencies (“OTAs”), such as Booking Holdings (including the brands Booking.com, KAYAK, Priceline.com, and Agoda.com), Expedia Group (including the brands Expedia, Vrbo, HomeAway, Hotels.com, Orbitz, and Travelocity), Trip.com Group (including the brands Ctrip.com, Trip.com, Qunar, Tongcheng-eLong, and SkyScanner), Hopper, Fliggy (a subsidiary of Alibaba), Despegar, MakeMyTrip, and other regional OTAs;
- Internet search engines, such as Google, including its travel search products, Baidu, and other regional search engines;
- Listing and meta search websites, such as TripAdvisor, Trivago, Mafengwo, AllTheRooms.com, Hometogo, Holidu, and Craigslist;
- Hotel chains, such as Marriott, Hilton, Accor, Wyndham, InterContinental, OYO, and Huazhu, as well as boutique hotel chains and independent hotels;
- Property management companies, such as Vacasa, Sonder, Inspirato, Evolve, Awaze, and other regional property management companies; and
- Online platforms offering experiences, such as Viator, GetYourGuide, Klook, Traveloka, TUI Musement, and KKDay.

### **Our Intellectual Property**

Our intellectual property is an important component of our business. To establish and protect our proprietary rights, we rely on a combination of patents, trademarks, copyrights, domain names, social media handles, know-how, license agreements, confidentiality procedures, non-disclosure agreements with third parties, employee disclosure and invention assignment agreements, and other intellectual property and contractual rights.

We have a substantial patent portfolio, consisting of issued patents and pending patent applications (“patent assets”) from the United States and multiple foreign jurisdictions. The portfolio includes both organically grown and acquired patent assets. We own a trademark portfolio with protections in 170 countries in which we currently operate for our primary brands — AIRBNB and our Bélo logo. Additionally, we own trademark protections around the world for other brands or protectable brand elements important to our business, including but

## [Table of Contents](#)

not limited to Rausch, our primary corporate color, localizations, translations, and transliterations of our primary brands, and brands associated with businesses we have acquired. We have registered domain names that we use in or relate to our business, such as the airbnb.com domain name and country code top level domain name equivalents.

### **Available Information**

Our website address is [www.airbnb.com](http://www.airbnb.com). Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report on Form 10-K. The U.S. Securities and Exchange Commission ("SEC") maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov). Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") are also available free of charge on our investor relations website ([investors.airbnb.com](http://investors.airbnb.com)) as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We webcast our quarterly results calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, and press and earnings releases, as part of our investor relations website. The contents of these websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file.

## Item 1A. Risk Factors

*Our business, operations, and financial results are subject to various risks and uncertainties, including those described below, that could materially adversely affect our business, results of operations, financial condition, and the trading price of our Class A common stock. The following material factors, 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.*

### Risks Related to Our Business

#### ***Our revenue growth rate has slowed over time, and we expect it to continue to slow in the future.***

We have experienced significant revenue growth in the past; however, our revenue growth rate has slowed over time and there is no assurance that historic growth rates will return. Our future revenue growth depends on the growth of supply and demand for listings on our platform, and our business is affected by general economic and business conditions worldwide as well as trends in the global travel and hospitality industries and the short and long-term accommodation regulatory landscape. In addition, we believe that our revenue growth depends upon a number of factors, including:

- global macroeconomic conditions, including inflation and rising interest rates and recessionary concerns;
- our ability to retain and grow the number of guests and Nights and Experiences Booked;
- our ability to retain and grow the number of Hosts and the number of available listings on our platform;
- events beyond our control such as pandemics and other health concerns, restrictions on travel and immigration, political, social or economic instability, including international disputes, war, or terrorism, trade disputes, economic downturns, and the impact of climate change on travel including the availability of preferred destinations and the increase in the frequency and severity of weather-related events, including fires, floods, droughts, extreme temperatures and ambient temperature increases, severe weather, and other natural disasters, and the impact of other climate change on seasonal destinations;
- competition;
- the legal and regulatory landscape and changes in the application of existing laws and regulations or adoption of new laws and regulations that impact our business, Hosts, and/or guests, including changes in short-term occupancy, tax laws, and real estate broker laws;
- the attractiveness of home sharing to prospective Hosts and guests;
- the level of consumer awareness and perception of our brand;
- our ability to build and strengthen trust and safety on our platform and among members of our community;
- the level of spending on brand and performance marketing to attract Hosts and guests to our platform;
- our ability to grow new offerings and to deepen our presence in certain geographies;
- timing, effectiveness, and costs of expansion and upgrades to our platform and infrastructure; and
- other risks described elsewhere in this Annual Report on Form 10-K.

A softening of demand, whether caused by events outside of our control, challenging macroeconomic and political conditions, changes in Host and guest preferences, public health crises such as pandemics, and any of the other factors described above, in this Annual Report on Form 10-K, or otherwise, may result in decreased revenue and our business, results of operations, and financial condition would be materially adversely affected.

#### ***If we fail to retain existing Hosts or add new Hosts, or if Hosts fail to provide high-quality stays and experiences, our business, results of operations, and financial condition would be materially adversely affected.***

Our business depends on Hosts maintaining their listings on our platform and engaging in practices that encourage guests to book those listings, including increasing the number of nights and experiences that are available to book, providing timely responses to inquiries from guests, offering a variety of desirable and differentiated listings at competitive prices that meet the expectations of guests, and offering exceptional hospitality, services, and experiences to guests. These practices are outside of our direct control. If Hosts do not establish or maintain a sufficient number of listings and availability for listings, the number of Nights and Experiences Booked declines for a particular period, or the price charged by Hosts declines, our revenue would decline and our business, results of operations, and financial condition would be materially adversely affected.

Hosts manage and control their spaces and experiences and typically market them on our platform with no obligation to make them available to guests for specified dates and with no obligation to accept bookings from prospective guests. We have had many Hosts list their properties on our platform in one period and cease to offer these properties in subsequent periods for a variety of reasons. While we plan to continue to invest in our Host community and in tools to assist Hosts, these investments may not be successful in growing our Hosts and listings on our platform. In addition, Hosts may not establish or maintain listings if we cannot attract prospective guests to our platform and generate bookings from a large number of guests. If we are unable to retain existing Hosts or add new Hosts, or if Hosts elect to market their listings exclusively with a competitor or cross-list with a competitor, we may be unable to offer a sufficient supply and variety of properties or experiences to attract guests to use our platform. In particular, it is critical that we continue to attract and retain individual Hosts who list their spaces, including private rooms, primary homes, or vacation homes, on Airbnb. We attract individual Hosts predominantly through organic channels such as word of mouth and our strong brand recognition. If we are unable to attract and retain individual Hosts in a cost-effective manner, or at all, our business, results of operations, and financial condition would be materially adversely affected.

Professional Hosts, including property management companies, serviced apartment providers, and boutique hotels, expand the types of listings available to our guests. These professional Hosts often list on our platform as well as on the platforms of our competitors. We do not control whether professional Hosts provide us with a sizable allocation of rooms and competitive pricing relative to the same properties

## [Table of Contents](#)

listed with other services. If we are not able to effectively deploy professional tools, application programming interfaces, and payment processes, work with third-party channel managers, and develop effective sales and account management teams that address the needs of these professional Hosts, we may not be able to attract and retain professional Hosts. If our fee structure and payment terms are not as competitive as those of our competitors, these professional Hosts may choose to provide less inventory and availability with us. Historically, we have seen an increase in the number of, and revenue from, professional Hosts on our platform. The uniqueness of listings on our platform will be negatively impacted if the number of individual Hosts does not grow at the same rate.

In addition, the number of listings on Airbnb may decline as a result of a number of other factors affecting Hosts, including: any pandemic; enforcement or threatened enforcement of laws and regulations, including short-term occupancy and tax laws; private groups, such as homeowners, landlords, and condominium and neighborhood associations, adopting and enforcing contracts that prohibit or restrict home sharing; leases, mortgages, and other agreements, or regulations that purport to ban or otherwise restrict home sharing; Hosts opting for long-term rentals on other third-party platforms as an alternative to listing on our platform; economic, social, and political factors; perceptions of trust and safety on and off our platform; negative experiences with guests, including guests who damage Host property, throw unauthorized parties, or engage in violent and unlawful acts; and our decision to remove Hosts from our platform for not adhering to our Host standards or other factors we deem detrimental to our community.

We believe that our Host protection programs, including those provided through AirCover for Hosts, are integral to retaining and acquiring Hosts. AirCover for Hosts includes but is not limited to our Host Damage Protection program, which protects Hosts against guest property damage of up to \$3 million, and our Host Liability Insurance and Experiences Liability Insurance, which provide liability insurance of up to \$1 million, to protect our Hosts against qualifying third-party claims for personal injury or property damage. If we discontinue these programs or these programs prove less effective, whether because our payouts under these programs or our insurance premiums become cost prohibitive or for any other reason, then the number of Hosts who list with us may decline.

Hosts and guests whose reservations are canceled under our extenuating circumstances policy have had and may continue to have a negative view of our policy and may experience negative financial impacts as a result of such cancellations. This could materially negatively impact our relationship with our Hosts and guests, resulting in Hosts leaving our platform, removing their listings, and/or offering less availability, or fewer repeat guests, which in turn could have a material adverse impact on our business, results of operations, and financial condition.

***If we fail to retain existing guests or add new guests, our business, results of operations, and financial condition would be materially adversely affected.***

Our success depends significantly on existing guests continuing to book and attracting new guests to book on our platform. Our ability to attract and retain guests could be materially adversely affected by a number of factors discussed elsewhere in these “Risk Factors,” including:

- events beyond our control such as pandemics and health concerns, restrictions on travel, immigration, trade disputes, economic downturns, and the impact of climate change on travel including the availability of preferred destinations and the increase in the frequency and severity of weather-related events, including fires, floods, droughts, extreme temperatures and ambient temperature increases, severe weather and other natural disasters, and the impact of other climate change on seasonal destinations;
- political, social, or economic instability in the United States or globally;
- Hosts failing to meet guests’ expectations;
- increased competition and use of our competitors’ platforms and services;
- Hosts failing to provide differentiated, high-quality, and an adequate supply of stays or experiences at competitive prices;
- guests not receiving timely and adequate community support from us;
- our failure to provide new or enhanced offerings or features that guests value;
- declines or inefficiencies in our marketing efforts;
- negative associations with, or reduced awareness of, our brand;
- actual or perceived discrimination by Hosts in deciding whether to accept a requested reservation;
- negative perceptions of the trust and safety on our platform; and
- macroeconomic and other conditions outside of our control affecting travel and hospitality industries generally.

In addition, if our platform is not easy to navigate, guests have an unsatisfactory sign-up, search, booking, or payment experience on our platform, the listings and other content provided on our platform is not displayed effectively to guests, we are not effective in engaging guests across our various offerings, or we fail to provide an experience in a manner that meets rapidly changing demand, we could fail to convert first-time guests and fail to engage with existing guests, which would materially adversely affect our business, results of operations, and financial condition.

***If our new offerings and initiatives are unsuccessful, we may fail to grow, and our business, results of operations, and financial condition would be materially adversely affected.***

We continue to invest in the development of new offerings and initiatives, including innovations focused on improving our Host and guest experiences. Developing and delivering these new offerings and initiatives increase our expenses and our organizational complexity, and we may experience difficulties in developing and implementing these new offerings and initiatives.

Our new offerings and initiatives have a high degree of risk, as they may involve unproven businesses with which we have limited or no prior development or operating experience. There can be no assurance that our Hosts and guests will adopt or respond positively to such offerings and initiatives, that we will be able to successfully manage the development and delivery of such offerings and initiatives, or that any of these offerings or initiatives will help attract and retain users on our platform and gain sufficient market acceptance to generate sufficient revenue to offset associated expenses or liabilities. It is also possible that offerings developed by others will render our offerings

## [Table of Contents](#)

and initiatives noncompetitive or obsolete. Further, these efforts entail investments in our systems and infrastructure, payments platform, and increased legal and regulatory compliance expenses, could distract management from current operations, and will divert capital and other resources from our more established offerings and initiatives. Even if we are successful in developing new offerings and initiatives, regulatory authorities may subject us or our Hosts and guests to new rules, taxes, or restrictions or more aggressively enforce existing rules, taxes, or restrictions, that could increase our expenses or prevent us from successfully commercializing these initiatives. If we do not realize the expected benefits of our investments in new offerings and initiatives, we may fail to grow and our business, results of operations, and financial condition would be materially adversely affected.

***Any decline or disruption in the travel and hospitality industries or economic downturn could materially adversely affect our business, results of operations, and financial condition.***

Our financial performance is dependent on the strength of the travel and hospitality industries. Events beyond our control, such as unusual or extreme weather or natural disasters, such as earthquakes, hurricanes, fires, tsunamis, floods, severe weather, droughts, extreme temperatures and ambient temperature increases, and volcanic eruptions, the frequency and severity of which may be increasingly impacted by climate change in future years (although it is currently impossible to predict with accuracy the scale of such impact), and travel-related health concerns including pandemics and epidemics such as Ebola, Zika, Middle East Respiratory Syndrome, and COVID-19, trade or immigration policies, wars, such as the ongoing military action between Russia and Ukraine or in the Middle East, terrorist attacks, sources of political uncertainty, political unrest, protests, violence in connection with political or social events, foreign policy changes, regional hostilities, flight capacity restrictions, immigration restrictions (including backlogs on passport renewals or limitations on visa grants), imposition of taxes or surcharges by regulatory authorities, changes in regulations, policies, or conditions related to physical climate change-related impacts, including chronic and acute climate-related impacts and climate-related migration, sustainability-related conditions, work stoppages, labor unrest, or travel-related accidents can disrupt travel globally or otherwise result in declines in travel demand. Because many of these events or concerns, and the full impact of their effects, are largely unpredictable, they can dramatically and suddenly affect travel behavior by consumers, and therefore demand for our platform and services, which could materially adversely affect our business, results of operations, and financial condition. In addition, increasing awareness of the impact of air travel on climate change and the impact of over-tourism may adversely impact the travel and hospitality industries and demand for our platform and services, whether due to the imposition of policies and regulations or changing societal attitudes towards travel.

Additionally, the impact of macroeconomic conditions, including adverse economic conditions, are highly uncertain and cannot be predicted. Our financial performance is subject to global economic conditions and their impact on levels of discretionary consumer spending. Some of the factors that have an impact on discretionary consumer spending include general economic conditions, worldwide or regional recession, unemployment, consumer debt, reductions in net worth, fluctuations in exchange rates, inflation, residential real estate and mortgage markets, taxation, energy prices, interest rates, consumer confidence, tariffs, and other macroeconomic factors. Additional adverse macroeconomic conditions, including inflation, slower growth or recession, higher interest rates, high unemployment, and currency fluctuations can adversely affect consumer confidence in spending and materially adversely affect the demand for travel or similar experiences. Additionally, consumer confidence and spending can be materially adversely affected in response to financial market volatility, negative financial news, conditions in the real estate and mortgage markets, declines in income or asset values, energy shortages or cost increases, labor and healthcare costs, and other economic factors. These factors may affect demand for our offerings, and uncertainty about global or regional economic conditions can also have a negative adverse impact on the number of Hosts and guests who use our platform. Consumer preferences tend to shift to lower-cost alternatives during recessionary periods and other periods in which disposable income is adversely affected, which could lead to a decline in the bookings and prices for stays and experiences on our platform and an increase in cancellations, and thus result in lower revenue. Leisure travel in particular, which accounts for a substantial majority of our current business, is dependent on discretionary consumer spending levels. Downturns in worldwide or regional economic conditions have led to a general decrease in leisure travel and travel spending in the past, and similar downturns in the future may materially adversely impact demand for our platform and services. Such a shift in consumer behavior would materially adversely affect our business, results of operations, and financial condition.

***The business and industry in which we participate are highly competitive, and we may be unable to compete successfully with our current or future competitors.***

We operate in a highly competitive environment and we face significant competition in attracting Hosts and guests.

- **Hosts.** We compete to attract, engage, and retain Hosts on our platform to list their spaces and experiences. Hosts have a range of options for listing their spaces and experiences, both online and offline. It is also common for Hosts to cross-list their offerings. We compete for Hosts based on many factors, including the volume of bookings generated by our guests; ease of use of our platform (including onboarding, community support, and payments); the service fees we charge; Host protections, such as our Host Liability Insurance, Experiences Liability Insurance, and Host Damage Protection program; and our brand.
- **Guests.** We compete to attract, engage, and retain guests on our platform. Guests have a range of options to find and book spaces, hotel rooms, serviced apartments, and other accommodations and experiences, both online and offline. We compete for guests based on many factors, including unique inventory and availability of listings, the value and all-in cost of our offerings relative to other options, our brand, ease of use of our platform, the relevance and personalization of search results, the trust and safety of our platform, and community support.

We believe that our competitors include:

- OTAs such as Booking Holdings (including the brands Booking.com, KAYAK, Priceline.com, and Agoda.com), Expedia Group (including the brands Expedia, Vrbo, HomeAway, Hotels.com, Orbitz, and Travelocity), Trip.com Group (including the brands Ctrip.com, Trip.com, Qunar, Tongcheng-eLong, and SkyScanner), Hopper, Fliggy (a subsidiary of Alibaba), Despegar, MakeMyTrip, and other regional OTAs;

## [Table of Contents](#)

- Internet search engines, such as Google, including its travel search products, Baidu, and other regional search engines;
- Listing and meta search websites, such as TripAdvisor, Trivago, Mafengwo, AllTheRooms.com, Hometogo, Holidu, and Craigslist;
- Hotel chains, such as Marriott, Hilton, Accor, Wyndham, InterContinental, OYO, and Huazhu, as well as boutique hotel chains and independent hotels;
- Property management companies, such as Vacasa, Sonder, Inspirato, Evolve, Awaze, and other regional property management companies; and
- Online platforms offering experiences, such as Viator, GetYourGuide, Klook, Traveloka, TUI Musement, and KKDay.

Our competitors are adopting aspects of our business model, which could affect our ability to differentiate our offerings from competitors. Increased competition could result in reduced demand for our platform from Hosts and guests, slow our growth, and materially adversely affect our business, results of operations, and financial condition.

Many of our current and potential competitors enjoy substantial competitive advantages over us, such as greater name and brand recognition, longer operating histories, larger marketing budgets, and loyalty programs, as well as substantially greater financial, technical, and other resources. In addition, our current or potential competitors have access to larger user bases and/or inventory for accommodations, and may provide multiple travel products, including flights. As a result, our competitors may be able to provide consumers with a better or more complete product experience and respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or Host and guest requirements or preferences. The global travel industry has experienced significant consolidation, and we expect this trend may continue as companies attempt to strengthen or hold their market positions in a highly competitive industry. Consolidation amongst our competitors will give them increased scale and may enhance their capacity, abilities, and resources, and lower their cost structures. In addition, emerging start-ups may be able to innovate and focus on developing a new product or service faster than we can or may foresee consumer need for new offerings or technologies before we do.

There are now numerous competing companies that offer homes for booking, which may be cross-listed on our platform, listed on competing platforms, and/or available through direct booking sites. Some of these competitors also aggregate property listings obtained through various sources, including the websites of property managers. Some of our Hosts have chosen to cross-list their properties, which reduces the availability of such properties on our platform. When properties are cross-listed, the price paid by guests on our platform may be or may appear to be less competitive for a number of reasons, including differences in fee structure and policies, which may cause guests to book through other services, which could materially adversely affect our business, results of operations, and financial condition. Certain property managers reach out to our Hosts and guests to incentivize them to list or book directly with them and bypass our platform, and certain Hosts may encourage transactions outside of our platform, which reduces the use of our platform and services.

Some of our competitors or potential competitors have more established or varied relationships with consumers than we do, and they could use these advantages in ways that could affect our competitive position, including by entering the travel and accommodations businesses. For example, some competitors or potential competitors are creating “super-apps” where consumers can use many online services without leaving that company’s app, e.g., in particular regions, such as Asia, where e-commerce transactions are conducted primarily through apps on mobile devices. If any of these platforms are successful in offering services similar to ours to consumers, or if we are unable to offer our services to consumers within these super-apps, our customer acquisition efforts could be less effective and our customer acquisition costs, including our brand and performance marketing expenses, could increase, any of which could materially adversely affect our business, results of operations, and financial condition. We also face increasing competition from search engines including Google. How Google presents travel search results, and its promotion of its own travel meta-search services, such as Google Travel and Google Vacation Rental Ads, or similar actions from other search engines, and their practices concerning search rankings, could decrease our search traffic, increase traffic acquisition costs, and/or disintermediate our platform. These parties can also offer their own comprehensive travel planning and booking tools, or refer leads directly to suppliers, other favored partners, or themselves, which could also disintermediate our platform. In addition, if Google or Apple use their own mobile operating systems or app distribution channels to favor their own or other preferred travel service offerings, or impose policies that effectively disallow us to continue our full product offerings in those channels, it could materially adversely affect our ability to engage with Hosts and guests who access our platform via mobile apps or search.

***We are subject to a wide variety of laws, regulations and rules applicable to short-term rental and home sharing businesses, or that govern our business practices, including among others, e-commerce, data privacy, advertising, consumer protection, employment law, and commercial practices. Such laws and regulations are complex, evolving, and sometimes inconsistent and have limited and may continue to limit the ability or willingness of Hosts to share their spaces through our platform and expose our users or us to regulatory inquiries, litigation or other disputes and to significant liabilities, including taxes, compliance costs, fines, and criminal or other penalties, which have had and could continue to have a material adverse effect on our business, results of operations, and financial condition.***

Hosts list, and guests search for, stays and experiences on our platform in more than 220 countries and regions across the globe. There are national, state, local, and foreign laws and regulations in jurisdictions that relate to or affect our business and, since we began our operations in 2008, there have been and continue to be legal and regulatory developments and inconsistent or ambiguous interpretations among local, regional, or national laws or regulations that affect the short-term rental, long-term rental, and home sharing business.

### *Compliance Costs*

Compliance with laws and regulations of different jurisdictions imposing varying standards and requirements is burdensome for businesses like ours, imposes added cost and increases potential liability to our business, and makes it difficult to realize business efficiencies and economies of scale. For example, we incur significant operational costs to comply with requirements of jurisdictions and cities that have disparate requirements around tax collection, tax reporting, Host registration, limits on lengths of stays, and other regulations, each of which require us to dedicate significant resources to provide the infrastructure and tools needed on our platform for our Hosts to meet these legal requirements and for us to fulfill any obligations we may have. Environmental, health, and safety requirements have also become increasingly stringent, and our costs, and our Hosts’ costs, to comply with such requirements may increase as a result. The complexity of our

## [Table of Contents](#)

platform and changes required to comply with the large number of disparate requirements can lead to compliance gaps if our internal resources cannot keep up with the pace of regulatory change and new requirements imposed on our platform, or if our platform does not work as intended or has errors or bugs. Additionally, new or revised laws and regulations or new interpretations of existing laws and regulations, could further affect the operation of our Hosts' properties or result in significant additional expense and operating restrictions on us.

It may be difficult or impossible for us to investigate or evaluate laws or regulations in all cities, countries, and regions. The application of existing laws and regulations to our business and platform can be unclear and may be difficult for Hosts, guests, and us to understand and apply, and are subject to change, as governments or government agencies seek to apply legacy systems of laws or adopt new laws to new online business models in the travel and accommodations industries, including ours. Uncertain and unclear application of such laws and regulations to Host and guest activity and our platform could cause and has caused some Hosts and guests to leave or choose not to use our platform, reduce supply and demand for our platform and services, increase the costs of compliance with such laws and regulations, and increase the threat of litigation or enforcement actions related to our platform, all of which would materially adversely affect our business, results of operations, and financial condition. See our risk factor titled "We could face liability for information or content on or accessible through our platform."

There are laws that apply to us, and there are laws that apply to our Hosts and/or guests. While we require our Hosts and guests to comply with their own independent legal obligations under our terms of service, we have limited means of enforcing or ensuring the compliance of our Hosts and guests with all applicable legal requirements. Sometimes governments try to hold us responsible for laws that apply to our Hosts and/or guests. Whether applicable to us, our Hosts, and/or our guests, the related consequences arising out of such laws and regulations, including penalties for violations of and costs to maintain compliance with such laws and regulations, have had and could continue to have a material adverse effect on our reputation, business, results of operations, and financial condition. See our risk factor titled "Changes in tax laws or tax rulings could materially affect our results of operations and financial condition."

With respect to online payment services, in June 2023 the European Commission proposed replacing the current Payment Services Directive ("PSD2") with a new directive on the same topic ("PSD3") and a new regulation on the same ("PSR"). The European Commission in parallel proposed a Financial Data Access Regulation ("FIDA"). PSD3 and the PSR will include amendments to strong customer authentication and anti-fraud obligations amongst other day to day requirements, and FIDA requires data holders (including payment institutions and EMIs) to provide customer data, including both personal and non-personal data to other data holders. PSD3, the PSR and FIDA are still in draft, however when finalized and in-force, they may increase our compliance costs and require additional resources as well as changes to our processes and operations. In addition, in January 2023, the UK HM Treasury published a review of the UK Payment Services Regulations 2017 ("UK PSR") and call for evidence. The review and call for evidence contained minimal information on areas of reform, other than a handful of areas including strong customer authentication requirements, information requirements regarding currency conversion charges, and notice provisions for the termination of customer contracts. Should the UK decide to reform the UK PSR, this may increase our compliance costs and require additional resources as well as changes to our processes and operations.

We take certain measures to comply, and to help Hosts comply with laws and regulations, such as requiring registration numbers to be displayed on a listing profile for listings in some jurisdictions where such registration is required. These measures, changes to them, and any future measures we adopt could increase friction on our platform, and reduce the number of listings available on our platform from Hosts and bookings by guests, and could reduce the activity of Hosts and guests on our platform. We may be subject to additional laws and regulations which could require significant changes to our platform that discourage Hosts and guests from using our platform. Furthermore, if we become more involved in Hosts' listings and conduct related to bookings, then we are more likely to draw scrutiny and additional regulations from governments and undercut various defenses we may have to claims or attempts to regulate us, which further constrain our business and impose additional liability on us as a platform.

### *Regulatory Developments*

Hotels and groups affiliated with hotels have engaged and will likely continue to engage in various lobbying and political efforts for stricter regulations governing our business in both local and national jurisdictions. Other private groups, such as homeowners, landlords, and condominium and neighborhood associations, have adopted contracts or regulations that purport to ban or otherwise restrict short-term rentals, and third-party lease agreements between landlords and tenants, home insurance policies, and mortgages may prevent or restrict the ability of Hosts to list their spaces. These groups and others cite concerns around affordable housing and over-tourism in major cities among other issues, and some state and local governments have implemented or considered implementing rules, ordinances, or regulations governing the short-term or long-term rental of properties and/or home sharing.

Legislation could have a material impact on the way short-term and long-term rentals are regulated. Such regulations include ordinances that restrict or ban Hosts from short-term rentals or long-term rentals, set annual caps on the number of days Hosts can share their homes, require Hosts to register with the municipality or city, or require Hosts to obtain permission before offering short-term rentals, or impose obligations on us to assist in the enforcement of these regulations. For example, in New York City a law enacted in 2022 limits the properties that can host short-term rentals. It also contains several new obligations for short-term rental hosts and platforms. Existing, and changes to, laws and regulations such as these may limit Hosts' ability and willingness to list on our platform and may result in significant fines, liabilities, and penalties to the Company. In addition, some jurisdictions regard short-term rental or home sharing as "hotel use" and claim that such use constitutes a conversion of a residential property to a commercial property. Macroeconomic pressures and public policy concerns could continue to lead to new laws and regulations, or interpretations of existing laws and regulations, or widespread enforcement actions that limit the ability of Hosts to share their spaces or impose obligations upon us. For example, the European Union's regulation on short-term rentals (the "EU STR Regulation") is expected to enter into force in April 2024 and EU member states will have two years to give effect to the new rules under the regulation. The EU STR Regulation includes steps to enhance the transparency of certain host information on platforms (such as host registration numbers where required locally) and monthly reporting by platforms to local authorities (including, for example, host information, length of stay, and number of guests). The EU STR Regulation could have a material impact on the way short-term rentals are regulated in the European Union and will require us to invest additional resources to assess our compliance and make appropriate



## [Table of Contents](#)

adjustments in order to comply with its requirements. If laws, regulations, rules, or agreements significantly restrict or discourage Hosts in certain jurisdictions from sharing their properties, it would have a material adverse effect on our business, results of operations, and financial condition.

While a number of cities and countries have implemented legislation to address short-term rentals, there are many others that are not yet explicitly addressing or enforcing short-term rental or long-term rental laws, and could follow suit and enact regulations with direct requirements on platforms such as Airbnb. New laws, regulations, government policies, or changes in their interpretations entail significant challenges and uncertainties. In the event of any such changes, pre-existing bookings may not be honored and current and future listings and bookings could decline significantly, and our relationship with our Hosts and guests could be negatively impacted, which would have a materially adverse effect on our business, results of operations, and financial condition. For example, if new regulations requiring us to share Host data with governmental organizations or to ensure that Hosts have a registration or permit number before publishing their listings or some other form of regulation are implemented, our revenue from listings there may be substantially reduced due to the departure from our platform of Hosts who do not wish to share their data or to obtain a registration or permit number. A reduction in supply and cancellations could make our platform less attractive to guests, and any reduction in the number of guests could further reduce the number of Hosts on our platform.

While we seek to work with governments, we have in the past been, and are likely in the future to become, involved in disputes with government agencies regarding laws and regulations. For example, some governments have attempted to impose fines on us regarding what they contend is illegal offering of short-term accommodations in violation of applicable laws. Certain jurisdictions have adopted laws and regulations that seek to impose various types of taxes, including lodging taxes, often known as transient or occupancy taxes, on our guests, collection and remittance obligations on our Hosts and/or us, and withholding obligations on us, as more fully described in our risk factor titled “Uncertainty in the application of taxes to our Hosts, guests, or platform could increase our tax liabilities and may discourage Hosts and guests from conducting business on our platform” and “Changes in tax laws or tax rulings could materially affect our results of operations and financial condition.” In addition, some third parties and regulators have asserted and may in the future assert that we, through our operations, are subject to regulations with respect to short-term rentals, Host registration, licensing, and other requirements for the listing of accommodations and experiences, such as real estate broker or agent licenses, travel agency licenses, e-commerce platform operator, and insurance-related licenses. We could be held liable and incur significant financial and potential criminal penalties if we are found to have violated any of these regulations. In certain jurisdictions, we have resolved disputes concerning the application of these laws and regulations by agreeing, among other things, to remove listings from our platform at the request of government entities, to require Hosts to enter a permit or registration number or take other action before publishing listings on our platform, to share certain data with government agencies to assist in the enforcement of limits on short-term or long-term rentals as well as the enforcement of safety regulations, and to implement measures to confirm to the government that Hosts are operating in compliance with applicable law. When a government agency seeks to apply laws and regulations in a manner that limits or curtails Hosts’ or guests’ ability or willingness to list and search for accommodations in that particular geography, we have attempted and may continue to attempt through litigation or other means to defend against such application of laws and regulations, but have sometimes been and may continue to be unsuccessful in certain of those efforts. Further, if we or our Hosts and guests were required to comply with laws and regulations, government requests, or agreements with government agencies that adversely impact our relations with Hosts and guests, our business, results of operations, and financial condition could be materially adversely affected. Moreover, if we enter an agreement with a government or governmental agency to resolve a dispute, the terms of such agreement may be publicly available and could create a precedent that may lead to similar disputes in other jurisdictions and may put us in a weaker bargaining position in future disputes with other governments.

In addition to laws and regulations directly applicable to the short-term rental, long-term rental, and home sharing business, we are subject to laws and regulations governing the provision of online payment services and insurance services, the design and operation of our platform, and the operations, characteristics, and quality of our platform and services. As a result of such laws and regulations in connection with our insurance services, from time to time we are subject to review, inquiries or examinations by local insurance regulators to ensure compliance with such rules and regulations, including licensing requirements. We are also subject to laws and regulations governing our business practices, the Internet, e-commerce, and electronic devices, including those relating to taxation, data privacy, data security, pricing, content, advertising, discrimination, consumer protection, protection of minors, copyrights, distribution, messaging, mobile communications, electronic device certification, electronic waste, electronic contracts, communications, Internet access, competition, and unfair commercial practices as well as federal, state, local, and foreign laws regulating employment, employee working conditions, including wage and hour laws, employment dispute and employee bargaining processes, collective and representative actions, employment classification, and other employment compliance requirements. Violation of these laws could subject the company to fines and penalties, including in some cases, criminal penalties.

There is also increased governmental interest in regulating technology companies in areas including platform content, data privacy, data security, intellectual property protection, ethical marketing, tax, data localization and data access, AI or algorithm-based bias or discrimination, competition, and real estate broker related activities. In addition, increasing governmental interest in, and public awareness of, the impacts and effects of climate change and greater emphasis on sustainability by federal, state, and international governments could lead to further regulatory efforts to address the carbon impact of housing and travel, which risks are more fully described in our risk factor titled “Growing focus on evolving environmental, social, and governance issues (“ESG”) by shareholders, customers, regulators, politicians, employees, and other stakeholders may impose additional risks and costs on our business”.

Any new or existing laws and regulations applicable to existing or future business areas, including amendments to or repeal of existing laws and regulations, or new interpretations, applications, or enforcement of existing laws and regulations, could expose us to substantial liability, including significant expenses necessary to comply with such laws and regulations, and/or civil or criminal penalties, and materially adversely impact bookings on our platform, thereby materially adversely affecting our business, results of operations, and financial condition. Our efforts to influence legislative and regulatory proposals have an uncertain chance of success, could be limited by laws regulating lobbying or advocacy activity in certain jurisdictions, and even if successful, could be expensive and time consuming, and could divert the attention of management from operations.



## [Table of Contents](#)

### *Regulatory Inquiries, Litigation & Disputes*

We have been, and expect to continue to be, subject to legal and regulatory claims, litigation or pre-litigation disputes, and proceedings arising in the normal course of business, including various government inquiries, investigations, audits, and proceedings related to legal and regulatory requirements such as compliance with laws related to short-term rentals, long-term rentals, and home sharing, tax, escheatment, insurance services, employee related claims, consumer protection, pricing and currency display, advertising, discrimination, data sharing, payment processing, data privacy, data security, cancellation policies, and competition. In many cases, these inquiries, investigations, and proceedings can be complex, time consuming, costly to investigate, and require significant company and also management attention. For certain matters, we are implementing recommended changes to our products, operations, and compliance practices, including enabling tax collection, tax reporting, display of Host registration numbers, and removal of noncompliant listings. As our Company has grown larger, the number of bookings on our platform and brand awareness has increased, and the scope and complexity of our business have expanded, the number and significance of these claims, disputes, and proceedings have increased and we expect will continue to increase. We are unable to predict the outcomes and implications of such inquiries, investigations, and proceedings on our business, and such inquiries, investigations, and proceedings could result in damages, large fines and penalties, and require changes to our products and operations, and materially adversely affect our brand, reputation, business, results of operations, and financial condition. In some instances, applicable laws and regulations do not yet exist or are being adopted and implemented to address certain aspects of our business, and such adoption or change in their interpretation could further alter or impact our business and subject us to future government inquiries, investigations, and proceedings.

We have been involved in litigation with national governments, trade associations and industry bodies, municipalities, and other government authorities, including as a plaintiff and as a defendant, concerning laws seeking to limit or outlaw short-term and long-term rentals and to impose obligations or liability on us as a platform. In the United States, we have been involved in various lawsuits concerning whether our platform is responsible for alleged wrongful conduct by Hosts who engage in short-term rentals. Claims in such cases have alleged illegal hotel conversions, real estate license requirements, violations of municipal law around short-term occupancy or rentals, unlawful evictions, or violations of lease provisions or homeowners' association rules. Legal claims have been asserted for alleged discriminatory conduct undertaken by Hosts against certain guests, and for our own platform policies or business practices. Changes to the interpretation of the applicability of fair housing, civil rights, or other statutes to our business or the conduct of our users could materially adversely impact our business, results of operations, and financial condition. We may also become more vulnerable to third-party claims as U.S. laws such as the Digital Millennium Copyright Act ("DMCA"), the Stored Communications Act, and the Communications Decency Act ("CDA"), and non-U.S. laws such as the Digital Services Act ("DSA"), the EU STR Regulation and the European E-Commerce Directive and their national transpositions are interpreted by the courts or otherwise modified or amended, as our platform and services to our Hosts and guests continue to expand, and as we expand geographically into jurisdictions where the underlying laws with respect to the potential liability of online intermediaries such as ourselves are either unclear or less favorable.

In addition, we face claims and litigation relating to fatalities, shootings, other violent acts, illness (including COVID-19), cancellations and refunds, personal injuries, property damage, carbon monoxide incidents, hidden camera incidents, and privacy violations that occurred at listings or experiences during a booking made on our platform. We also have had putative class action litigation and government inquiries, and could face additional litigation and government inquiries and fines relating to our business practices, cancellations, and other consequences due to natural disasters or other unforeseen events beyond our control.

Laws and government initiatives within the European Union have been attempting to regulate online platforms, including Airbnb. In several cases, national courts are evaluating whether certain local rules imposing obligations on platforms can be enforced against us. Most recently, the DSA came into force in November 2022, amending certain aspects of the E-Commerce Directive, and imposing on online platforms a number of content moderation and transparency obligations as of February 2024.

In addition, in the ordinary course of business, disputes may arise because we are alleged to have infringed third parties' intellectual property or in which we agree to provide indemnification to third parties with respect to certain matters, including losses arising from our breach of such agreements or from intellectual property infringement claims, or where we make other contractual commitments to third parties. We also have indemnification agreements with certain of our directors, executive officers, and certain other employees that require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. We may be subject to litigation stemming from these obligations.

We are also subject to unclaimed or abandoned property (escheatment) laws which require us to turn over to government authorities the property of others held by us that has been unclaimed for a period specified by such laws, as well as audits by government authorities regarding our escheatment practices, which may result in additional escheatment of unclaimed property and payment of interest and penalties. The laws governing unclaimed property matters are complex and subject to varying interpretations by companies and government authorities. An unfavorable audit could negatively impact our results of operations and cash flows in future periods.

Adverse results in any regulatory inquiry, litigation, legal proceedings, audit, or claims may include awards of potentially significant monetary damages, including statutory damages for certain causes of action in certain jurisdictions, penalties, civil and criminal fines, compensation orders, injunctive relief, royalty or licensing agreements, or orders preventing us from offering certain services. Moreover, many regulatory inquiries, litigation, legal proceedings, or claims are resolved by settlements that can include both monetary and nonmonetary components. Adverse results or settlements may result in changes in our business practices in significant ways, increased operating and compliance costs, and a loss of revenue. In addition, any litigation or pre-litigation claims against us, whether or not meritorious, are time consuming, require substantial expense, and result in the diversion of significant operational resources. Moreover, our insurance may not cover all potential claims to which we are exposed and may not be adequate to indemnify us for all liability that may be imposed. As we continue to grow, regulatory inquiries, litigation, legal proceedings, and other claims will continue to consume significant Company resources and adverse results in future matters could materially adversely affect our business, results of operations, and financial condition.

## [Table of Contents](#)

***If we are unable to successfully expand our global network or manage the risks presented by our business model internationally, our business, results of operations, and financial condition would be materially adversely affected.***

We are a global platform with Hosts in more than 220 countries and regions and over 100,000 cities and towns, and a global guest community. As of December 31, 2023, we had approximately 3,000 employees located outside of the United States. For the year ended December 31, 2023, 57% of our revenue was generated from listings outside of the United States. We expect to continue to make investments to expand our international operations, however there can be no assurance that our international expansion efforts will be successful or result in revenue growth. Managing a global organization is difficult, time consuming, and expensive, and requires significant management attention and careful prioritization, and any international expansion efforts that we may undertake may not be successful. In addition, conducting international operations subjects us to risks, which include:

- operational and compliance challenges caused by distance, language, and cultural differences;
- the cost and resources required to localize our platform and services, which often requires the translation of our platform into foreign languages and adaptation for local practices and regulatory requirements;
- unexpected, restrictive, differing, and conflicting laws and regulations, including those laws governing Internet activities, short-term and long-term rentals (including those implemented in response to the COVID-19 pandemic), tourism, tenancy, taxes, licensing, payments processing, messaging, marketing activities, registration and/or verification of guests, ownership of intellectual property, content, data collection and privacy, security, data localization, data transfer and government access to personal information, and other activities important to our business;
- uncertainties regarding the interpretation of national and local laws and regulations, uncertainty in the enforceability of legal rights, and uneven application of laws and regulations to businesses, in particular U.S. companies;
- competition with companies that understand local markets better than we do, or that have a local presence and pre-existing relationships with potential Hosts and guests in those markets;
- differing levels of social acceptance of home sharing, our brand, and offerings;
- legal uncertainty regarding our liability for the listings, the services, and content provided by Hosts, guests, and other third parties;
- uncertain resolutions of litigation or regulatory inquiries;
- variations in payment forms for Hosts and guests, increased operational complexity around payments, and inability to offer local payment forms like cash or country specific digital forms of payment;
- lack of familiarity and the burden of complying with a wide variety of U.S. and foreign laws, legal standards, and regulatory requirements, which are complex, sometimes inconsistent, and subject to unexpected changes;
- potentially adverse tax consequences, including resulting from the complexities of foreign corporate income tax systems, value added tax ("VAT") regimes, tax withholding rules, lodging taxes, often known as transient or occupancy taxes, hotel taxes, and other indirect taxes, tax collection or remittance obligations, and restrictions on the repatriation of earnings;
- difficulties in managing and staffing international operations, including due to differences in legal, regulatory, and collective bargaining processes;
- fluctuations in currency exchange rates, and in particular, decreases in the value of foreign currencies relative to the U.S. dollar;
- regulations governing the control of local currencies and impacting the ability to collect and remit funds to Hosts in those currencies or to repatriate cash into the United States;
- oversight by foreign government agencies whose approach to privacy or human rights may be inconsistent with that taken in other countries;
- increased financial accounting and reporting burdens, and complexities and difficulties in implementing and maintaining adequate internal controls in an international operating environment;
- political, social, and economic instability abroad, terrorist attacks, and security concerns in general;
- operating in countries that are more prone to crime or have lower safety standards;
- operating in countries that have higher risk of corruption; and
- reduced or varied protection for our intellectual property rights in some countries.

Increased operating expenses, decreased revenue, negative publicity, negative reaction from our Hosts and guests and other stakeholders, or other adverse impacts from any of the above factors or other risks related to our international operations could materially adversely affect our brand, reputation, business, results of operations, and financial condition.

In addition, we will continue to incur significant expenses to operate our outbound business in China, and we may never achieve profitability in that market. These factors, combined with sentiment of the workforce in China, and China's policy towards foreign direct investment may particularly impact our operations in China. In addition, we need to ensure that our business practices in China are compliant with local laws and regulations, which may be interpreted and enforced in ways that are different from our interpretation, and/or create obligations on us that are costly to meet or conflict with laws in other jurisdictions and which may not be implemented within regulatory timelines.

We are subject to various requirements and requests from government agencies to share information on users who use services in China through our platform. Failure to comply with such requests or other requirements as interpreted by government agencies may lead to impairment or disruption to our business and operations, including failing to obtain or losing the necessary licenses to operate in China, the blocking of our platform and services in China, and/or enforcement action against our community, corporate entities, or officers. Our failure to comply with such requests or requirements, or conversely our compliance with such requests or requirements, could materially adversely affect our brand, reputation, business, results of operations, and financial condition. Further, given that our headquarters is in the United States, any significant or prolonged deterioration in U.S.-China bilateral relations or escalation of geo-political risk in China could adversely affect our outbound business in China.

The Chinese government has adopted laws, regulations, and implementation measures that govern the dissemination of content over the Internet and data processing in China. These impose additional requirements for certain categories of operators, and are continuing to develop and be clarified. At this point, it is uncertain what obligations will apply to us in the future, and we cannot predict what impact these new laws and regulations or the increased costs of compliance, if any, will have on our operations in China. Actions by the U.S. government

## [Table of Contents](#)

could also impair our ability to effectively operate in China, including through the use of Executive Orders or trade blacklists to ban or limit the use of services provided by Chinese third parties.

We conduct our business in China through a variable interest entity (“VIE”) and a wholly-foreign owned entity. We do not own shares in our VIE and instead rely on contractual arrangements with the equity holders of our VIE to operate our business in China because foreign investment is restricted or prohibited. Under our contractual arrangements, we must rely on the VIE and the VIE equity holders to perform their obligations in order to exercise our control over the VIE. The VIE equity holders may have conflicts of interest with us or our stockholders, and they may not act in our best interests or may not perform their obligations under these contracts. If our VIE or its equity holders fail to perform their respective obligations under the contractual arrangements, we may not be able to enforce our rights. In addition, if the Chinese government deems that the contractual arrangements in relation to our VIE do not comply with Chinese governmental restrictions on foreign investment, or if these regulations or their interpretation changes in the future, we could be subject to penalties, be forced to cease our operations in China, or be subject to restrictions in the future, and we may incur additional compliance costs. The contractual arrangements with our VIE may also be subject to scrutiny by the Chinese tax authorities and any adjustment of related party transaction pricing could lead to additional taxes.

### ***Changes in tax laws or tax rulings could materially affect our results of operations and financial condition.***

The tax regimes we are subject to or operate under, including income and non-income taxes (including indirect taxes), are unsettled and may be subject to significant change. Changes in tax laws or tax rulings, or changes in interpretations of existing laws, could materially adversely affect our results of operations and financial condition. In August 2022, the Inflation Reduction Act (the “IRA”) was signed into law in the United States. Among other changes, the IRA introduced a corporate alternative minimum tax (“CAMT”) on certain corporations with average adjusted financial statement income over a three-tax year period in excess of \$1 billion, and an excise tax on certain stock repurchases by certain covered corporations for taxable years beginning after December 31, 2022. We may be subject to a material amount of CAMT in the next several years but expect to fully utilize the corresponding credits generated from the CAMT in the subsequent following years. The United States government may enact further significant changes to the taxation of business entities including, among other changes, an increase in the corporate income tax rate or significant changes to the taxation of income derived from international operations. The likelihood of these changes being enacted or implemented is unclear. In addition, many countries in Europe, as well as a number of other countries and states, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could significantly increase our tax obligations in many countries and states where we do business or require us to change the manner in which we operate our business. For example, in Italy, a law enacted in 2017 purports to require short-term rental platforms that process payments to withhold and remit Host income tax and collect and remit tourist tax, amongst other obligations. On December 13, 2023, without admitting any liability, Airbnb Ireland signed an agreement with the Italian Revenue Agency in settlement of the 2017-2021 audit periods for an aggregate payment of 576 million Euro (\$621 million). Such agreement settles a dispute about Airbnb Ireland’s obligations to withhold and remit Host income tax, including taxes, interest, and penalties, for those relevant periods. Airbnb’s subsidiary in Italy and Airbnb Ireland continue to be, or could in the future be, subject to tax audits in Italy, including in relation to permanent establishment, transfer pricing, withholding obligations, and tourist taxes. Such audits could result in the imposition of additional potentially significant prior and future tax obligations.

The Organization for Economic Cooperation and Development (“OECD”) has been working on a Base Erosion and Profit Shifting Project (“BEPS”), and issued a report in 2015 and an interim report in 2018 detailing 15 key actions aimed at ensuring profits are taxed where the economic activities generating those profits are performed and where value is created. Work continues to be undertaken by the project with regard to each action, and new recommendations are regularly made, including proposed new legislation. Recent examples include the implementation of minimum standards in local legislation to neutralize the effects of hybrid mismatches and to appropriately tax controlled foreign companies. Proposals from the OECD can result in an increased tax burden for us in jurisdictions that adopt such proposals.

More recently, BEPS 2.0 aims to address the tax challenges arising from the digitalization of the economy, and in 2021, more than 140 countries tentatively signed on to a framework that imposes a minimum tax rate of 15%, among other provisions. As this framework is subject to further negotiation and implementation by each member country, the timing and ultimate impact of any such changes on our tax obligations are uncertain. Similarly, the European Commission and several countries have issued proposals that would change various aspects of the current tax framework under which we are taxed. These proposals include changes to the existing framework to calculate income tax, as well as proposals to change or impose new types of non-income taxes (including indirect taxes), including taxes based on a percentage of revenue. For example, France, Italy, Spain, and the United Kingdom, among others, have each proposed or enacted taxes applicable to digital services, which includes business activities on digital platforms and would likely apply to our business. In December 2022, the European Union unanimously agreed to implement the minimum tax rate legislation by December 31, 2023 in all EU member states. Several other countries including Australia, Canada, Colombia, Japan, New Zealand, Norway, Singapore, South Korea, and the United Kingdom have also committed to implement similar legislation within the same timeframe. This agreement, commonly referred to as Pillar Two, could result in future additional taxes that could materially adversely affect our results of operations and financial condition.

The European Commission has conducted investigations in multiple countries focusing on whether local country tax rulings or tax law provide preferential tax treatment that violates EU state aid rules and concluded that certain countries, including Ireland, have provided illegal state aid in certain cases. These investigations may result in changes to the tax treatment of our foreign operations. Due to the large and increasing scale of our international business activities, many of these types of changes to the taxation of our activities described above and in our risk factor titled “Uncertainty in the application of taxes to our Hosts, guests, or platform could increase our tax liabilities and may discourage Hosts and guests from conducting business on our platform” could increase our worldwide effective tax rate, increase the amount of non-income taxes (including indirect taxes) imposed on our business, and materially adversely affect our business, results of operations, and financial condition. Such changes may also apply retroactively to our historical operations and result in taxes greater than the amounts estimated and recorded in our financial statements.

### ***We may have exposure to greater than anticipated income tax liabilities.***

## [Table of Contents](#)

Our income tax obligations are based in part on our corporate operating structure and intercompany arrangements, including the manner in which we operate our business, develop, value, manage, protect, and use our intellectual property, and determine the value of our intercompany transactions. The tax laws applicable to our business, including those of the United States and other jurisdictions, are subject to interpretation and certain jurisdictions are aggressively interpreting their laws in new ways in an effort to raise additional tax revenue from companies such as Airbnb. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, which could increase our worldwide effective tax rate and materially adversely affect our results of operations and financial condition.

We are subject to regular review and audit by U.S. federal, state, local, and foreign tax authorities. For example, our 2008 to 2023 tax years remain subject to examination in the United States and California due to tax attributes and statutes of limitations, and our 2019 to 2023 tax years remain subject to examination in Ireland. We are currently under examination for income taxes by the Internal Revenue Service ("IRS") for the years 2013, 2016, 2017, and 2018. We are continuing to respond to inquiries related to these examinations. In December 2020, we received a Notice of Proposed Adjustment ("NOPA") from the IRS for the 2013 tax year relating to the valuation of our international intellectual property which was sold to a subsidiary in 2013. The notice proposed an increase to our U.S. taxable income that could result in additional income tax expense and cash tax liability of \$1.3 billion, plus penalties and interest, which exceeds our current reserve recorded in our consolidated financial statements by more than \$1.0 billion. We disagree with the proposed adjustment and intend to vigorously contest it. In January 2022, we entered into an administrative dispute process with the IRS Independent Office of Appeals ("IRS Appeals"). We 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. 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 our current reserves, such outcome could have a material adverse impact on our 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 our cash flow.

The determination of our worldwide provision for (benefit from) income taxes and other tax liabilities requires significant judgment by management, and there are many transactions where the ultimate tax determination is uncertain. Our provision for (benefit from) income taxes is also determined by the manner in which we operate our business, and any changes to such operations or laws applicable to such operations may affect our effective tax rate. Although we believe that our provision for (benefit from) income taxes is reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and could materially affect our financial results in the period or periods for which such determination is made. In addition, our future tax expense could be adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities, or by changes in tax laws, regulations, or accounting principles. For example, we have previously incurred losses in the United States and certain international subsidiaries that resulted in an effective tax rate that is significantly higher than the statutory tax rate in the United States and this could continue to happen in the future. We may also be subject to additional tax liabilities relating to indirect or other non-income taxes, as described in our risk factor titled "Uncertainty in the application of taxes to our Hosts, guests, or platform could increase our tax liabilities and may discourage Hosts and guests from conducting business on our platform." Our tax positions or tax returns are subject to change, and therefore we cannot accurately predict whether we may incur material additional tax liabilities in the future, which would materially adversely affect our results of operations and financial condition.

In addition, in connection with any planned or future acquisitions, we may acquire businesses that have differing licenses and other arrangements that may be challenged by tax authorities for not being at arm's-length or that are potentially less tax efficient than our licenses and arrangements. Any subsequent integration or continued operation of such acquired businesses may result in an increased effective tax rate in certain jurisdictions or potential indirect tax costs, which could result in us incurring additional tax liabilities or having to establish a reserve in our consolidated financial statements, and materially adversely affect our results of operations and financial condition.

### ***Uncertainty in the application of taxes to our Hosts, guests, or platform could increase our tax liabilities and may discourage Hosts and guests from conducting business on our platform.***

We are subject to a variety of taxes and tax collection obligations in the United States (federal, state, and local) and numerous foreign jurisdictions. We have received communications from numerous foreign, federal, state, and local governments regarding the application of tax laws or regulations to our business or demanding data about our Hosts and guests to aid in threatened or actual enforcement actions against our Hosts and guests. In many jurisdictions where applicable, we have agreed to collect and remit taxes on behalf of our Hosts. We have been subject to complaints by, and are involved in a number of lawsuits brought by, certain government entities for alleged responsibility for direct and indirect taxes. In some jurisdictions we are in dispute with respect to past and future taxes. A number of jurisdictions have proposed or implemented new tax laws or interpreted existing laws to explicitly apply various taxes to businesses like ours. Laws and regulations relating to taxes as applied to our platform, and to our Hosts and guests, vary greatly among jurisdictions, and it is difficult or impossible to predict how such laws and regulations will be applied.

The application of indirect taxes, such as lodging taxes, hotel, sales and use tax, privilege taxes, excise taxes, VAT, goods and services tax, digital services taxes, harmonized sales taxes, business tax, and gross receipt taxes (together, "indirect taxes") to e-commerce activities such as ours and to our Hosts or guests is a complex and evolving issue. Some of such tax laws or regulations hold us responsible for the reporting, collection, and payment of such taxes, and such laws could be applied to us for transactions conducted in the past as well as transactions in the future. Many of the statutes and regulations that impose these taxes were established before the adoption and growth of the Internet and e-commerce. New or revised foreign, federal, state, or local tax regulations may subject us or our Hosts and guests to additional indirect, income, and other taxes, and depending upon the jurisdiction could subject us or our Hosts and guests to significant monetary penalties and fines for non-payment of taxes. An increasing number of jurisdictions are considering adopting or have adopted laws or administrative practices that impose new tax measures, including digital platform revenue-based taxes, targeting online sharing platforms and online marketplaces, and new obligations to collect Host income taxes, sales, consumption, value added, or other taxes on digital platforms. We may recognize additional tax expenses and be subject to additional tax liabilities, and our business, results of

## [Table of Contents](#)

operations, and financial condition could be materially adversely affected by additional taxes of this nature or additional taxes or penalties resulting from our failure to comply with any reporting, collection, and payment obligations. We accrue a reserve for such taxes when the likelihood is probable that such taxes apply to us, and upon examination or audit, such reserves may be insufficient.

New or revised taxes and, in particular, the taxes described above and similar taxes would likely increase the price paid by guests, the cost of doing business for our Hosts, discourage Hosts and guests from using our platform, and lead to a decline in revenue, and materially adversely affect our business, results of operations, and financial condition. If we are required to disclose personal data pursuant to demands from government agencies for tax reporting purposes, our Hosts, guests, and regulators could perceive such disclosure as a failure by us to comply with data privacy and data security policies, notices, and laws and commence proceedings or actions against us. If we do not provide the requested information to government agencies due to a disagreement on the interpretation of the law, we are likely to face enforcement action, engage in litigation, face increased regulatory scrutiny, and experience an adverse impact in our relationships with governments. Our competitors may arrive at different or novel solutions to the application of taxes to analogous businesses that could cause our Hosts and guests to leave our platform in favor of conducting business on the platforms of our competitors. This uncertainty around the application of taxes and the impact of those taxes on the actual or perceived value of our platform may also cause guests to use OTAs, hotels, or other traditional travel services. Any of these events could materially adversely affect our brand, reputation, business, results of operations, and financial condition.

We devote significant resources, including management time, to the application and interpretation of laws and working with various jurisdictions to clarify whether taxes are applicable and the amount of taxes that apply. The application of indirect taxes to our Hosts, guests, and our platform significantly increases our operational expenses as we build the infrastructure and tools to capture data and to report, collect, and remit taxes. Even if we are able to build the required infrastructure and tools, we may not be able to complete them in a timely fashion, in particular given the speed at which regulations and their interpretations can change, which could harm our relationship with governments and our reputation, and result in enforcement actions and litigation. The lack of uniformity in the laws and regulations relating to indirect taxes as applied to our platform and to our Hosts and guests further increases the operational and financial complexity of our systems and processes, and introduces potential for errors or incorrect tax calculations, all of which are costly to our business and results of operations. Certain regulations may be so complex as to make it infeasible for us to be fully compliant. As our business operations expand or change, including as a result of introducing new or enhanced offerings, features, or due to acquisitions, the application of indirect taxes to our business and to our Hosts and guests will further change and evolve, and could further increase our liability for taxes, discourage Hosts and guests from using our platform, and materially adversely affect our business, results of operations, and financial condition.

### ***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

While federal net operating loss carryforwards generated on or after January 1, 2018 are not subject to expiration, the deductibility of such net operating loss carryforwards is limited to 80% of our taxable income for taxable years beginning on or after January 1, 2021. Utilization of our net operating loss carryforwards depends on our future taxable income, and there is a risk that some of our existing net operating loss carryforwards and tax credits could expire unused (to the extent subject to expiration) and be unavailable to offset future taxable income, which could materially adversely affect our results of operations and financial condition. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), if a corporation undergoes an “ownership change,” generally defined as a greater than 50 percentage point change (by value) in its equity ownership by significant stockholders or groups of stockholders over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change taxable income or income tax liabilities may be limited. Similar rules may apply under state tax laws. We may have undergone ownership changes in the past, and we may experience ownership changes in the future because of shifts in our stock ownership, many of which are outside of our control. As a result, our ability to use our net operating loss carryforwards and other tax attributes to offset future U.S. federal taxable income or income tax liabilities may be, or may become, subject to limitations, which could result in increased future tax liability to us.

### ***Our use of AI, machine learning, and automated decision making gives rise to legal, business, and operational risks. Legal, regulatory, social and ethical issues relating to the use of AI and machine learning technologies in our offerings and business may result in reputational harm and liability.***

The rapid evolution of AI and machine learning will require the application of resources to develop, test, and maintain our offerings to help ensure that AI and machine learning are implemented responsibly in order to minimize unintended or harmful impacts. Uncertainty around new and emerging AI applications may require additional investment in the development of proprietary datasets, machine learning models, and systems to test for accuracy, bias, and other variables, which are often complex, may be costly, and could impact our profit margin as we expand the use of AI technologies in our offerings. Developing, testing, and deploying AI technologies may also increase our costs due to the associated computing costs. There are significant risks involved in developing, maintaining, and deploying these technologies and there can be no assurance that the usage of such technologies will always enhance our products or services or be beneficial to our business, including our efficiency or profitability. In particular, AI or automated decision making technologies may be incorrectly designed or implemented; may be trained or reliant on incomplete, inadequate, inaccurate, biased, or otherwise poor quality data or on data to which the developer does not have sufficient rights; and/or may be adversely impacted by unforeseen defects, technical challenges, cyber security threats, or material performance issues.

Our ability to continue to develop or use such technologies may be dependent on access to technology offered by vendors and specific third-party software and infrastructure, such as processing hardware or third-party AI models, and we cannot control the quality of vendor offerings or the availability or pricing of such third-party software and infrastructure, especially in a highly competitive environment. We face competition from other companies in our industry who use similar machine learning technologies to us. Failure to offer or deploy new AI technologies as effectively as our competitors could adversely affect our business.

## [Table of Contents](#)

In addition, market acceptance and consumer perceptions of AI and machine learning technologies are uncertain. AI technologies, including generative AI, may create content or information that appears correct but is factually inaccurate or flawed. Our Hosts, guests or others may rely on or use this flawed content or information to their detriment, which may expose us to brand or reputational harm, competitive harm, consumer complaints, legal liability, and other adverse consequences, any of which could materially adversely affect our business, results of operations, and financial condition. The use of AI technologies presents emerging ethical and social issues, and if we enable or offer solutions that draw scrutiny or controversy due to their perceived or actual impact on our customers or on society as a whole, we may experience brand or reputational harm, competitive harm, consumer complaints, legal liability, and other adverse consequences, any of which could materially adversely affect our business, results of operations, and financial condition.

Our business also increasingly relies on machine learning, AI, and automated decision making to improve our services and tailor our interactions with our Hosts and guests. However, in recent years the use of personal data to train, or otherwise in connection with machine learning, AI and automated decision making, has come under increased regulatory scrutiny, and governments and regulators in the United States, European Union, and other places have announced the need for greater regulation regarding the use of machine learning and AI generally. New laws, guidance, and decisions in this area may limit our ability to use our machine learning and AI, or require us to make changes to our platform or operations that may decrease our operational efficiency, result in an increase to operating costs and/or hinder our ability to improve our services. For example, certain global privacy laws regulate the use of automated decision making and may require that the existence of automated decision making be disclosed to the data subject with a meaningful explanation of the logic used in such decision making in certain circumstances, and that safeguards must be implemented to safeguard individual rights, including the right to obtain human intervention and to contest any decision. Other global privacy laws allow individuals the right to opt out of certain automated processing of personal data and create other requirements that impact automated decision-making. At the federal level, the president of the United States recently issued an Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence, which charges multiple agencies, including The National Institute of Standards and Technology, with producing guidelines in connection with the development and use of AI. In the European Union, there is now political agreement on the EU Artificial Intelligence Act ("EU AI Act"), which establishes a comprehensive, risk-based governance framework for AI in the EU market. The EU AI Act is expected to enter into force in 2024, and the majority of the substantive requirements will apply two years later. The EU AI Act will apply to companies that develop, use and/or provide AI in the European Union and includes requirements around transparency, conformity assessments and monitoring, risk assessments, human oversight, security, accuracy, general purpose AI and foundation models, and proposes fines for breach of up to 7% of worldwide annual turnover (revenue). Additionally, in September 2022, the European Commission proposed two Directives seeking to establish a harmonized civil liability regime for AI in the European Union, in order to facilitate civil claims in respect of harm caused by AI and to include AI-enabled products within the scope of the European Union's existing strict liability regime. Once fully applicable, the EU AI Act will have a material impact on the way AI is regulated in the European Union, and together with developing guidance and/or decisions in this area, may affect our use of AI and our ability to provide, improve, or commercialize our services, and could require additional compliance measures and changes to our operations and processes. Moreover, the intellectual property ownership and license rights, including copyright, surrounding AI technologies has not been fully addressed by courts or laws or regulations, and the use or adoption of AI technologies into our offerings may result in exposure to claims of copyright infringement or other intellectual property misappropriation. As the legal and regulatory framework for AI and automated decision making evolves, we may not always be able to anticipate how to respond to these laws or regulations, and compliance may adversely impact our operations and involve significant expenditure and resources. Any failure by us to comply may result in significant liability, potential increases in civil claims against us, negative publicity, an erosion of trust, and/or increased regulation and could materially adversely affect our business, results of operations, and financial condition.

### ***We may experience significant fluctuations in our results of operations, which make it difficult to forecast our future results.***

Our results of operations may vary significantly and are not necessarily an indication of future performance. We experience seasonal fluctuations in our financial results. We experience seasonality in our Nights and Experiences Booked and GBV, and seasonality in Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") that is consistent with seasonality of our revenue, which has historically been, and is expected to continue to be, highest in the third quarter when we have the most check-ins as it is the peak travel season for North America and EMEA. We recognize revenue upon the completion of a check-in. As our business matures, other seasonal trends may develop, or these existing seasonal trends may become more extreme. For example, as a result of the COVID-19 pandemic, we saw a significant geographic mix shift towards bookings in North America, entire homes, and non-urban destinations, all of which tend to have higher average daily rates. These trends and their impact on our average daily rate may change as customers adjust travel habits.

In addition, our results of operations may fluctuate as a result of a variety of other factors, some of which are beyond our control, including:

- reduced travel and cancellations due to other events beyond our control such as health concerns, including epidemics and pandemics, natural disasters, wars, political instability, regional hostilities or law enforcement demands, and other regulatory actions;
- global macroeconomic conditions;
- periods with increased investments in our platform for existing offerings, new offerings and initiatives, marketing, and the accompanying growth in headcount;
- our ability to maintain growth and effectively manage that growth;
- increased competition;
- our ability to expand our operations in new and existing regions;
- changes in governmental or other regulations affecting our business;
- changes to our internal policies or strategies;
- harm to our brand or reputation; and
- other risks described elsewhere in this Annual Report on Form 10-K.

As a result, we may not accurately forecast our results of operations. In addition, we experience a difference in timing between when a booking is made and when we recognize revenue, which ordinarily occurs upon check-in. The effect of significant downturns in bookings in a particular quarter may not be fully reflected in our results of operations until future periods because of this timing in revenue recognition.



## [Table of Contents](#)

Moreover, we base our expense levels and investment plans on estimates for revenue that may turn out to be inaccurate. A significant portion of our expenses and investments are fixed, and we may not be able to adjust our spending quickly enough if our revenue is less than expected, resulting in losses that exceed our expectations. If our assumptions regarding the risks and uncertainties that we use to plan our business are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, results of operations, and financial condition could be materially adversely affected.

### ***We could face liability for information or content on or accessible through our platform.***

We could face claims relating to information or content that is made available on our platform. Our platform relies upon content that is created and posted by Hosts, guests, or other third parties. Although content on our platform is typically generated by third parties, and not by us, claims of defamation, disparagement, negligence, warranty, personal harm, intellectual property infringement, or other alleged damages could be asserted against us, in addition to our Hosts and guests. While we rely on a variety of statutory and common-law frameworks and defenses, including those provided by the DMCA, the CDA, the fair-use doctrine and various tort law defenses in the United States and the E-Commerce Directive and the DSA in the European Union and other regulations, differences between statutes, limitations on immunity or responsibility, requirements to maintain immunity or proportionate responsibility, and moderation efforts in the many jurisdictions in which we operate may affect our ability to rely on these frameworks and defenses, or create uncertainty regarding liability for information or content uploaded by Hosts and guests or otherwise contributed by third-parties to our platform.

Moreover, regulators in the United States and in other countries may introduce new regulatory regimes that increase potential liability for information or content available on our platform. For example, in the United States, laws such as the CDA, which have previously been interpreted to provide substantial protection to interactive computer service providers, may change and become less predictable or unfavorable by legislative action or judicial interpretation. Additionally, there have been various federal legislative efforts to restrict the scope of the protections available to online platforms under the CDA, and current protections from liability for third-party content in the United States could decrease or change. There may be proposed U.S. federal legislation seeking to hold platforms liable for user-generated content, including content related to short-term or long-term rentals. We could incur significant costs investigating and defending such claims and, if we are found liable, significant damages.

The European Union has also enhanced the regulation of digital services, and in November 2022, the DSA came into force with the majority of the substantive provisions taking effect in 2023 and 2024. The DSA governs, among other things, potential liability for illegal content on platforms, traceability of traders, and transparency reporting obligations, including information on “monthly active recipients” in the European Union. The DSA may increase compliance costs and require additional resources as well as changes to our processes and operations. Failure to comply with the DSA can result in fines of up to 6% of total annual worldwide turnover (revenue) and recipients of services have the right to seek compensation from providers in respect of damage or loss suffered due to infringement by the provider. In parallel, the Digital Markets Act (the “DMA”) came into force in November 2022 and introduced ex ante regulation of certain large online platforms. Airbnb has not been designated a gatekeeper platform for the purposes of the DMA although this could change at some point in the future. Some European jurisdictions (such as Germany) have also introduced at the national level new competition rules in relation to digital platforms that are similar in their effects to the DMA. These laws may contain certain regulatory requirements and/or obligations that could negatively impact our business. Furthermore, some of our Hosts or some of our offerings may now or in the future be subject to the European Package Travel Directive, which imposes various obligations upon package providers and upon marketers of travel packages, such as disclosure obligations to consumers and liability to consumers. Some European jurisdictions have also proposed or intend to pass legislation that imposes new obligations and liabilities on platforms with respect to certain types of harmful content.

While the scope and timing of these proposals are currently evolving, if enacted and applied to our platform, the new rules may adversely affect our business. In countries in Asia and Latin America, new regulations covering e-commerce or digital platforms have been passed or are being drafted, and cover consumer protection, online safety, services provided, privacy and tax. Complying with these regulations may impact our supply, corporate structure, licensing and registration requirements, data sharing requirements, compliance costs and tax exposure. Further, the laws of countries in Asia and Latin America already generally provide for direct liability if a platform is involved in creating such content or has actual knowledge of the content without taking action to take it down. Additionally, laws in some Asian countries also provide for primary or secondary liability, which can include criminal liability, if a platform fails to take sufficient steps to prevent such content from being uploaded. Because liability often flows from information or content on our platform and/or services accessed through our platform, as we continue to expand our offerings and scope of business, both in terms of the range of offerings and services and geographical operations, we may face or become subject to additional or different laws and regulations. Our potential liability for information or content created by third parties and posted to our platform could require us to implement additional measures to reduce our exposure to such liability, may require us to expend significant resources, may limit the desirability of our platform to Hosts and guests, may cause damage to our brand or reputation, and may cause us to incur time and costs defending such claims in litigation, thereby materially adversely affecting our business, results of operations, and financial condition.

In the European Union, the Consumer Rights Directive and the Unfair Commercial Practices Directive harmonized consumer rights across the EU member states. Directive (EU) 2019/2161 (“Omnibus Directive”) also introduced stricter penalties (including fines) for breaches of consumer protection law, as well as additional specific information requirements for contracts concluded on online marketplaces. In 2018, the European Commission and a group of European consumer protection authorities (through the Consumer Protection Cooperation Network) investigated our customer terms and price display practices, which required us to make certain changes to our terms and price display practices. If Consumer Protection Regulators find that we are in breach of consumer protection laws, we may be fined or required to change our terms and processes, which may result in increased operational costs. Consumers and certain Consumer Protection Associations may also bring individual claims against us if they believe that our terms and/or business practices are not in compliance with local consumer protection laws. Currently, class actions may also be brought in certain countries in the European Union, and the Collective Redress Directive extends the right to collective redress across the European Union. The Collective Redress Directive replaced its predecessor in November 2020. This relatively new Directive allows for the recovery of monetary compensation by qualified entities on behalf of large classes of consumers, and greatly extends the scope to new areas, including for example misleading and comparative advertising, data privacy and data security.

***Maintaining and enhancing our brand and reputation is critical to our growth, and negative publicity could damage our brand and thereby harm our ability to compete effectively, and could materially adversely affect our business, results of operations, and financial condition.***

Our brand and our reputation are among our most important assets. Maintaining and enhancing our brand and reputation is critical to our ability to attract Hosts, guests, and employees, to compete effectively, to preserve and deepen the engagement of our existing Hosts, guests, and employees, to maintain and improve our standing in the communities where our Hosts operate, including our standing with community leaders and regulatory bodies, and to mitigate legislative or regulatory scrutiny, litigation, and government investigations. We are heavily dependent on the perceptions of Hosts and guests who use our platform to help make word-of-mouth recommendations that contribute to our growth.

Any incident, whether actual or rumored to have occurred, involving the safety, security or quality of listings, Hosts, guests, or other members of the public, fraudulent transactions, or incidents that are mistakenly attributed to Airbnb, and any media coverage resulting therefrom, could create a negative public perception of our platform, which would adversely impact our ability to attract Hosts and guests. In addition, when Hosts cancel reservations or if we fail to provide timely refunds to guests in connection with cancellations, guest perception of the value of our platform is adversely impacted and may cause guests to not use our platform in the future. The impact of these issues may be more pronounced if we are seen to have failed to provide prompt and appropriate community support or our platform policies are perceived to be too permissive, too restrictive, or provide Hosts and/or guests with unsatisfactory resolutions. We have been the subject of media reports, social media posts, blogs, and other forums that contain allegations about our business or activity on our platform that create negative publicity. As a result of these complaints and negative publicity, some Hosts have refrained from, and may in the future refrain from, listing with us, and some guests have refrained from, and may in the future refrain from, using our platform, which could materially adversely affect our business, results of operations, and financial condition.

In addition, our brand and reputation could be harmed if we fail to act responsibly or are perceived as not acting responsibly, or fail to comply with regulatory requirements as interpreted by certain governments or agencies thereof, in a number of other areas, such as safety and security, data security, privacy practices, provision of information about users and activities on our platform, sustainability, human rights (including in respect of our own operations and throughout our supply chain), matters associated with our broader supply chain (including Hosts, guests, and other business partners), sustainability issues associated with human travel and migration, increased energy and water consumption, diversity, non-discrimination, and support for employees and local communities. Media, legislative, or government scrutiny around our Company, including the perceived impact on affordable housing and over-tourism, neighborhood nuisance, privacy practices, provision of information as requested by certain governments or agencies thereof, content on our platform, business practices and strategic plans, impact of travel on the climate and local environment, and public health policies that may cause geopolitical backlash, our business partners, private companies where we have minority investments, and our practices relating to our platform, offerings, employees, competition, litigation, and response to regulatory activity, could adversely affect our brand and our reputation with our Hosts, guests, and communities. Social media compounds the potential scope of the negative publicity that could be generated and the speed with which such negative publicity may spread. Any resulting damage to our brand or reputation could materially adversely affect our business, results of operations, and financial condition.

In addition, we rely on our Hosts and guests to provide trustworthy reviews and ratings that our Hosts or guests may rely upon to help decide whether or not to book a particular listing or accept a particular booking and that we use to enforce quality standards. We rely on these reviews to further strengthen trust among members of our community. Our Hosts and guests may be less likely to rely on reviews and ratings if they believe that our review system does not generate trustworthy reviews and ratings. We have procedures in place to combat fraud or abuse of our review system, but we cannot guarantee that these procedures are or will be effective. In addition, if our Hosts and guests do not leave reliable reviews and ratings, other potential Hosts or guests may disregard those reviews and ratings, and our systems that use reviews and ratings to enforce quality standards would be less effective, which could reduce trust within our community and damage our brand and reputation, and could materially adversely affect our business, results of operations, and financial condition.

***Our community support function is critical to the success of our platform, and any failure to provide high-quality service could affect our ability to retain our existing Hosts and guests and attract new ones.***

Our ability to provide high-quality support to our community of Hosts and guests is important for the growth of our business and any failure to maintain such standards of community support, or any perception that we do not provide high-quality service, could affect our ability to retain and attract Hosts and guests. Meeting the community support expectations of our Hosts and guests requires significant time and resources from our community support team and significant investment in staffing, technology, including automation and machine learning to improve efficiency, infrastructure, policies, and community support tools. The failure to develop the appropriate technology, infrastructure, policies, and community support tools, or to manage or properly train our community support team, could compromise our ability to resolve questions and complaints quickly and effectively. The number of our Hosts and guests has grown significantly and such growth, as well as any future growth, will put additional pressure on our community support organization and our technology organization. In addition, as we service a global customer base and continue to grow outside of North America and Europe, we need to be able to provide effective support that meets our Hosts' and guests' needs and languages globally at scale. Our service is powered, in large part, based on complex algorithms that map to our business forecasts. Any volatility in those forecasts could lead to staffing gaps that could impact the quality of our service. We have in the past experienced and may in the future experience backlog incidents that lead to substantial delays or other issues in responding to requests for customer support, which may reduce our ability to effectively retain Hosts and guests.

The vast majority of our community support is performed by a limited number of third-party service providers. We rely on our internal team and these third parties to provide timely and appropriate responses to the inquiries of Hosts and guests that come to us via telephone, email, social media, and chat. Reliance on these third parties requires that we provide proper guidance and training for their employees, maintain proper controls and procedures for interacting with our community, and ensure acceptable levels of quality and customer satisfaction are achieved. If our community support third-party service providers are unable to attract, retain, and train adequate staffing,



## [Table of Contents](#)

there could be an adverse impact on the experience of our Hosts and guests, which could materially adversely affect our brand, business, results of operations, and financial condition.

We provide community support to Hosts and guests and help to mediate disputes between Hosts and guests. We rely on information provided by Hosts and guests and are at times limited in our ability to provide adequate support or help Hosts and guests resolve disputes due to our lack of information or control. To the extent that Hosts and guests are not satisfied with the quality or timeliness of our community support or third-party support, we may not be able to retain Hosts or guests, and our reputation as well as our business, results of operations, and financial condition could be materially adversely affected.

When a Host or guest has a poor experience on our platform, we may issue refunds or coupons for future stays. These refunds and coupons are generally treated as a reduction to revenue. We may make payouts for property damage claims under our Host Damage Protection program, which we account for as consideration paid to a customer and is also generally treated as a reduction in revenue. A robust community support effort is costly, and we expect such cost to continue to rise in the future as we grow our business. We have historically seen a significant number of community support inquiries from Hosts and guests. Our efforts to reduce the number of community support requests may not be effective, and we could incur increased costs without corresponding revenue, which would materially adversely affect our business, results of operations, and financial condition.

***Host, guest, or third-party actions that are criminal, violent, inappropriate, or dangerous, or fraudulent activity, may undermine the safety or the perception of safety of our platform and our ability to attract and retain Hosts and guests and materially adversely affect our reputation, business, results of operations, and financial condition.***

We have no control over, or ability to predict, the actions of our users and other third parties, such as neighbors or invitees, either during the guest's stay, experience, or otherwise, and therefore, we cannot guarantee the safety of our Hosts, guests, and third parties. The actions of Hosts, guests, and other third parties have resulted and can further result in fatalities, injuries, other bodily harm, fraud, invasion of privacy, property damage, discrimination, brand, and reputational damage, which have created and could continue to create potential legal or other substantial liabilities for us. We do not verify the identity of all of our Hosts and guests nor do we verify or screen third parties who may be present during a reservation made through our platform. Our identity verification processes rely on, among other things, information provided by Hosts and guests, and our ability to validate that information and the effectiveness of third-party service providers that support our verification processes may be limited. In addition, we do not currently and may not in the future require users to re-verify their identity following their successful completion of the initial verification process. Certain verification processes, including legacy verification processes on which we previously relied, may be less reliable than others. We screen against certain regulatory, terrorist, and sanctions watch lists, conduct criminal background checks for certain U.S. Hosts, U.S. guests, and Hosts in India, and conduct additional screening processes to flag and investigate suspicious activities. These processes are beneficial but not exhaustive and have limitations due to a variety of factors, including laws and regulations that prohibit or limit our ability to conduct effective background checks in some jurisdictions, the unavailability and inaccuracy of information, and the inability of our systems to detect all suspicious activity. There can be no assurances that these measures will significantly reduce criminal or fraudulent activity on our platform. The criminal background checks for certain U.S. Hosts, U.S. guests, and Hosts in India, and other screening processes rely on, among other things, information provided by Hosts and guests, our ability to validate that information, the accuracy, completeness, and availability of the underlying information relating to criminal records, the digitization of certain records, the evolving regulatory landscape in this area such as in the data privacy and data security space, and on the effectiveness of third-party service providers that may fail to conduct such background checks adequately or disclose information that could be relevant to a determination of eligibility, and we do not run criminal background checks and other screening processes on third parties who may be present during a reservation made through our platform.

In addition, we have not in the past and may not in the future undertake to independently verify the safety, suitability, location, quality, compliance with Airbnb policies or standards, and legal compliance, such as fire code compliance or the presence of carbon monoxide detectors, hidden cameras or pool safety, of all our Hosts' listings or experiences. We have not in the past and may not in the future undertake to independently verify the location, safety, or suitability of experiences for individual guests, the suitability, qualifications, or credentials of experiences Hosts, or the qualifications of individual experiences guests. In the limited circumstances where we have undertaken the verification or screening of certain aspects of Host qualifications, listings or experiences, the scope of such processes may be limited and rely on, among other things, information provided by Hosts and guests and the ability of our internal teams or third-party vendors to adequately conduct such verification or screening practices. In addition, we have not in the past taken and may not in the future take steps to re-verify or re-screen Host qualifications, listings, or experiences following initial review. We have in the past relied, and may in the future, rely on Hosts and guests to disclose information relating to their listings and experiences and such information may be inaccurate or incomplete. We have created policies and standards to respond to issues reported with listings, but certain listings may pose heightened safety risks to individual users because those issues have not been reported to us or because our customer support team has not taken the requisite action based on our policies. We rely, at least in part, on reports of issues from Hosts and guests to investigate and enforce many of our policies and standards. In addition, our policies may not contemplate certain safety risks posed by listings or individual Hosts or guests or may not sufficiently address those risks.

We have also faced civil litigation, regulatory investigations, and inquiries involving allegations of, among other things, unsafe or unsuitable listings, discriminatory policies, data processing, practices, or behavior on and off our platform or by Hosts, guests, and third parties, general misrepresentations regarding the safety or accuracy of offerings on our platform, and other Host, guest, or third-party actions that are criminal, violent, inappropriate, dangerous, or fraudulent. While we recognize that we need to continue to build trust and invest in innovations that will support trust when it comes to our policies, tools, and procedures to help protect Hosts, guests, and the communities in which our Hosts operate, we may not be successful in doing so. Similarly, listings that are inaccurate, of a lower than expected quality, or that do not comply with our policies may harm guests and public perception of the quality and safety of listings on our platform and materially adversely affect our reputation, business, results of operations, and financial condition.

If Hosts, guests, or third parties engage in criminal activity, misconduct, fraudulent, negligent, or inappropriate conduct or use our platform as a conduit for criminal activity, consumers may not consider our platform and the listings on our platform safe, and we may receive

## [Table of Contents](#)

negative media coverage, or be subject to involvement in a government investigation concerning such activity, which could adversely impact our brand and reputation, and lower the adoption rate of our platform. For example:

- there have been shootings, fatalities, and other criminal or violent acts on properties booked on our platform, including as a result of unsanctioned house parties;
- there have been incidents of sexual violence against Hosts, guests, and third parties, and we have seen higher incident rates of such conduct associated with private room and shared space listings;
- there have been undisclosed and hidden cameras at properties; and
- there have been incidents of Hosts and guests engaging in criminal, fraudulent, or unsafe behavior and other misconduct while using our platform.

The methods used by perpetrators of fraud and other misconduct are complex and constantly evolving, and our trust and security measures have been, and may currently or in the future be, insufficient to detect and help prevent all fraudulent activity and other misconduct; for example:

- there have been incidents where Hosts have misrepresented the quality and location or existence of their properties, in some instances to send guests to different and inferior properties;
- there have been incidents where guests have caused substantial property damage to listings or misrepresented the purpose of their stay and used listings for unauthorized or inappropriate conduct including parties, sex work, drug-related activities, or to perpetrate criminal activities;
- there have been instances where users with connected or duplicate accounts have circumvented or manipulated our systems, in an effort to evade account restrictions, create false reviews, or engage in fraud or other misconduct;
- there have been incidents where fraudsters have created fake guest accounts, fake Host accounts, or both, to perpetrate financial fraud; and
- situations have occurred where Hosts or guests mistakenly or unintentionally provide malicious third parties access to their accounts, which has allowed those third parties to take advantage of our Hosts and guests.

In addition, certain regions where we operate have higher rates of violent crime or varying safety requirements, which can lead to more safety and security incidents, and may adversely impact the adoption of our platform in those regions and elsewhere.

If criminal, inappropriate, fraudulent, or other negative incidents continue to occur due to the conduct of Hosts, guests, or third parties, our ability to attract and retain Hosts and guests would be harmed, and our business, results of operations, and financial condition would be materially adversely affected. Such incidents have prompted, and may in the future prompt, stricter home sharing regulations or regulatory inquiries into our platform policies and business practices. In the United States and other countries, we have seen listings being used for parties in violation of Airbnb's policies which have in some cases resulted in neighborhood disruption or violence. Further, claims have been asserted against us from our Hosts, guests, and third parties for compensation due to fatalities, accidents, injuries, assaults, theft, property damage, data privacy and data security issues, fraudulent listings, and other incidents that are caused by other Hosts, guests, or third parties while using our platform. These claims subject us to potentially significant liability and increase our operating costs and could materially adversely affect our business, results of operations, and financial condition. We have obtained some third-party insurance, which is subject to certain conditions and exclusions, for claims and losses incurred based on incidents related to bookings on our platform. Our third-party insurance, which may or may not be applicable to all claims, may be inadequate to fully cover alleged claims of liability, investigation costs, defense costs, and/or payouts. Even if these claims do not result in liability, we could incur significant time and cost investigating and defending against them. As we expand our offerings, or if the quantity or severity of incidents increases, our insurance rates and our financial exposure will grow, which would materially adversely affect our business, results of operations, and financial condition.

### ***Measures that we are taking to improve the trust and safety of our platform may cause us to incur significant expenditures and may not be successful.***

We have taken and continue to take measures to improve the trust and safety on our platform, combat fraudulent activities and other misconduct and improve community trust, such as requiring identity and other information from Hosts and guests, attempting to confirm the location of listings, removing suspected fraudulent listings or listings repeatedly reported by guests to be significantly not as described, and removing Hosts and guests who fail to comply with our policies. These measures are long-term investments in our business and the trust and safety of our community. However, some of these measures increase friction on our platform by increasing the number of steps required to list or book, which reduces Host and guest activity on our platform, and could materially adversely affect our business. Implementing the trust and safety initiatives we have announced, which include limited verification of Hosts and listings, restrictions on "party" houses, restrictions on certain types of bookings, and our neighbor hotline, or other initiatives, has caused and will continue to cause us to incur significant ongoing expenses and may result in fewer listings and bookings or reduced Host and guest retention, which could also materially adversely affect our business. As we operate a global platform, the timing and implementation of these measures will vary across geographies and may be restricted by local law requirements. We have invested and plan to continue to invest significantly in the trust and safety of our platform, but there can be no assurances that these measures will be successful, significantly reduce criminal or fraudulent activity on or off our platform, or be sufficient to protect our reputation in the event of such activity.

Furthermore, we have established community standards, but those standards may not always be effectively enforced, communicated to, or consistently understood by all parts of our community. For example, while we require and communicate to Hosts and guests to make certain commitments with respect to diversity and belonging when they join Airbnb, these standards and requirements are not always well understood by all parts of our community. As a result, Hosts and guests may be surprised or disappointed when their expectations are not met.

***Growing focus on evolving environmental, social, and governance issues by shareholders, customers, regulators, politicians, employees, and other stakeholders may impose additional risks and costs on our business.***

ESG matters have become an area of growing and evolving focus among our shareholders and other stakeholders, including among customers, employees, regulators, politicians, and the general public in the United States and abroad. In particular, companies, including Airbnb, face heightened expectations with respect to their practices, disclosures, and performance in relation to environmental sustainability, climate change, biodiversity, diversity, equity and inclusion, human rights, energy and water consumption, human capital management, data privacy and security, and supply chains (including human rights issues), among other topics.

The current regulatory landscape regarding climate change and other ESG-related matters, both within the United States and in many other locations where we operate worldwide, is evolving at a pace, and is likely to continue to develop in ways, that require our business to adapt and require us to make certain disclosures regarding our operations and our commitments. Many U.S. states, either individually or through multi-state regional initiatives, have begun to address greenhouse gas emissions, including disclosure requirements relating thereto, and some U.S. states, for example, California, have also adopted various ESG-related efforts, initiatives and requirements. As a result, governments are, and may continue to, enact new laws and regulations and/or view matters or interpret laws and regulations differently than they have in the past, including laws and regulations which are responsive to ESG trends or otherwise seek to reduce the carbon emissions relating to travel and set minimum energy efficiency requirements, which could materially adversely affect our business, results of operations, and financial condition. The legislative landscape continues to be in a state of constant change as well as legal challenge with respect to these laws and regulations, making it difficult to predict with certainty the ultimate impact they will have on our business in the aggregate. We incur significant expenses and commit significant resources so that our platform can comply with applicable laws and regulations; however, there is no assurance that we will be able to fully implement technical upgrades and other system implementations in a timely manner since implementations often involve building new infrastructure and tools, which contain the inherent risk of unplanned errors and defects, and in certain instances we may be unable to respond to legislation or regulation in a way that fully mitigates any negative impacts our business.

We are committed to maintaining strong relationships with all of our key stakeholders, including our Hosts, guests, the communities within which we operate in, employees, and shareholders and we have taken and continue to take steps to serve each of our stakeholder groups. We also endeavor to maintain productive relationships with regulators and other constituencies with whom we engage. Notwithstanding our commitments to stakeholders and intentions with respect to other constituencies, if we fail to meet rapidly evolving investor, regulator, and other stakeholder expectations on ESG matters, if we are perceived not to have responded appropriately or in a timely manner to ESG issues that are material, or perceived to be material, to our business (including failing to pursue or achieve our stated goals, targets and objectives within the timelines we announce, failing to satisfy reporting and disclosure expectations or requirements, or if there are real or perceived inaccuracies in the data and information we report or if we are exposed to greenwashing initiatives), if we fail to accurately report ESG-related data or fail to accurately report the challenges associated with our ESG initiatives or the degree to which we will or will not be able to meet our ESG-related commitments, or if we fail to fully understand, reflect, disclose, mitigate or manage risks associated with environmental or social matters, we may experience harm to our brand and reputation, adverse press coverage, a reduction in our attractiveness as an investment, greater regulatory scrutiny and potential legal claims, greater difficulties in attracting and retaining customers and talent, increased costs associated with our legal compliance, insurance, or access to capital, and as a consequence, our business, results of operations, financial condition, and/or stock price could be materially adversely affected. We also expect to incur additional costs and require additional resources to monitor, report, and comply with our various ESG commitments and reporting obligations. Certain market participants, including major institutional investors and capital providers, use third-party benchmarks and scores to assess companies' ESG profiles in making investment or voting decisions, and unfavorable such scores could negatively impact us.

Some external parties oppose companies' efforts on certain ESG-related matters. Both advocates and opponents to certain ESG matters are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such activism, it may require us to incur costs or otherwise adversely impact our business. This and other stakeholder expectations will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor.

***We track certain operational metrics, which are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and materially adversely affect our stock price, business, results of operations, and financial condition.***

We track certain operational metrics, including metrics such as Nights and Experiences Booked, GBV, average daily rates ("ADR"), active listings, active bookers, Hosts, and guest arrivals, which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools are subject to a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our platform is used across large populations globally.

Our Nights and Experiences Booked and GBV metrics are adjusted for cancellations and alterations that happen in the reporting period. However, cancellations and alterations for bookings made in the reporting period can occur beyond the current reporting period. This results in a reported amount of Nights and Experiences Booked and GBV in the quarter of the booking for which all of the bookings may ultimately not result in check-ins, and subsequently reduces our Nights and Experiences Booked and GBV metrics in subsequent quarters when we experience cancellations. Cancellations and alterations to previously booked trips increased dramatically after the COVID-19 outbreak, as guests were either unable to travel or uncomfortable traveling. If we experience high levels of cancellations in the future, our performance and related business metrics will be materially adversely affected.

## [Table of Contents](#)

The calculation of Nights and Experiences Booked, GBV, and active listings requires the ongoing collection of data on new offerings that are added to our platform over time. Our business is complex, and the methodology used to calculate Nights and Experiences Booked, GBV, and active listings may require future adjustments to accurately represent the full value of new offerings.

An active booker is a unique guest who has booked a stay or experience in a given time period. Certain individuals may have more than one guest account and therefore may be counted more than once in our count of active bookers. We count the number of Hosts on our platform based on the number of Hosts with an available listing as of a certain date. Some individuals may have more than one Host account and therefore may be counted more than once as Hosts.

Our metrics, including our reported Nights and Experiences Booked, GBV, and active listings, may include fraudulent bookings, accounts, and other activities that have not been flagged by our trust and safety teams or identified by our machine learning algorithms or not yet addressed by our operational teams, which could mean these activities on our site are not identified or addressed in a timely manner or at all, reducing the accuracy of our metrics. Further, any such fraudulent activity, along with associated refunds and cancellations, would reduce our metrics, in particular Nights and Experiences Booked, GBV, and active listings, in the quarter in which it is discovered. Limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If our operational metrics are not accurate representations of our business, or if investors do not perceive these metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, our stock price could decline, we may be subject to stockholder litigation, and our business, results of operations, and financial condition could be materially adversely affected.

***Compliance with federal, state, and foreign laws relating to data privacy and data security involves significant expenditure and resources, and any failure by us or our vendors to comply may result in significant liability, negative publicity, an erosion of trust, and/or increased regulation and could materially adversely affect our business, results of operations, and financial condition.***

Data privacy and data security laws, rules, and regulations are complex, and their interpretation is rapidly evolving, making implementation and enforcement, and thus compliance requirements, ambiguous, uncertain, and potentially inconsistent. Compliance with such laws may require changes to our data collection, use, transfer, disclosure, other processing, and certain other related business practices and may thereby increase compliance costs or have other material adverse effects on our business. We collect, store, handle, transmit, use, and otherwise process personal data, such as names, dates of birth, email addresses, phone numbers, and identity verification information (for example, government issued identification or passport), as well as credit card or other financial information, from and about Hosts and guests, as well as our employees, job applicants, contractors and representatives of our third-party vendors, and other companies we do business with. We also depend on third-party vendors to operate our business, a number of which process data on our behalf. We and our vendors are subject to a variety of state, federal, and foreign data privacy laws, rules, regulations, industry standards and other requirements, including those that generally require that we implement reasonable measures to keep such information secure and otherwise restrict the ways in which such information can be collected and used. These requirements, and their application, interpretation, and amendment are constantly evolving and developing.

For example, in the European Union and the UK, we are subject to the European Union General Data Protection Regulation (the “EU GDPR”) and to the United Kingdom General Data Protection Regulation and Data Protection Act 2018 (the “UK GDPR”), respectively (the EU GDPR and UK GDPR together referred to as the “GDPR”), both of which have resulted, and will continue to result in significantly greater compliance burdens and costs for companies like ours. The GDPR regulates our collection, control, processing, sharing, disclosure, and other use of data that can directly or indirectly identify a living individual (“personal data”), and imposes stringent data protection requirements with significant penalties, and the risk of civil litigation, for noncompliance.

Since we are subject to the supervision of relevant data protection authorities under both the EU GDPR and the UK GDPR, we could be fined under each of those regimes independently in respect of the same breach. Penalties for certain breaches are up to the greater of 20 million Euro or GBP 17.5 million, or up to 4% of the annual global revenue of the infringer, whichever is greater. It may also lead to civil litigation, with the risks of damages or injunctive relief, or regulatory orders adversely impacting the ways in which our business can use personal data. Further, the UK framework may in the future start to diverge from the EU framework, and these changes may lead to additional costs and increase our overall risk exposure.

From time to time we receive correspondence from regulators including the Data Protection Commission, our lead EU data protection regulator, regarding our personal data processing activities. We have been and are currently subject to a small number of statutory inquiries in respect of data processing under the GDPR, although we do not consider this particularly unusual for a business of our size and the level of personal data processed. To date, we have not received any fines in respect of such inquiries and have in place an internal process to review and process such inquiries to ensure we respond appropriately and update our privacy compliance with any findings.

Additionally, we are subject to laws, rules, and regulations regarding cross-border transfers of personal data, including laws relating to transfer of personal data outside the European Economic Area (“EEA”) and the UK. Case law from the Court of Justice of the European Union (“CJEU”) states that reliance on the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism) alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. In October 2022, President Biden signed an Executive Order on ‘Enhancing Safeguards for United States Intelligence Activities’ which introduced new redress mechanisms and binding safeguards to address the concerns raised by the CJEU in relation to data transfers from the EEA to the United States under the standard contractual clauses, and which formed the basis of the new EU-US Data Privacy Framework (“DPF”), as released in December 2022. The European Commission adopted its Adequacy Decision in relation to the DPF in July 2023 rendering the DPF effective as an EU GDPR transfer mechanism to U.S. entities self-certified under the DPF. In October 2023, the UK Extension to the DPF came into effect (as approved by the UK Government) as a UK GDPR data transfer mechanism to U.S. entities self-certified under the UK Extension to the DPF.

## [Table of Contents](#)

We currently rely on the EU standard contractual and the UK Addendum to the EU clauses standard contractual clauses and the UK International Data Transfer Agreement as relevant to transfer personal data outside the EEA and the UK with respect to both intragroup and third-party transfer. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. As the regulatory guidance and enforcement landscape in relation to data transfers continue to develop, we could suffer additional costs, complaints, and/or regulatory investigations or fines, we may have to stop using certain tools and vendors and make other operational changes, including updating agreements or implementing additional safeguards which could otherwise affect the manner in which we provide our services and our ability to provide our services; and could adversely affect our business, results of operations, and financial condition.

Many large geographies in which we operate, including Australia, Brazil, Canada, China, India, and South Korea, have passed or are in the process of passing comparable or other robust data privacy and security legislation or regulation, which may lead to additional costs and increase our overall risk exposure.

Additionally, we note that as the use of AI continues to grow, data protection regulators may take an increased interest in how we process personal data of our users and/ or hosts. This may mean that regulators seek advance engagement with businesses like ours in respect of certain types of data processing. This may affect our use of AI and our ability to provide, improve or commercialize our services effectively and efficiently and result in increased costs.

In the United States, there are numerous federal and state data privacy and security laws, rules, and regulations governing the collection, use, storage, sharing, transmission, and other processing of personal information, including federal and state data privacy laws, data breach notification laws, electronic communications laws, and marketing and consumer protection laws. For example, the Federal Trade Commission and state regulators enforce a variety of data privacy issues, such as misrepresentations in privacy policies or failures to appropriately protect information about individuals, as unfair or deceptive acts or practices in or affecting commerce in violation of the Federal Trade Commission Act or similar state laws. Additionally, the Gramm-Leach-Bliley Act of 1999 ("GLBA") and its implementing regulations, which restrict certain collection, processing, storage, use, and disclosure of personal information, require notice to individuals of privacy practices, and provides individuals with certain rights to prevent the use and disclosure of certain nonpublic or otherwise legally protected information. These rules also impose requirements for the safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines.

The U.S. government, including Congress, the Federal Trade Commission and the Department of Commerce, has announced that it is reviewing the need for greater regulation for the collection of information concerning consumer behavior on the Internet, including regulation aimed at restricting certain targeted advertising practices. In addition, numerous states have enacted or are in the process of enacting state level data privacy laws and regulations governing the collection, use, and processing of state residents' personal data. For example, the California Consumer Privacy Act ("CCPA") took effect in January 2020. The CCPA established a new privacy framework for covered businesses such as ours, and may continue to require us to modify our data processing practices and policies and incur compliance related costs and expenses. The CCPA provided new and enhanced data privacy rights to California residents, such as affording consumers the right to access and delete their information and to opt out of certain sharing and sales of personal information. The CCPA also prohibits covered businesses from discriminating against consumers (for example, charging more for services) for exercising any of their CCPA rights. The CCPA imposes severe statutory damages and could lead to injunctive relief or agreed settlements providing for ongoing audit and reporting requirements, as well as a private right of action, for certain data breaches. This private right of action has increased the risks associated with data breach litigation. In November 2020, California voters passed the California Privacy Rights and Enforcement Act of 2020 ("CPRA"). The CPRA went into effect in January 2023. The CPRA modifies and expands the CCPA with additional data privacy compliance requirements that may impact our business, and establishes a regulatory agency dedicated to enforcing those requirements. In addition, the enactment of the CCPA is prompting a wave of similar legislative developments in other states, which creates the potential for a patchwork of overlapping but different state laws. For example, since the CCPA went into effect, comprehensive privacy statutes that share similarities with the CCPA are now in effect and enforceable in Virginia, Colorado, Utah, and Connecticut, and will be taking effect in other U.S. states in 2024 and beyond. Many other states are currently reviewing or proposing the need for greater regulation of the collection, sharing, use and other processing of information related to individuals for advertising purposes or otherwise, and there remains increased interest at the federal level as well. Together, these laws will add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs and cyber security, could impact strategies and availability of previously useful data, and could result in increased compliance costs and/or changes in business practices and policies.

Various other governments and consumer agencies around the world have also called for new regulation and changes in industry practices and many have enacted different and often contradictory requirements for protecting personal information collected and maintained electronically. Compliance with numerous and contradictory requirements of different jurisdictions is particularly difficult and costly for an online business such as ours, which collects personal information from Hosts, guests, and other individuals in multiple jurisdictions. If any jurisdiction in which we operate adopts new laws or changes its interpretation of its laws, rules, or regulations relating to data residency or localization such that we are unable to comply in a timely manner or at all, we could risk losing our rights to operate in such jurisdictions. As in many cases these laws are relatively new and the interpretation and application of these laws is uncertain there may be litigation, claims and enforcement relating to data privacy and the processing of personal data may involve new interpretations of privacy laws. For example, there has been a noticeable increase in class actions in the U.S. where plaintiffs have utilized a variety of laws, including state wiretapping laws, in relation to the use of tracking technologies, such as cookies and pixels.

Any failure or perceived failure by us to comply with data privacy and data security laws, rules, or regulations could expose us to material penalties, significant legal liability, changes in how we operate or offer our products, and interruptions or cessation of our ability to operate in key geographies, any of which could materially adversely affect our business, results of operations, and financial condition.

Furthermore, to improve the trust and safety on our platform, we conduct certain verification procedures aimed at our Hosts, guests, and listings in certain jurisdictions. Such verification procedures may include utilizing public information on the Internet, accessing public

## [Table of Contents](#)

databases such as court records, utilizing third-party vendors to analyze Host or guest data, or physical inspection. These types of activities may expose us to the risk of regulatory enforcement from privacy regulators, consumer protection agencies, consumer credit reporting agencies, and civil litigation.

When we are required to disclose personal data pursuant to demands from, or give data access to, government agencies, including tax authorities, state and city regulators, law enforcement agencies, and intelligence agencies, our Hosts, guests, and data privacy and security regulators could perceive such disclosure as a failure by us to comply with data privacy and data security policies, notices, and laws, which could result in proceedings or actions against us in the same or other jurisdictions. Conversely, if we do not provide the requested information to government agencies due to a disagreement, such as on the interpretation of the law, we are likely to face enforcement action from such government, engage in litigation, face increased regulatory scrutiny, and experience an adverse impact on our relationship with governments or our ability to offer our services within certain jurisdictions. Any of the foregoing could materially adversely affect our brand, reputation, business, results of operations, and financial condition.

Any failure or perceived failure by us to comply with consumer protection, data privacy or data security laws, rules, and regulations; policies; industry standards; or enforcement notices and/or assessment notices (for a compulsory audit) could result in proceedings or actions against us by individuals, consumer rights groups, government agencies, or others. We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, and diversion of internal resources. We could incur significant costs in investigating and defending such claims and, if found liable, pay significant damages or fines or be required to make changes to our business. Further, these proceedings and any subsequent adverse outcomes may subject us to significant negative publicity, and an erosion of trust. If any of these events were to occur, our business, results of operations, and financial condition could be materially adversely affected.

***If we or our third-party providers fail to protect Confidential Information and/or experience security incidents, there may be damage to our brand and reputation, material financial penalties, and legal liability, along with a decline in use of our platform, which would materially adversely affect our business, results of operations, and financial condition.***

We rely on computer systems, hardware, software, technology infrastructure and online sites and networks for both internal and external operations that are critical to our business (collectively, "IT Systems"). We own and manage some of these IT Systems but also rely on third parties for a range of IT Systems and related products and services, including cloud computing services. We and certain of our third-party providers collect, maintain and process data about Hosts, guests, employees and others, including personal data (such as email addresses, nationality, location information, Social Security numbers and other government identifiers, payment card information, and bank account information) as well as proprietary information belonging to our business such as trade secrets (collectively with personal data, "Confidential Information").

We face numerous and evolving cybersecurity risks that threaten the confidentiality, integrity, and availability of our and our third-party providers' IT Systems as we increase the types of technology we use to operate our platform, including mobile apps and third-party payment processing providers, and as we collaborate with third parties that may need to process our Host or guest data or have access to our infrastructure. These cybersecurity risks are from diverse threat actors, such as state-sponsored organizations, opportunistic hackers and hacktivists, as well as through diverse attack vectors, such as social engineering/phishing, company insiders, suppliers or providers, and as a result of human or technological error, including misconfigurations, bugs, or other vulnerabilities in software and hardware. The evolution of technology systems introduces ever more complex security risks that are difficult to predict and defend against, including AI. Further, there was a surge in widespread cyber-attacks during the COVID-19 pandemic, and geopolitical conflicts continue to increase and exacerbate our cybersecurity risks and potential for cybersecurity incidents. An increasing number of companies, including those with significant online operations, have recently disclosed breaches of their security, some of which involved sophisticated tactics and techniques allegedly attributable to organized criminal enterprises or nation-state actors. The techniques used by threat actors to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are unknown until launched against a target. As such, we cannot ensure that we will be able to anticipate, investigate, remediate, or recover from future attacks or incidents, or to avoid material impact to our IT Systems, Confidential Information or business. There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our IT Systems and Confidential Information.

Further, with a large geographically disparate employee base, we are not immune from the possibility of a malicious insider compromising our information systems and infrastructure. This risk has grown in light of the greater adoption of remote work. Remote and hybrid working arrangements at our Company (and at many third-party providers) also increase cybersecurity risks due to the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non-corporate and home networks. We also have a distributed community support organization including third-party providers that have access to personal information and systems. We and other companies in our industry have dealt with incidents involving such insiders exfiltrating and stealing Confidential Information and illegally diverting funds. We and other companies in our industry have also dealt with third parties and insiders manipulating information (e.g., reviews). No series of measures can fully safeguard against a sufficiently determined and skilled insider threat.

In addition, bad actors have targeted and will continue to target our Hosts and guests directly with attempts to breach the security of their accounts or management systems, such as through social engineering or phishing attacks where a third party attempts to infiltrate our systems or acquire information by posing as a legitimate inquiry or electronic communication, which are fraudulent identity theft schemes designed to appear as legitimate communications from us or from our Hosts or guests, partners, or vendors. We have seen many instances of our Hosts and guests falling prey to such schemes, which result in their accounts being taken over by fraudsters intent on perpetrating fraud against them, other users, and our platform. Bad actors may also employ other schemes aimed at defrauding our Hosts or guests in ways that we may not anticipate or be able to adequately guard against. Even if phishing and spamming attacks and other fraud schemes are not carried out through our IT Systems, victims may nevertheless seek recovery from us. Because of our prominence, we believe that we are a particularly attractive target for such attacks. Though it is difficult to determine what, if any, harm may directly result from any specific scheme or attack, any failure to maintain performance, reliability, security, and availability of our offerings, services, and IT Systems to the satisfaction of our Hosts and guests may harm our reputation and our ability to retain existing Hosts and guests and attract new Hosts and



## [Table of Contents](#)

guests. The ability of fraudsters to directly target our Hosts and guests with fraudulent communications, or cause an account takeover, exposes us to significant fraud risk, including costly litigation, which is difficult to fully mitigate.

Generally, our practice is to encrypt certain sensitive data when it is in transit and at rest. However, advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography and AI, or other developments may result in our failure or inability to adequately protect sensitive data.

Our IT Systems may be vulnerable to computer viruses or physical or electronic intrusions that our security measures may not detect. We and certain of our third-party service providers have experienced cyberattacks and other security incidents in the past, and we expect such attacks and incidents to continue in varying degrees. Any cyberattack or security incident threatens the confidentiality, integrity, and availability of our IT Systems and Confidential Information and could result in the misappropriation of Confidential Information and could materially adversely affect our operations, financial condition, IT Systems or those of our Hosts and guests, or could otherwise cause damage to our reputation and business. Further, the ability to bypass our information security controls could degrade our trust and safety programs, which could expose individuals to a risk of physical harm or violence.

If there is a breach of our IT Systems and we know or suspect that certain Confidential Information has been exfiltrated, accessed, or used inappropriately, we may need to inform privacy regulators across the world, as well as our employees and the Hosts or guests whose data was stolen, accessed, or misused. This may subject us to significant regulatory fines and penalties. Further, under certain regulatory schemes, such as the CCPA, we may be liable for statutory damages on a per breached record basis, irrespective of any actual damages or harm to the individual. This means that in the event of a breach we could face government scrutiny or consumer class actions alleging statutory damages amounting to hundreds of millions, and possibly billions of dollars.

We rely on third-party service providers, including financial institutions, to process some of our data and that of our Hosts and guests, including payment information, and successful security incidents that disrupt or result in unauthorized access to third-party IT Systems of data processed therein could have adverse consequences for us similar to an incident directly on our IT Systems, including financially and operationally. We have acquired and will continue to acquire companies whose IT Systems are vulnerable to security incidents and have vulnerabilities, and we may be responsible for any security incidents of these newly acquired companies. While we conduct due diligence of these companies, we do not have access to the full operating history of the companies, including measures implemented to protect their IT Systems and Confidential Information, and cannot be certain there have not been security incidents prior to or vulnerabilities that still exist at the time of our acquisition, which exposes us to significant cybersecurity, operational and financial risk.

We expend, and expect to continue to expend, significant resources to protect our IT Systems and Confidential Information and remediate or recover from cyberattacks and security incidents. However, regulators and complainants may not deem our efforts sufficient, and regardless of the expenditure, the risk of security incidents cannot be fully mitigated. We have a heightened risk of cyberattacks and security incidents due to some of our operations being located in certain international jurisdictions. Any actual or alleged security breaches or alleged impact to the availability, integrity, or confidentiality of our IT Systems or Confidential Information or alleged violations of federal, state, or foreign laws or regulations relating to data privacy and data security could result in mandated user notifications, legal claims or proceedings (such as class actions), government investigations and enforcement actions, significant fines, and expenditures; divert management's attention from operations; incur significant incident response, system restoration, or remediation and future compliance costs; deter people from using our platform; damage our brand and reputation; force us to cease operations for some length of time; and materially adversely affect our business, results of operations, and financial condition. Defending against claims or litigation based on any security breach or incident, regardless of their merit, will be costly and may cause reputation harm. We cannot guarantee that any costs and liabilities incurred in relation to an attack or incident will be covered by our existing insurance policies or that applicable insurance will be available to us in the future on economically reasonable terms or at all. Therefore, the successful assertion of one or more large claims against us that exceed available insurance coverage, denial of coverage as to any specific claim, or any change or cessation in our insurance policies and coverages, including premium increases or the imposition of large deductible requirements, could have a material adverse effect on our business, results of operations, and financial condition.

### ***Our IT Systems are highly complex, and any undetected errors could materially adversely affect our business, results of operations, and financial condition.***

Our platform is a complex system composed of many interoperating components and software, including algorithms that incorporate machine learning and exhibit characteristics of AI. Our business is dependent upon our ability to prevent system interruption on our platform, to effectively implement updates to our systems and to appropriately monitor and maintain our systems. Our (or our suppliers' or services providers') IT Systems, including open source software that is incorporated into the code, may now or in the future contain a range of cybersecurity risks and threats, including bugs, vulnerabilities, or backdoors. Some errors, bugs, vulnerabilities, or backdoors in our IT Systems have not been and may not be discovered until after the code has been released. We have, from time to time, found defects or errors in our IT Systems and software limitations that have resulted in, and may discover additional issues in the future that could result in, platform unavailability or system disruption, or the inability of our systems to implement timely updates that are required for regulatory compliance. For example, defects or errors have resulted in and could result in the delay in making payments to Hosts or overpaying or underpaying Hosts, which would impact our cash position and may cause Hosts to lose trust in our payment operations. Any errors, bugs, vulnerabilities, or backdoors discovered in our IT Systems released to production or found in third-party software, including open source software, that is incorporated into our code, any misconfigurations of our IT Systems, or any unintended interactions between IT Systems could result in poor system performance, an interruption in the availability of our platform, incorrect payments, incorrect calculations, search ranking problems, Host account takeovers, fraudulent listings, issues with chatbot behavior, inadvertent failure to effectively comply with legal, tax, or regulatory requirements, negative publicity, damage to our reputation, loss of existing and potential Hosts and guests, loss of revenue, liability for damages, a failure to comply with certain legal or tax reporting obligations, and regulatory inquiries or other proceedings, any of which could materially adversely affect our business, results of operations, and financial condition.

## [Table of Contents](#)

### ***IT System capacity constraints, system or operational failures, or denial-of-service or other attacks could materially adversely affect our business, results of operations, and financial condition.***

Since our founding, we have experienced rapid growth in consumer traffic to our platform. If our systems and network infrastructure cannot be expanded or are not scaled to cope with increased demand or fail to perform, we could experience unanticipated disruptions in service, slower response times, decreased customer satisfaction, and delays in the introduction of new offerings.

Our IT Systems and operations, including those provided by third-party service providers, are vulnerable to damage or interruption from human error, computer viruses, earthquakes, floods, fires, power loss, and similar events. For example, we have significant operations in San Francisco, which is built on a high-risk liquefaction zone and is near major earthquake fault lines. In addition, Northern California has recently experienced, and may continue to experience power outages during the fire season and our headquarters does not have power generator backup to maintain full business continuity. A catastrophic event that results in the destruction or disruption of our headquarters, any third-party cloud hosting facilities, or our critical business or information technology systems could severely affect our ability to conduct normal business operations and result in lengthy interruptions or delays of our platform and services.

Our IT Systems and operations are also subject to break-ins, sabotage, intentional acts of vandalism, terrorism, and similar misconduct from external sources and malicious insiders. We will not always be successful in preventing, detecting, investigating, and remediating attacks on our IT Systems, and any such attack could cause significant interruptions in our operations. For instance, from time to time, we have experienced distributed denial-of-service type attacks on our IT Systems that have made portions of our platform slow or unavailable for periods of time. There are numerous other potential forms of attack, such as social engineering/phishing, account takeovers, malicious code injections, ransomware or other extortion-based attempts, and the attempted use of our platform to launch a denial-of-service attack against another party, each of which could cause significant interruptions in our operations or involve us in legal or regulatory proceedings. Reductions in the availability and response time of our online platform could cause loss of substantial business volumes during the occurrence of any such attack on our systems and measures we may take to divert suspect traffic in the event of such an attack could result in the diversion of bona fide customers. These issues are likely to become more difficult to manage as we expand the number of places where we operate and the variety of services we offer, and as the tools and techniques used in such attacks become more advanced and available. Successful attacks could adversely impact the availability, integrity or confidentiality of our IT Systems, result in legal claims or proceedings (such as class actions), regulatory investigations and enforcement actions, fines and penalties, negative publicity and damage to our reputation, could prevent consumers from booking or visiting our platform during the attack, and/or could result in significant incident response, system restoration, or remediation and future compliance costs, any of which could materially adversely affect our business, results of operations, and financial condition.

In the event of certain IT System failures, we may not be able to switch to back-up systems immediately and the time to full recovery could be prolonged. We have experienced IT System failures from time to time. In addition to placing increased burdens on our engineering staff, these outages create a significant amount of consumer questions and complaints that need to be addressed by our community support team. Any unscheduled interruption in our service could result in an immediate and significant loss of revenue, an increase in community support costs, harm to our reputation, and could result in some consumers switching to our competitors. If we experience frequent or persistent system failures, our brand and reputation could be permanently and significantly harmed, and our business, results of operations, and financial condition could be materially adversely affected. While we have taken and continue to take steps to increase the reliability and redundancy of our IT Systems, these steps are expensive and may not be completely effective in reducing the frequency or duration of unscheduled downtime. We do not carry business interruption insurance sufficient to compensate us for all losses that may occur.

We use both internally developed IT Systems and third-party IT Systems to operate our platform, including transaction and payment processing, and financial and accounting systems. If the number of consumers using our platform increases substantially, or if critical third-party systems stop operating as designed, we may need to significantly upgrade, expand, or repair our transaction and payment processing systems, financial and accounting systems, and other infrastructure. We may not be able to upgrade our IT Systems and infrastructure to accommodate such conditions in a timely manner, and depending on the systems affected, our transaction and payment processing, and financial and accounting systems could be impacted for a meaningful amount of time, which could materially adversely affect our business, results of operations, and financial condition.

Our business depends on the performance and reliability of the Internet, mobile, telecommunications network operators, and other infrastructures that are not under our control. As consumers increasingly turn to mobile devices, we also become dependent on consumers' access to the Internet through mobile carriers and their systems. Disruptions in Internet access, whether generally, in a specific region or otherwise, could materially adversely affect our business, results of operations, and financial condition.

### ***The coverage afforded under our insurance policies may be inadequate for the needs of our business or our third-party insurers may be unable or unwilling to meet our coverage requirements, which could materially adversely affect our business, results of operations, and financial condition.***

We use a combination of third-party insurance and self-insurance, including a wholly-owned captive insurance subsidiary established in 2019, to manage the exposures related to our business operations. We support our Host community by maintaining a variety of Host protection programs, such as AirCover for Hosts, which includes our Host Liability Insurance, Experiences Liability Insurance, and our Host Damage Protection program. Our business, results of operations, and financial condition would be materially adversely affected if (i) cost per claim, premiums or the number of claims significantly exceeds our expectations; (ii) we experience a claim in excess of our coverage limits; (iii) our insurance providers become insolvent or otherwise fail to pay on our insurance claims; (iv) we experience a claim for which coverage is denied by or disputed by our insurance providers; or (v) the number of claims under our deductibles or self-insured retentions differs from historic averages. Our spending for insurance has increased as our business has grown and losses from covered claims have increased. Premiums have increased as a result, and we have experienced and expect to continue to experience increased difficulty in obtaining appropriate policy limits and levels of coverage at a reasonable cost and with reasonable terms and conditions. Our costs for obtaining these policies will continue to increase as our business grows and continues to evolve. Furthermore, as our business continues to develop



## [Table of Contents](#)

and diversify, we may experience difficulty in obtaining insurance coverage for new and evolving offerings, which could require us to incur greater costs and materially adversely affect our business, results of operations, and financial condition. Additionally, if we fail to comply with insurance regulatory requirements in the regions where we operate, or other regulations governing insurance coverage, our brand, reputation, business, results of operations, and financial condition could be materially adversely affected.

### *Host Liability Insurance and Experiences Liability Insurance*

In order to offset our potential exposure related to stays and experiences and to comply with certain short-term and long-term rental regulatory requirements, we have procured Host Liability and Experiences Liability general liability insurance from third parties, which are subject to certain terms, conditions, and exclusions, for claims from guests and third parties for bodily injury or property damage arising from bookings of stays and experiences through our platform. We and our Hosts are insured parties, and landlords, homeowners, or condo-owners associations, and any other similar entities, are additional insured parties. However, these insurance programs may not provide coverage for certain types of claims, including those relating to contagious diseases such as COVID-19, and may be insufficient to fully cover costs of investigation, costs of defense, and payments or judgments arising from covered claims. In addition, extensive or costly claims could lead to premium increases or difficulty securing coverage, which may result in increased financial exposure and an inability to meet insurance regulatory requirements.

### *Corporate Insurance*

We procure insurance policies to cover various business and operations-related risks that are normal and customary and available in the current insurance market, including general business liability, workers' compensation, cyber liability and data breaches, crime, directors' and officers' liability, and property insurance. We do not have sufficient coverage for certain catastrophic events, including certain business interruption losses, such as those resulting from the COVID-19 pandemic or extended disruptions resulting from the failure of our third-party service providers. Additionally, certain policies may not be available to us and the policies we have and obtain in the future may not be sufficient to cover all of our business exposure.

### *Captive Insurance Company*

We have a wholly-owned captive insurance subsidiary to manage the financial exposure related to our Host and Experiences liability insurance programs along with certain corporate insurance programs. Our captive insurance subsidiary is a party to certain reinsurance and indemnification arrangements that transfer a portion of the risk from our insurance providers to the captive insurance subsidiary, which could require us to pay out material amounts that may be in excess of our insurance reserves. As our business continues to develop and diversify, we may choose to or have to transfer more risk to our captive insurance subsidiary as it may become more difficult to obtain insurance with current retentions or deductibles and with similar terms to cover our exposure. Our insurance reserves reflect the estimated cost for claims incurred but not paid and claims that have been incurred but not yet reported and other associated expenses, such as defense costs retained by us through our captive insurance subsidiary. These amounts are based on third-party actuarial estimates, historical claim information, and industry data. While these reserves are believed to be adequate, our ultimate liability could be in excess of our reserves, which could materially adversely affect our results of operations and financial position.

### *Host Damage Protection Program*

We maintain a Host Damage Protection program that provides reimbursement of up to \$3 million for loss or damages to a Host property caused by guests, subject to terms and conditions. While the Host Damage Protection program is a commercial agreement with our Hosts and for which we are primarily responsible, we maintain a contractual liability insurance policy to provide coverage to us for claims and losses incurred by us under the Host Damage Protection program. Increased claim frequency and severity and increased fraudulent claims could result in greater payouts, premium increases, and/or difficulty securing coverage. Further, disputes with Hosts as to whether the Host Damage Protection program applies to alleged losses or damages and the increased submission of fraudulent payment requests could require significant time and financial resources.

### ***We offer travel insurance products to guests which subject us and our business to extensive laws, regulations and supervision.***

Since June 2022, guests in certain jurisdictions have had the opportunity to purchase travel insurance when they make a booking. Over time, we expect to make travel insurance available to guests in additional countries. In the United States, travel insurance products are subject to extensive regulation in the states in which we transact business by state insurance departments. This regulation is generally designed to protect the interests of consumers. States have also adopted legislation defining and prohibiting unfair methods of competition and unfair or deceptive acts and practices in the business of insurance that may apply to insurance agencies. Noncompliance with any of such state statutes may subject us to regulatory action by the relevant state insurance regulator, and, in certain states, private litigation. In addition, we cannot predict the impact that any new laws, rules or regulations, or unfavorable changes in or interpretations of existing laws, rules or regulations, may have on our business and financial results. States also regulate various aspects of the contractual relationships between insurers and independent agents. State insurance regulators may also conduct periodic examinations, the results of which could give rise to regulatory orders requiring remedial, injunctive, or other corrective action. Similarly, travel insurance products are subject to extensive regulation and supervision by the applicable regulators in the United Kingdom and the European Union. The failure to comply with applicable state and foreign laws and regulations could result in fines and/or proceedings against us by governmental agencies and/or consumers which, if material, could adversely affect our business, results of operations, and financial condition.

### ***A significant portion of our bookings and revenue are denominated in foreign currencies, and our financial results are exposed to changes in foreign exchange rates.***

A significant portion of our business is denominated and transacted in foreign currencies, which subjects us to foreign exchange risk. We offer integrated payments to our Hosts and guests in over 40 currencies. Revenue could be negatively impacted by currency fluctuations.

## [Table of Contents](#)

Generally speaking, the strength of the U.S. dollar adversely impacts the portion of our revenue that is generated in foreign currencies when converted into the U.S. dollar. For the year ended December 31, 2023, approximately 52% of our revenue was denominated in currencies other than U.S. dollars. We also have foreign exchange risk with respect to certain of our assets, principally cash balances held on behalf of Hosts and guests, that are denominated in currencies other than the functional currency of our subsidiaries, and our financial results are affected by the remeasurement and translation of these non-U.S. currencies into U.S. dollars, which is reflected in the effect of exchange rate changes on cash, cash equivalents, and restricted cash on the consolidated statements of cash flows. 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 get paid. 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 may also risk currency rate and logic confusion by Hosts or guests if they do not understand the currency shown.

In the first quarter of 2023, we initiated a foreign exchange cash flow hedging program to minimize the effects of currency fluctuations on revenue. However, hedging transactions may not successfully mitigate losses caused by currency fluctuations, and our hedging positions may be partial or may not exist at all in the future. While we have and may choose to enter into transactions to hedge portions of our revenue and balance sheet exposures in the future, it is impossible to predict or eliminate the effects of foreign exchange rate exposure.

***We rely on traffic to our platform to grow revenue, and if we are unable to drive traffic cost-effectively, it would materially adversely affect our business, results of operations, and financial condition.***

We believe that maintaining and strengthening our brand is an important aspect of our efforts to attract and retain Hosts and guests. In particular, we rely on marketing to drive guest traffic to our platform. We have invested considerable resources into establishing and maintaining our brand. We have realigned our organizational priorities to further increase our focus on individual Hosts and brand marketing, while reducing performance marketing.

Our brand marketing efforts include a variety of online and offline marketing distribution channels. Our brand marketing efforts are expensive and may not be cost-effective or successful. If our competitors spend increasingly more on brand marketing efforts, we may not be able to maintain and grow traffic to our platform.

We have used performance marketing products offered by search engines and social media platforms to distribute paid advertisements that drive traffic to our platform. The remainder of our traffic comes through direct or unpaid channels, which include brand marketing and search engine optimization ("SEO"). A critical factor in attracting Hosts and guests to our platform is how prominently listings are displayed in response to search queries for key search terms. The success of home sharing and our brand has led to increased costs for relevant keywords as our competitors competitively bid on our keywords, including our brand name. Our strategy is to increase brand marketing and use the strength of our brand to attract more guests via direct or unpaid channels. However, we may not be successful at our efforts to drive traffic growth cost-effectively. If we are not able to effectively increase our traffic growth without increases in spend on performance marketing, we may need to increase our performance marketing spend in the future, including in response to increased spend on performance marketing from our competitors, and our business, results of operations, and financial condition could be materially adversely affected.

The technology that powers much of our performance marketing is increasingly subject to strict regulation, and regulatory or legislative changes could adversely impact the effectiveness of our performance marketing efforts and, as a result, our business. For example, we rely on the placement and use of "cookies" — text files stored on a Host or guest's web browser or device — and related and similar technologies to support tailored marketing to consumers. Many countries have adopted, or are in the process of adopting, regulations governing the use of cookies and similar technologies, and individuals may be required to "opt-in" to the placement of cookies used for purposes of marketing. For example, we are subject to evolving EU and UK privacy laws on cookies, tracking technologies, and e-marketing. In the European Union and United Kingdom under national laws derived from the ePrivacy Directive, informed consent is often required for the placement of a cookie or similar technology on a user's device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. The GDPR and similar laws also strictly regulate our use of personal data for marketing purposes. Recent European court and regulatory decisions as well as guidance have driven increased attention to cookies and tracking technologies, in particular in the online behavioral advertising ecosystem. We are seeing increased proactive enforcement activity in this area by European data regulators coupled with investigations flowing from complaints made by privacy activist groups. In the United States, several states have enacted laws that regulate the use of consumers' personal information for marketing purposes. In California, the CCPA gives consumers the right to opt out of the "sale" or "sharing" or their personal information, where sharing is specifically tied to sharing of personal information for cross-context behavioral advertising. Similarly, other U.S. states including Virginia, Colorado, Connecticut, and Utah have enacted (or are proposing) similar privacy laws that give consumers the right to opt out of "targeted advertising," with many of these laws also imposing additional requirements for companies who offer opt-outs, including recognizing and honoring opt-out signals.

If the trend continues of increasing regulation and enforcement by regulators of the technology we use for marketing, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs, and subject us to additional liabilities. We could also face negative publicity or reputation damage as a result of regulatory action or from being named in complaints or enforcement actions about our practices. Widespread adoption of regulations that significantly restrict our ability to use performance marketing technology could adversely affect our ability to market effectively to current and prospective Hosts and guests, and thus materially adversely affect our business, results of operations, and financial condition. Additionally, some providers of consumer devices and web browsers have implemented means to make it easier for consumers to prevent the placement of cookies, to block other tracking technologies or to require new permissions from consumers for certain activities, which could, if widely adopted, significantly reduce the effectiveness of our marketing efforts. In light of the complex and evolving nature of laws on cookies and tracking technologies, including in the EU, EU Member State, UK and U.S., there can be no assurances that we will be successful in our efforts to comply with such laws; violations of such laws could

## [Table of Contents](#)

result in regulatory investigations, fines, orders to cease/ change our use of such technologies, as well as civil claims including class actions, and reputational damage.

We focus on unpaid channels such as SEO. SEO involves developing our platform in a way that enables a search engine to rank our platform prominently for search queries for which our platform's content may be relevant. Changes to search engine algorithms or similar actions are not within our control, and could adversely affect our search-engine rankings and traffic to our platform. We believe that our SEO results have been adversely affected by the launch of Google Travel and Google Vacation Rental Ads, which reduce the prominence of our platform in organic search results for travel-related terms and placement on Google. To the extent that our brand and platform are listed less prominently or fail to appear in search results for any reason, we would need to increase our paid marketing spend which would increase our overall customer acquisition costs and materially adversely affect our business, results of operations, and financial condition. If Google or Apple uses its own mobile operating systems or app distribution channels to favor its own or other preferred travel service offerings, or impose policies that effectively disallow us to continue our full product offerings in those channels, there could be an adverse effect on our ability to engage with Hosts and guests who access our platform via mobile apps or search.

Moreover, as guests increase their booking activity across multiple travel sites or compare offerings across sites, our marketing efficiency and effectiveness is adversely impacted, which could cause us to increase our sales and marketing expenditures in the future, which may not be offset by additional revenue, and could materially adversely affect our business, results of operations, and financial condition. In addition, any negative publicity or public complaints, including those that impede our ability to maintain positive brand awareness through our marketing and consumer communications efforts, could harm our reputation and lead to fewer Hosts and guests using our platform, and attempts to replace this traffic through other channels will require us to increase our sales and marketing expenditures.

***We have operations in countries known to experience high levels of corruption and any violation of anti-corruption laws could subject us to penalties and other adverse consequences.***

We are subject to anti-corruption laws and regulations including the U.S. Foreign Corrupt Practices Act ("FCPA") and other laws in the United States and elsewhere (including the UK Bribery Act 2010) that prohibit improper payments or offers of payments to foreign governments and their officials, political parties, state-owned or controlled enterprises, and/or private entities and individuals for the purpose of obtaining or retaining business. We have operations in and deal with countries known to experience corruption. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, contractors, agents, or users that could be in violation of various laws, including the FCPA and anti-corruption and anti-bribery laws in these countries. We have implemented policies, procedures, systems, and controls designed to ensure compliance with applicable laws and to discourage corrupt practices by our employees, consultants, and agents, and to identify and address potentially impermissible transactions under such laws and regulations; however, our existing and future safeguards, including training and compliance programs to discourage corrupt practices by such parties, may not prove effective, and we cannot ensure that all such parties, including those that may be based in or from countries where practices that violate U.S. or other laws may be customary, will not take actions in violation of our policies, for which we may be ultimately responsible. Additional compliance requirements may require us to revise or expand our compliance programs, including the procedures we use to monitor international and domestic transactions. Failure to comply with any of these laws and regulations may result in extensive internal or external investigations as well as significant financial penalties and reputational harm, which could materially adversely affect our business, results of operations, and financial condition.

***We are subject to payment-related fraud and an increase in or failure to deal effectively with fraud, fraudulent activities, fictitious transactions, or illegal transactions would materially adversely affect our business, results of operations, and financial condition.***

We process a significant volume and dollar value of transactions on a daily basis. When Hosts do not fulfill their obligations to guests, there are fictitious listings or fraudulent bookings on our platform, or there are Host account takeovers, we have incurred and will continue to incur losses from claims by Hosts and guests, and these losses may be substantial. Such instances have and can lead to the reversal of payments received by us for such bookings, referred to as a "chargeback." For the year ended December 31, 2023, total chargeback expense was \$130 million. The capabilities of criminal fraudsters, combined with individuals' susceptibility to fraud may cause our Hosts and guests to be subject to ongoing account takeovers and identity fraud issues. While we have taken measures to detect and reduce the risk of fraud, there is no guarantee that they will be successful and they require continuous improvement and optimization of continually evolving forms of fraud to be effective. Our ability to detect and combat fraudulent schemes, which have become increasingly common and sophisticated, could be adversely impacted by the adoption of new payment methods, the emergence and innovation of new technology platforms, including mobile and other devices, and our growth in certain regions, including in regions with a history of elevated fraudulent activity. We expect that technically-knowledgeable criminals will continue to attempt to circumvent our anti-fraud systems including through account takeovers and cybersecurity breaches. In addition, the payment card networks have rules around acceptable chargeback ratios. If we are unable to effectively combat fictitious listings and fraudulent bookings on our platform, combat the use of fraudulent or stolen credit cards, or otherwise maintain or lower our current levels of chargebacks, we may be subject to fines and higher transaction fees or be unable to continue to accept card payments because payment card networks have revoked our access to their networks, any of which would materially adversely impact our business, results of operations, and financial condition.

Our payments platform is susceptible to potentially illegal or improper uses, including money laundering, transactions in violation of economic and trade sanctions, corruption and bribery, terrorist financing, fraudulent listings, Host account takeovers, or the facilitation of other illegal activity. Use of our payments platform for illegal or improper uses has subjected us, and may subject us in the future, to claims, lawsuits, and government and regulatory investigations, inquiries, or requests, which could result in liability and reputational harm for us. We have taken measures to detect and reduce fraud and illegal activities, but these measures need to be continually improved and may add friction to our booking process. These measures may also not be effective against fraud and illegal activities, particularly new and continually evolving forms of circumvention. If these measures do not succeed in reducing fraud, our business, results of operations, and financial condition would be materially adversely affected.

## [Table of Contents](#)

***Our payments operations are subject to extensive government regulation and oversight. Our failure to comply with extensive, complex, overlapping, and frequently changing laws, rules, regulations, policies, legal interpretations, and regulatory guidance could materially adversely affect our business, results of operations, and financial condition.***

Our payments platform is subject to various laws, rules, regulations, policies, legal interpretations, and regulatory guidance, including those governing: cross-border and domestic money transmission and funds transfers; stored value and prepaid access; foreign exchange; data privacy, and data security; banking secrecy; payment services (including payment processing and settlement services); consumer protection; economic and trade sanctions; anti-corruption and anti-bribery; and anti-money laundering and counter-terrorist financing. As we expand and localize our international activities, we have and will become increasingly subject to the laws of additional countries or geographies. In addition, because we facilitate bookings on our platform worldwide, one or more jurisdictions may claim that we or our customers are required to comply with their laws. Laws regulating our payments platform outside of the United States often impose different, more specific, or even conflicting obligations on us, as well as broader liability. For example, certain transactions that may be permissible in a local jurisdiction may be prohibited by regulations of the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") or U.S. anti-money laundering or counter-terrorist financing regulations.

We have assessed, and will continue to assess, the adequacy of our policies, procedures, and internal controls for ensuring compliance with applicable laws, rules, regulations, policies, legal interpretations, and regulatory guidance, including the ones described below. Through these assessments, we have identified, and may in the future identify, certain gaps or weaknesses in our existing compliance programs, including in our policies, procedures, or internal controls. As a result of findings from these assessments, we have and may in the future take certain actions, such as implementing enhancements to our compliance measures and amending, updating, or revising our policies, procedures, and internal controls, and other operational frameworks, designed to monitor for and ensure compliance with existing and new laws, rules, regulations, policies, legal interpretations, and regulatory guidance. Implementing appropriate measures to fully remediate or address findings from assessments of our compliance programs may require us to incur significant costs.

Any failure or perceived failure to comply with existing or new laws and regulations, including the ones described in this risk factor, or orders of any governmental authority, including changes to or expansion of their interpretations, may subject us to significant fines, penalties, criminal and civil lawsuits, forfeiture of significant assets, enforcement actions in one or more jurisdictions, result in additional compliance and licensure requirements, and increased regulatory scrutiny of our business. In addition, we may be forced to restrict or change our operations or business practices, make product changes, or delay planned product launches or improvements. Any of the foregoing could materially adversely affect our brand, reputation, business, results of operations, and financial condition. The complexity of global regulatory and enforcement regimes, coupled with the global scope of our operations and the evolving global regulatory environment, could result in a single event giving rise to a large number of overlapping investigations and legal and regulatory proceedings by multiple government authorities in different jurisdictions, and have an adverse impact on, or result in the termination of, our relationships with financial institutions and other service providers on whom we rely for payment processing services. Our ability to track and verify transactions to comply with these regulations, including the ones described in this risk factor, require a high level of internal controls. As our business continues to grow and regulations change, we must continue to strengthen our associated internal controls. Any failure to maintain the necessary controls could result in reputational harm and result in significant penalties and fines from regulators.

### *Payments Regulation*

In the United States, our wholly-owned subsidiary, Airbnb Payments, Inc. ("Airbnb Payments"), is registered as a "Money Services Business" with the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN"), and subject to regulatory oversight and enforcement by FinCEN under the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001 (the "BSA"). Airbnb Payments has also obtained licenses to operate as a money transmitter (or its equivalent) in various states and territories where such licenses are required. As a licensed money transmitter, Airbnb Payments is subject to obligations and restrictions with respect to the handling and investment of customer funds, record keeping and reporting requirements, bonding requirements, and inspection by state regulatory agencies. In U.S. states and territories in which Airbnb Payments has not obtained a license to operate as a money transmitter (or its equivalent), we may be required to apply for licenses or regulatory approvals, including due to changes in applicable laws and regulations or their interpretations.

We issue gift cards in the United States and in certain other geographies for use on our platform and are subject to consumer protection and disclosure regulations relating to those services. If we seek to expand our gift cards or other stored value card products and services, or as a result of regulatory changes, we may be subject to additional regulation and may be required to obtain additional licenses and registrations, which we may not be able to obtain, or regulatory limits may be placed on our gift card program.

We principally provide our payment services to Hosts and guests in the EEA through Airbnb Payments Luxembourg SA ("APLux"), our wholly-owned subsidiary that is licensed and subject to regulation as a payments institution in Luxembourg. EEA laws and regulations are typically subject to different and potentially inconsistent interpretations by the countries that are members of the EEA, which can make compliance more costly and operationally difficult to manage. For example, countries that are EEA members may each have different and potentially inconsistent domestic regulations implementing European Directives, including PSD2, the E-Money Directive, and the Fourth and Fifth Anti-Money Laundering Directives. Further, we provide our payments services to Hosts and guests in the United Kingdom and other geographies outside the United States and the EEA through Airbnb Payments UK Limited ("APUK"), our wholly-owned subsidiary that is licensed and subject to regulation as an electronic money institution ("EMI") in the United Kingdom (which includes requirements under the UK Electronic Money Regulations 2011 and the UK PSR), as well as through our other wholly-owned payments entities.

PSD2 and the UK PSR impose new standards for payment security and strong customer authentication (aimed at fraud reduction) that may make it more difficult and time consuming to carry out a payment transaction. The United Kingdom began enforcing requirements with respect to online card payments in 2022, while countries in the EEA began enforcing these requirements in 2021. In many cases, strong customer authentication requires our UK and EEA guests to engage in additional steps to authenticate payment transactions and EEA Hosts to perform authentication upon access to their Airbnb payout account or modification of their payout account information. These additional authentication requirements may make our platform experience for Hosts and guests in the United Kingdom and EEA

## [Table of Contents](#)

substantially less convenient, and such loss of convenience could meaningfully reduce the frequency with which our customers use our platform or could cause some Hosts and guests to stop using our platform entirely, which could materially adversely affect our business, results of operations, and financial condition.

They have been proposals to overhaul PSD2 in the EEA and to reform the UK PSR in the UK. For more information on this, see sub-heading “Regulatory Developments” under our risk factor titled “We are subject to a wide variety of laws, regulations and rules applicable to short-term rental and home sharing businesses, or that govern our business practices, including among others, e-commerce, data privacy, advertising, consumer protection, employment law, and commercial practices. Such laws and regulations are complex, evolving, and sometimes inconsistent and have limited and may continue to limit the ability or willingness of Hosts to share their spaces through our platform and expose our users or us to regulatory inquiries, litigation or other disputes and to significant liabilities, including taxes, compliance costs, fines, and criminal or other penalties, which have had and could continue to have a material adverse effect on our business, results of operations, and financial condition.”

In many countries or geographies, it is and may not be clear whether we are required to be licensed as a payment services provider, electronic money institution, financial institution, or otherwise. In such instances, we partner with local banks and licensed payment processors to process payments and conduct foreign exchange transactions in local currency. Local regulators may slow or halt payments to Hosts conducted through local banks and licensed payment processors or otherwise prohibit or impede us from doing business in a jurisdiction. We may be required to apply for various additional licenses, certifications, and regulatory approvals, including due to changes in applicable laws and regulations or their interpretations. There can be no assurance that we will be able to (or decide to) obtain any such licenses, certifications, and approvals.

There are substantial costs and potential changes to our offerings involved in obtaining, maintaining, and renewing licenses, certifications, and approvals globally. Our payments entities are subject to inspections, examinations, supervision, and regulation by each relevant regulating authority, including, within the United States, by each state in which Airbnb Payments is licensed. We could be subject to significant fines or other enforcement actions if we are found to violate disclosure, reporting, anti-money laundering, counter-terrorist financing economic and trade sanctions, capitalization, fund management, corporate governance and internal controls, risk management, data privacy, data security and data localization, information security, banking secrecy, taxation, sanctions, or other laws and requirements, including those imposed on UK EMIs and Luxembourg payments institutions. These factors could involve considerable delay to the development or provision of our offerings or services, require significant and costly operational changes, impose restrictions, limitations, or additional requirements on our business, or prevent us from providing our offerings or services in a given geography.

### *Consumer Protection*

We are subject to consumer protection laws and regulations in the U.S. and the countries from which we provide services. In the United States, the Dodd-Frank Act established the Consumer Financial Protection Bureau (the “CFPB”), which is empowered to conduct rulemaking and supervision related to, and enforcement of, federal consumer financial protection laws. We are subject to a number of such federal consumer financial protection laws and regulations, as well as related state consumer protection laws and regulations, including the Electronic Fund Transfer Act and its implementing Regulation E. Regulation E applies to certain services provided by Airbnb Payments and requires us to provide advance disclosure of changes to our services, follow specified error resolution procedures, and reimburse consumers for losses from certain transactions not authorized by the consumer, among other requirements. In addition, the CFPB may adopt other regulations governing consumer financial services, including regulations defining unfair, deceptive, or abusive acts or practices, and new model disclosures. We could be subject to fines or other penalties if we are found to have violated the Dodd-Frank Act’s prohibition against unfair, deceptive, or abusive acts or practices or other consumer financial protection laws enforced by the CFPB or other agencies. The CFPB’s authority to change regulations adopted in the past by other regulators could increase our compliance costs and litigation exposure. Additionally, technical violations of consumer protection laws could result in the assessment of actual damages or statutory damages or penalties, including plaintiffs’ attorneys’ fees. The Dodd-Frank Act also empowers state attorneys general and other state officials to enforce federal consumer protection laws under specified conditions. Various government offices and agencies, including various state agencies and state attorneys general (as well as the CFPB and the U.S. Department of Justice), have the authority to conduct reviews, investigations, and proceedings (both formal and informal) involving us or our subsidiaries. These examinations, inquiries, and proceedings could result in, among other things, substantial fines, penalties, or changes in business practices that may require us to incur substantial costs.

We provide payment services that may be subject to various U.S. state and federal data privacy and data security laws and regulations. Relevant federal privacy and security laws include the GLBA, which (along with its implementing regulations) restricts certain collection, processing, storage, use, and disclosure of personal information, requires notice to individuals of privacy practices, and provides individuals with certain rights to prevent the use and disclosure of certain nonpublic or otherwise legally protected information. These rules also impose requirements for the safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines. Any failure to comply with the GLBA and implementing regulations could result in substantial financial penalties. See our risk factor titled “If we fail to comply with federal, state, and foreign laws relating to data privacy and data security, we may face potentially significant liability, negative publicity, an erosion of trust, and increased regulation could materially adversely affect our business, results of operations, and financial condition.”

In addition to UK and Luxembourg payments-related consumer protection laws that are applicable to our business, regulators in EU member states could notify APUK and APLux of local consumer protection laws that apply to our businesses, and could also seek to persuade the UK and Luxembourg regulators to order APUK or APLux to conduct their activities in the local country directly or through a branch office. These or similar actions by these regulators could increase the cost of, or delay, our plans to expand our business in EU countries.

## [Table of Contents](#)

### *Anti-Money Laundering and Counter-Terrorist Financing*

We are subject to various anti-money laundering and counter-terrorist financing laws and regulations around the world, including the BSA and the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended) (the “MLRs”). Among other things, the BSA and MLRs require money services businesses (including money transmitters such as Airbnb Payments) to develop and implement risk-based anti-money laundering and counter-terrorist financing programs, report large cash transactions and suspicious activity, and maintain transaction records. The BSA and UK Proceeds of Crime Act 2022 and Terrorism Act 2000 prohibit, among other things, our involvement in handling or transferring the proceeds of criminal activities. In connection with and when required by regulatory requirements, we make information available to certain U.S. federal and state, as well as certain foreign, government agencies to assist in the prevention of money laundering, terrorist financing, and other illegal activities and pursuant to legal obligations and authorizations. In certain circumstances, we may be required by government agencies to deny transactions that may be related to persons suspected of money laundering, terrorist financing, or other illegal activities, and it is possible that we may inadvertently deny transactions from customers who are making legal money transfers. Regulators in the United States and globally may require us to further revise or expand our compliance programs, including the procedures we use to verify the identity of our customers and to monitor international and domestic transactions. In the United Kingdom and European Union, the implementation of further anti-money laundering requirements and regulations may make compliance more costly and operationally difficult to manage, lead to increased friction for customers, and result in a decrease in business. Penalties for non-compliance with the European Union’s Anti-Money Laundering Directives could include fines of up to 10% of APLux’s total annual turnover (revenue). The European Union is currently working on proposals for a new package of pan-EU anti-money laundering and counter-terrorist financing regulations (“MLD6”) which may impose yet stricter compliance standards requiring APLux to enhance its anti-money laundering and counter-terrorist financing policies, procedures, systems, and controls, although the final measures and implementation date of MLD6 are not yet confirmed. Similar penalties are available to the UK Financial Conduct Authority in relation to APUK pursuant to the MLRs.

***We are subject to governmental economic and trade sanctions laws and regulations that limit the scope of our offering. Additionally, failure to comply with applicable economic and trade sanctions laws and regulations could subject us to liability and negatively affect our business, results of operations and financial condition.***

We are required to comply with economic and trade sanctions administered by governments where we operate, including agencies of the U.S. government (including without limitation regulations administered and enforced by OFAC, the U.S. Department of State, and the U.S. Commerce Department), the Council of the European Union, the Office of Financial Sanctions Implementation of His Majesty’s Treasury in the United Kingdom (“OFSI”) and the Ministry of Finance and Commission de Surveillance du Secteur Financier of Luxembourg. These economic and trade sanctions generally prohibit or restrict transactions to or from or dealings with certain specified countries, regions, governments and, in certain circumstances, their nationals, and with individuals and entities that are specially-designated, such as individuals and entities included on OFAC’s List of Specially Designated Nationals and Blocked Persons (“SDN List”), subject to EU/UK asset freezes, or other sanctions measures. Any future economic and trade sanctions imposed in jurisdictions where we have significant business could materially adversely impact our business, results of operations, and financial condition. Our ability to track and verify transactions and otherwise to comply with these regulations require a high level of internal controls. We maintain policies and procedures to implement these internal controls, which we periodically assess and update to the extent we identify compliance gaps. We routinely report to OFAC on payments we have rejected or blocked pursuant to OFAC sanctions regulations and on possible violations of those regulations. We have also reported to OFSI on dealings with persons subject to UK sanctions and to the Luxembourg Ministry of Finance on dealings with persons subject to EU sanctions. There is a risk that, despite the internal controls that we have in place, we have engaged in transactions inconsistent with applicable sanctions laws. Any non-compliance with economic and trade sanctions laws and regulations or related investigations could result in claims or actions against us and materially adversely affect our business, results of operations, and financial condition. As our business continues to grow and regulations change, we may be required to make additional investments in our internal controls or modify our business.

***We are subject to payment network rules and any material modification of our payment card acceptance privileges could have a material adverse effect on our business, results of operations, and financial condition.***

The loss of our credit and debit card acceptance privileges or the significant modification of the terms under which we obtain card acceptance privileges would significantly limit our business model since a vast majority of our guests pay using credit or debit cards. We are required by our payment processors to comply with payment card network operating rules, including the Payment Card Industry Data Security Standards (the “PCI DSS”). Under the PCI DSS, we are required to adopt and implement internal controls over the use, storage, and transmission of card data to help prevent credit card fraud. Compliance with PCI-DSS and implementing related procedures, technology and information security measures requires significant resources and ongoing attention. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology, such as those necessary to achieve compliance with PCI-DSS or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our payment related systems could have a material adverse effect on our business, results of operations and financial condition. If we fail to comply with the rules and regulations adopted by the payment card networks, including the PCI DSS, we would be in breach of our contractual obligations to payment processors and merchant banks. Such failure to comply may damage our relationships with payment card networks, subject us to restrictions, fines, penalties, damages, and civil liability, and could eventually prevent us from processing or accepting payment cards, which would have a material adverse effect on our business, results of operations, and financial condition. Moreover, the payment card networks could adopt new operating rules or interpret or reinterpret existing rules that may cause loss of critical data and interruptions or delays in our operations and we or our payment processors might find these changes difficult or even impossible to comply with, or costly to implement. As a result, we could lose our ability to give consumers the option of using payment cards to make their payments or the choice of currency in which they would like their payment card to be charged. If we are unable to comply with the security standards established by banks and the payment card industry, we may be subject to fines, restrictions and expulsion from card acceptance programs, which could materially and adversely affect our business. Further, there is no guarantee that, even if we comply with the rules and regulations adopted by the payment card networks, we will be able to maintain our payment card acceptance privileges. We also cannot guarantee that our compliance with network rules or the PCI DSS will prevent illegal or improper use of our payments platform or the theft, loss, or misuse of the credit card data of customers or participants, or a security breach. We are also



## [Table of Contents](#)

required to submit to periodic audits, self-assessments, and other assessments of our compliance with the PCI DSS. If an audit, self-assessment, or other assessment indicates that we need to take steps to remediate any deficiencies, such remediation efforts may distract our management team and require us to undertake costly and time-consuming remediation efforts, and we could lose our payment card acceptance privileges.

We are also subject to network operating rules and guidelines promulgated by the National Automated Clearing House Association ("NACHA") relating to payment transactions we process using the Automated Clearing House ("ACH") Network. Similar to the payment networks, NACHA may update its operating rules and guidelines at any time, which can require us to take more costly compliance measures or to develop more complex monitoring systems.

***We rely on third-party payment service providers to process payments made by guests and payments made to Hosts on our platform. If these third-party payment service providers become unavailable or we are subject to increased fees, our business, results of operations, and financial condition could be materially adversely affected.***

We rely on a number of third-party payment service providers, including payment card networks, banks, payment processors, and payment gateways, to link us to payment card and bank clearing networks to process payments made by our guests and to remit payments to Hosts on our platform. We have agreements with these providers, some of whom are the sole providers of their particular service. If these companies become unwilling or unable to provide these services to us on acceptable terms or at all, our business may be disrupted, we would need to find an alternate payment service provider, and we may not be able to secure similar terms or replace such payment service provider in an acceptable time frame. If we are forced to migrate to other third-party payment service providers for any reason, the transition would require significant time and management resources, and may not be as effective, efficient, or well-received by our Hosts and guests. Any of the foregoing could cause us to incur significant losses and, in certain cases, require us to make payments to Hosts out of our funds, which could materially adversely affect our business, results of operations, and financial condition.

In addition, the software and services provided by our third-party payment service providers may fail to meet our expectations, contain errors or vulnerabilities, be compromised, or experience outages. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions or make timely payments to Hosts on our platform, or impact our ability to provide regulated payment services. This could make our platform less convenient and desirable to customers and adversely affect our ability to attract and retain Hosts and guests, and result in reputational harm or risk of regulatory investigation or enforcement action.

Moreover, our agreements with payment service providers may allow these companies, under certain conditions, to hold an amount of our cash as a reserve. They may be entitled to a reserve or suspension of processing services upon the occurrence of specified events, including material adverse changes in our business, results of operations, and financial condition. An imposition of a reserve or suspension of processing services by one or more of our processing companies, could have a material adverse effect on our business, results of operations, and financial condition.

If we fail to invest adequate resources into the payment processing infrastructure on our platform, or if our investment efforts are unsuccessful or unreliable, our payments activities may not function properly or keep pace with competitive offerings, which could adversely impact their usage. Further, our ability to expand our payments activities into additional countries is dependent upon providers we use to support these activities. As we expand the availability of our payments activities to additional geographies or offer new payment methods to our Hosts and guests in the future, we may become subject to additional regulations and compliance requirements, and exposed to heightened fraud risk, which could lead to an increase in our operating expenses.

For certain payment methods, including credit and debit cards, we pay interchange and other fees, and such fees result in significant costs. Payment card network costs have increased, and may continue to increase in the future, the interchange fees and assessments that they charge for each transaction that accesses their networks, and may impose special fees or assessments on any such transaction. Our payment card processors have the right to pass any increases in interchange fees and assessments on to us. Credit card transactions result in higher fees to us than transactions made through debit cards. Any material increase in interchange fees in the United States or other geographies, including as a result of changes in interchange fee limitations imposed by law in some geographies, or other network fees or assessments, or a shift from payment with debit cards to credit cards could increase our operating costs and materially adversely affect our business, results of operations, and financial condition.

***Our failure to properly manage funds held on behalf of customers could materially adversely affect our business, results of operations, and financial condition.***

We offer integrated payments in over 40 currencies to allow access to guest demand from more than 220 countries and regions and the ability for many Hosts to be paid in their local currency or payment method of choice. When a guest books and pays for a stay or experience on our platform, we hold the total amount the guest has paid until check-in, at which time we recognize our service fee as revenue and initiate the process to remit the payment to the Host, which generally occurs 24 hours after the scheduled check-in, barring any alterations or cancellations, which may result in funds being returned to the guest. Accordingly, at any given time, we hold on behalf of our Hosts and guests a substantial amount of funds, which are generally held in bank deposit accounts and in U.S. treasury bills and recorded on our consolidated balance sheets as funds receivable and amounts held on behalf of customers. In certain jurisdictions, we are required to either safeguard customer funds in bankruptcy-remote bank accounts, or hold such funds in eligible liquid assets, as defined by the relevant regulators in such jurisdictions, equal to at least 100% of the aggregate amount held on behalf of customers. Our ability to manage and account accurately for the cash underlying our customer funds requires a high level of internal controls. As our business continues to grow and we expand our offerings, we must continue to strengthen our associated internal controls. Our success requires significant public confidence in our ability to handle large and growing transaction volumes and amounts of customer funds. Any failure to maintain the necessary controls or to manage the assets underlying our customer funds accurately could result in reputational harm, lead customers to discontinue or reduce their use of our platform and services, and result in significant penalties and fines from regulators, each of which could materially adversely affect our business, results of operations, and financial condition.

***Our indebtedness could materially adversely affect our financial condition. Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could materially adversely affect our business, results of operations, and financial condition, and impair our ability to satisfy our obligations under our indebtedness.***

In March 2021, we issued \$2.0 billion aggregate principal amount of 0% convertible senior notes due 2026 (the “2026 Notes”). In addition, on October 31, 2022, we entered into a five-year unsecured revolving credit facility with \$1.0 billion of initial commitments from a group of lenders (“2022 Credit Facility”). As of December 31, 2023, there were no borrowings outstanding under the 2022 Credit Facility, and we had total outstanding letters of credit of \$29 million under the 2022 Credit Facility. We may also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- diluting the interests of our existing stockholders as a result of issuing shares of our Class A common stock upon conversion of the 2026 Notes; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

The occurrence of any one of these events could have a material adverse effect on our business, results of operations, and financial condition, and ability to satisfy our obligations under our indebtedness.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the 2026 Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our indebtedness, including the 2026 Notes, and our cash needs may increase in the future.

In addition, our existing credit agreement for our 2022 Credit Facility contains, and any future indebtedness that we may incur may contain, financial and other restrictive covenants that limit our ability to operate our business, raise capital or make payments under our other indebtedness. The covenants in the agreement governing our 2022 Credit Facility (the “Credit Agreement”), among other things, limit our and our subsidiaries’ abilities to:

- incur additional indebtedness at subsidiaries that are not guarantors of the 2022 Credit Facility;
- create or incur additional liens;
- partake in sale/leaseback transactions;
- engage in certain fundamental changes, including mergers or consolidations; and
- enter into negative pledge clauses and clauses restricting subsidiary distributions.

In addition, we are subject to a leverage ratio and fixed charge coverage ratio covenants.

If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full.

***We may not have the liquidity necessary to repurchase the 2026 Notes for cash following a fundamental change, or to pay any cash amounts due upon conversion, and our future indebtedness may limit our ability to repurchase the 2026 Notes or pay cash upon their conversion.***

Holders of the 2026 Notes may, subject to limited exceptions, require us to repurchase their 2026 Notes following a fundamental change (as defined in the indenture governing the 2026 Notes) at a cash repurchase price generally equal to the principal amount of the 2026 Notes to be repurchased, plus accrued and unpaid special interest or additional interest, if any. In addition, upon conversion, we will satisfy part or all of our conversion obligation in cash unless we elect to settle conversions solely in shares of our Class A common stock. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the 2026 Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our future indebtedness may restrict our ability to repurchase the 2026 Notes or pay the cash amounts due upon conversion, if any. Our failure to repurchase the 2026 Notes or to pay the cash amounts due upon conversion when required will constitute a default under the indenture governing the 2026 Notes. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. If the repayment of such other indebtedness were to be accelerated after any applicable notice or grace periods, then we may not have sufficient funds to repay that indebtedness and repurchase the 2026 Notes or make cash payments upon their conversion, if any.

***The accounting method for the 2026 Notes could adversely affect our reported financial condition and results.***

The accounting method for reflecting the 2026 Notes on our balance sheet and reflecting the underlying shares of our Class A common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition.

We recorded the 2026 Notes entirely as a liability on our balance sheet, net of issuance costs. Additionally, the new guidance modifies the treatment of convertible debt securities that may be settled in cash or shares by requiring the use of the “if-converted” method. Under that method, diluted earnings per share would generally be calculated assuming that all the 2026 Notes were converted solely into shares of



## [Table of Contents](#)

Class A common stock at the beginning of the reporting period, unless the result would be anti-dilutive. In addition, in the future, we may, in our sole discretion, irrevocably elect to settle the conversion value of the 2026 Notes in cash up to the principal amount being converted. Following such an irrevocable election, if the conversion value of the 2026 Notes exceeds their principal amount for a reporting period, then we will calculate our diluted earnings per share by assuming that all of the 2026 Notes were converted at the beginning of the reporting period and that we issued shares of our Class A common stock to settle the excess, unless the result would be anti-dilutive. The application of the if-converted method may reduce our reported diluted earnings per share.

Furthermore, if any of the conditions to the convertibility of the 2026 Notes are satisfied, then, under certain conditions, we may be required under applicable accounting standards to reclassify the liability carrying value of the 2026 Notes as a current, rather than a long-term, liability. This reclassification could be required even if no noteholders convert their 2026 Notes and could materially reduce our reported working capital.

### ***The capped call transactions entered into in connection with the pricing of the 2026 Notes may affect the value of our Class A common stock.***

In connection with the pricing of the 2026 Notes, we entered into privately negotiated capped call transactions with certain option counterparties. The capped call transactions will cover, subject to customary adjustments, the number of shares of Class A common stock initially underlying the 2026 Notes. The capped call transactions are expected generally to reduce potential dilution to our Class A common stock upon conversion of the 2026 Notes, or at our election (subject to certain conditions), offset any cash payments we are required to make in excess of the aggregate principal amount of converted 2026 Notes, as the case may be, with such reduction or offset subject to a cap.

We have been advised that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates purchased shares of our Class A common stock and/or entered into various derivative transactions with respect to our Class A common stock concurrently with or shortly after the pricing of the 2026 Notes.

In addition, we have been advised that the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock or other securities of ours in secondary market transactions following the pricing of the 2026 Notes and prior to the maturity of the 2026 Notes (and are likely to do so on each exercise date of the capped call transactions and in connection with any early termination event in respect of the capped call transactions). This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock.

### ***Provisions in the indenture governing the 2026 Notes could delay or prevent an otherwise beneficial takeover of us.***

Certain provisions in the 2026 Notes and the indenture governing the 2026 Notes could make a third party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change (as defined in the indenture governing the 2026 Notes), then noteholders will have the right to require us to repurchase their 2026 Notes for cash. In addition, if a takeover constitutes a make-whole fundamental change (as defined in the indenture governing the 2026 Notes), then we may be required to temporarily increase the conversion rate. In either case, and in other cases, our obligations under the 2026 Notes and the indenture governing the 2026 Notes could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that noteholders or holders of our common stock may view as favorable.

### ***We have adopted a Live and Work Anywhere policy. The increase in remote working could subject us to certain operational challenges and have adverse tax implications, which could materially adversely affect our business, results of operations, and financial condition.***

In 2022, we formally adopted our Live and Work Anywhere policy, which permits the majority of our employees to work remotely. Remote working may subject us to operational challenges and risks. For example, a natural disaster, power outage, connectivity issue, or other event may impact our employees' ability to work remotely. In addition, members of our workforce who work remotely may not have access to technology that is as robust as that in our offices, which could cause the networks, information systems, applications, and other tools available to those remote workers to be more limited or less reliable than in our offices. We may also be exposed to risks associated with the locations of remote workers, including compliance with local laws and regulations or exposure to compromised internet infrastructure. Allowing members of our workforce to work remotely may create intellectual property risk if employees create intellectual property on our behalf while residing in a jurisdiction with unenforced or uncertain intellectual property laws. Further, if employees fail to inform us of changes in their work location, we may be exposed to additional risks without our knowledge. Remote working may also result in consumer, privacy, information technology and cybersecurity, and fraud risks.

Our transition to full or predominantly remote work environments also presents significant challenges to maintaining compliance with country and state requirements such as employee income tax withholding, the recording of reserves to cover withholding corrections or penalties, remittance and reporting, payroll registration, and workers' compensation insurance. Additionally, foreign tax authorities may assert that certain of our entities have created permanent establishment in their countries which could result in additional corporate income taxes and employee payroll withholding obligations. Any of these operational challenges or tax implications resulting from our Live and Work Anywhere policy may materially adversely affect our business, results of operations, and financial condition.

### ***Our business depends on attracting and retaining capable management and employees, and the loss of any key personnel could materially adversely affect our business, results of operations, and financial condition.***

Our success depends in large part on our ability to attract and retain high-quality management and employees. Our founders and other members of our senior management team, as well as other employees, may terminate their employment with us at any time, which could materially adversely affect our business, results of operations, and financial condition.

## [Table of Contents](#)

As we continue to grow, we cannot guarantee that we will be able to attract and retain the personnel we need. Our business requires highly skilled technical, engineering, design, product, data analytics, marketing, business development, and community support personnel, including executive-level employees, who are in high demand and are often subject to competing offers. Competition for qualified employees and executive-level employees is intense in our industry and jurisdictions where we operate. The loss of qualified employees, or an inability to attract, retain, and motivate employees required for the planned expansion of our business would materially adversely affect our business, results of operations, and financial condition and impair our ability to grow.

To attract and retain key personnel, we use various measures, including an equity incentive program. As we continue to mature, the incentives to attract, retain, and motivate employees provided by our programs or by future arrangements may not be as effective as in the past. We have a number of current employees, including our founders, who hold equity in our Company. As a result, it may be difficult for us to continue to retain and motivate these employees, and the value of their holdings could affect their decisions about whether or not they continue to work for us. Our ability to attract, retain, and motivate employees may be adversely affected by declines in our stock price. If we issue significant equity to attract employees or to retain our existing employees, we would incur substantial additional stock-based compensation expense and the ownership of our existing stockholders would be further diluted.

***If we are unable to adapt to changes in technology and the evolving demands of Hosts and guests, our business, results of operations, and financial condition could be materially adversely affected.***

The industries in which we compete are characterized by rapidly changing technology, evolving industry standards, consolidation, frequent new offering announcements, introductions, and enhancements, and changing consumer demands and preferences. We have invested heavily in our technology in recent years. Our future success will depend on our ability to adapt our platform and services to evolving industry standards and local preferences and to continually innovate and improve the performance, features, and reliability of our platform and services in response to competitive offerings and the evolving demands of Hosts and guests. Our future success will also depend on our ability to adapt to emerging technologies such as tokenization, cryptocurrencies, new authentication technologies, such as biometrics, distributed ledger and blockchain technologies, AI, virtual and augmented reality, and cloud technologies. As a result, we intend to continue to spend significant resources maintaining, developing, and enhancing our technologies and platform; however, these efforts may be more costly than expected and may not be successful. For example, we may not make the appropriate investments in new technologies, which could materially adversely affect our business, results of operations, and financial condition. Further, technological innovation often results in unintended consequences such as bugs, vulnerabilities, and other system failures. Any such bug, vulnerability, or failure, especially in connection with a significant technical implementation or change, could result in lost business, harm to our brand or reputation, consumer complaints, and other adverse consequences, any of which could materially adversely affect our business, results of operations, and financial condition.

Another critical component to our future success will be our ability to integrate new or emerging payment methods into our platform to offer alternative payment solutions to consumers. Alternate payment providers such as Alipay, Paytm, and WeChat Pay operate closed-loop payments systems with direct connections to both consumers and merchants. In many regions, particularly in Asia where credit cards are not readily available and/or e-commerce is largely carried out through mobile devices, these and other emerging alternate payment methods are the exclusive or preferred means of payment for many consumers.

***We currently rely on a number of third-party service providers to host and deliver a significant portion of our platform and services, and any interruptions or delays in services from these third parties, such as those resulting from cybersecurity incidents, could impair the delivery of our platform and services, and our business, results of operations, and financial condition could be materially adversely affected.***

We rely primarily on Amazon Web Services in the United States and abroad to host and deliver our platform. Third parties also provide services to key aspects of our operations, including Internet connections and networking, messaging, data storage and processing, trust and safety, security infrastructure, source code management, and testing and deployment. In addition, we rely on third parties for many aspects of our payments platform, and a significant portion of our community support operations are conducted by third parties at their facilities. We also rely on Google Maps and other third-party services for maps and location data that are core to the functionality of our platform, and we integrate applications, content, and data from third parties to deliver our platform and services.

We do not control the operation, physical security, or data security of any of these third-party providers. Despite our efforts to use commercially reasonable diligence in the selection and retention of such third-party providers, such efforts may be insufficient or inadequate to prevent or remediate such risks. Some of our third-party providers, including our cloud computing providers and our payment processing partners have been and may be subject to further intrusions, computer viruses, malicious software (such as ransomware), denial-of-service attacks, phishing attacks, sabotage, acts of vandalism, terrorism, or other misconduct, and incidents due to inadvertent error or malfeasance by employees, contractors or other parties. There can be no assurance that our service providers will anticipate or prevent all types of attacks or that any security measures will be effective against all types of cybersecurity threats and risks. Cyberattacks are expected to accelerate on a global basis in both frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques that circumvent controls, evade detection, and remove forensic evidence, which means that our third-party providers may be unable to detect, investigate, contain or recover from future attacks or incidents in a timely or effective manner. In addition, the global shift to remote working has increased cybersecurity risks and opportunities for threat actors to engage in social engineering (for example, phishing) and to exploit vulnerabilities in non-corporate networks. Our service providers are vulnerable to damage or interruption from power loss, telecommunications failures, fires, floods, earthquakes, hurricanes, tornadoes, and similar events, and they may be subject to financial, legal, regulatory, and labor issues, each of which may impose additional costs or requirements on us or prevent these third parties from providing services to us or our customers on our behalf. In addition, these third parties may breach their agreements with us, disagree with our interpretation of contract terms or applicable laws and regulations, refuse to continue or renew these agreements on commercially reasonable terms or at all, fail to or refuse to process transactions or provide other services adequately, take actions that degrade the functionality of our platform and services, increase prices, impose additional costs or requirements on us or our customers, or give

## [Table of Contents](#)

preferential treatment to our competitors. If we are unable to procure alternatives in a timely and efficient manner and on acceptable terms, or at all, we may be subject to business disruptions, losses, or costs to remediate any of these deficiencies. Our systems currently do not provide complete redundancy of data storage or processing or payment processing, and business continuity and disaster recovery plans may not be effective. The occurrence of any of the above events could result in Hosts and guests ceasing to use our platform, reputational damage, legal or regulatory proceedings, or other adverse consequences, which could materially adversely affect our business, results of operations, and financial condition.

***If one or more of our counterparty financial institutions default on their financial or performance obligations to us or fail, we may incur significant losses or be unable to process payment transactions.***

We have significant amounts of cash, cash equivalents, and other investments, including money market funds, certificates of deposit, U.S. government debt securities, commercial paper, corporate debt securities, government agency debt securities, mortgaged-backed and asset-backed securities, with banks or other financial institutions in the United States and abroad for both our corporate balances and for funds held on behalf of our Hosts and guests. We also rely on such banks and financial institutions to help process payments transactions. We have both significant funds flows from and to various financial institutions as a result of our processing of payments from guests to Hosts. As part of our currency hedging activities on these balances, we enter into transactions involving derivative financial instruments with various financial institutions. We regularly monitor our exposure to counterparty credit risk and manage this exposure in an attempt to mitigate the associated risk. Despite these efforts, we may be exposed to the risk of default by, or deteriorating operating results or financial condition, or service interruptions at, or failure of, these counterparty financial institutions. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to recover losses or to access or recover our assets may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. Furthermore, our ability to process payment transactions via such counterparties would be severely limited or cease. In the event of default or failure of one or more of our counterparties, we could incur significant losses and be required to make payments to Hosts and/or refunds to guests out of our own funds, which could materially adversely affect our results of operations and financial condition.

***The failure to successfully execute and integrate acquisitions could materially adversely affect our business, results of operations, and financial condition.***

We have acquired multiple businesses and we regularly evaluate potential acquisitions. We may expend significant cash or incur substantial debt to finance such acquisitions, which indebtedness could result in restrictions on our business and significant use of available cash to make payments of interest and principal. In addition, we may finance acquisitions by issuing equity or convertible debt securities, which could result in further dilution to our existing stockholders. We may enter into negotiations for acquisitions that are not ultimately consummated. Those negotiations could result in diversion of management time and significant out-of-pocket costs. If we fail to evaluate and execute acquisitions successfully, our business, results of operations, and financial condition could be materially adversely affected.

In addition, we may not be successful in integrating acquisitions or the businesses we acquire may not perform as well as we expect. While our acquisitions to date have not caused major disruptions in our business, any future failure to manage and successfully integrate acquired businesses could materially adversely affect our business, results of operations, and financial condition. Acquisitions involve numerous risks, including the following:

- difficulties in integrating and managing the combined operations, technology platforms, or offerings of the acquired companies and realizing the anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays, and failure to execute on the intended strategy and synergies;
- failure of the acquired businesses to achieve anticipated revenue, earnings, or cash flow;
- diversion of management's attention or other resources from our existing business;
- our inability to maintain the key customers, business relationships, suppliers, and brand potential of acquired businesses;
- uncertainty of entry into businesses or geographies in which we have limited or no prior experience or in which competitors have stronger positions;
- unanticipated costs associated with pursuing acquisitions or greater than expected costs in integrating the acquired businesses;
- responsibility for the liabilities of acquired businesses, including those that were not disclosed to us or exceed our estimates, such as liabilities arising out of the failure to maintain effective data protection and privacy controls, and liabilities arising out of the failure to comply with applicable laws and regulations, including tax laws;
- difficulties in or costs associated with assigning or transferring to us or our subsidiaries the acquired companies' intellectual property or its licenses to third-party intellectual property;
- inability to maintain our culture and values, ethical standards, controls, procedures, and policies;
- challenges in integrating the workforce of acquired companies and the potential loss of key employees of the acquired companies;
- challenges in integrating and auditing the financial statements of acquired companies that have not historically prepared financial statements in accordance with GAAP; and
- potential accounting charges to the extent goodwill and intangible assets recorded in connection with an acquisition, such as trademarks, customer relationships, or intellectual property, are later determined to be impaired and written down in value.

***If we do not adequately protect our intellectual property and our data, our business, results of operations, and financial condition could be materially adversely affected.***

We hold a broad collection of intellectual property rights, including those related to our brand; certain content and design elements on our platform; our code and our data; inventions and processes related to our platform, services, and research and development efforts; an extensive repository of wholly-owned audio and visual assets; marketing and promotional concepts and materials; a collection of editorial content; and certain entertainment-related assets. This includes registered domain names, registered and unregistered trademarks, service marks, and copyrights, patents, and patent applications, trade secrets, licenses of intellectual property rights of various kinds, and other forms of intellectual property rights in the United States and in a number of countries around the world. In addition, to further protect our

## [Table of Contents](#)

proprietary rights, from time to time we have acquired or licensed patents, trademarks, domain name registrations, and copyrights from third parties. In the future we may acquire or license additional patents or patent portfolios, or other intellectual property assets and rights from third parties, which could require significant cash expenditures.

We rely on a combination of trademark, patent, copyright, and trade secret laws, international treaties, our terms of service, other contractual provisions, user policies, restrictions on disclosure, technological measures, and confidentiality and inventions assignment agreements with our employees and consultants to protect our intellectual property assets from infringement and misappropriation. Our pending and future trademark, patent, and copyright applications may not be approved. Furthermore, effective intellectual property protection may not be available in every country in which we operate or intend to operate our business. There can be no assurance that others will not offer technologies, products, services, features, or concepts that are substantially similar to ours and compete with our business, or copy or otherwise obtain, disclose and/or use our brand, content, design elements, creative, editorial, and entertainment assets, or other proprietary information without authorization. We may be unable to prevent third parties from seeking to register, acquire, or otherwise obtain trademarks, service marks, domain names, or social media handles that are similar to, infringe upon or diminish the value of our trademarks, service marks, copyrights, and our other proprietary rights. Third parties have also obtained or misappropriated certain of our data through website scraping, robots, or other means to launch copycat sites, aggregate our data for their internal use, or to feature or provide our data through their respective websites, and/or launch businesses monetizing this data. While we routinely employ technological and legal measures in an attempt to divert, halt, or mitigate such operations, we may not always be able to detect or halt the underlying activities as technologies used to accomplish these operations continue to rapidly evolve.

Our intellectual property assets and rights are essential to our business. If the protection of our proprietary rights and data is inadequate to prevent unauthorized use or misappropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to mimic our technologies, offerings, or features or methods of operations more effectively. Even if we do detect violations or misappropriations and decide to enforce our rights, litigation may be necessary to enforce our rights, and any enforcement efforts we undertake could be time-consuming and expensive, could divert our management's attention, and may result in a court determining that certain of our intellectual property rights are unenforceable. If we fail to protect our intellectual property and data in a cost-effective and meaningful manner, our competitive standing could be harmed; our Hosts, guests, other consumers, and corporate and community partners could devalue the content of our platform; and our brand, reputation, business, results of operations, and financial condition could be materially adversely affected.

***We have been, and may in the future be, subject to claims that we or others violated certain third-party intellectual property rights, which, even where meritless, can be costly to defend and could materially adversely affect our business, results of operations, and financial condition.***

The Internet and technology industries are characterized by significant creation and protection of intellectual property rights and by frequent litigation based on allegations of infringement, misappropriation, or other violations of such intellectual property rights. There may be intellectual property rights held by others, including issued or pending patents, trademarks, and copyrights, and applications of the foregoing, that they allege cover significant aspects of our platform, technologies, content, branding, or business methods. Moreover, companies in the Internet and technology industries are frequent targets of practicing and non-practicing entities seeking to profit from royalties in connection with grants of licenses. Like many other companies in the Internet and technology industries, we sometimes enter into agreements which include indemnification provisions related to intellectual property which can subject us to costs and damages in the event of a claim against an indemnified third party.

We have received in the past, and may receive in the future, communications from third parties, including practicing and non-practicing entities, claiming that we have infringed, misused, or otherwise misappropriated their intellectual property rights, including alleged patent infringement. Additionally, we have been, and may in the future be, involved in claims, suits, regulatory proceedings, and other proceedings involving alleged infringement, misuse, or misappropriation of third-party intellectual property rights, or relating to our intellectual property holdings and rights. While a number of the infringement claims raised against us have been based on our use or implementation of third-party technologies for which those third parties have been required to defend against the claims on our behalf and indemnify us from liability, intellectual property claims against us, regardless of merit, could be time consuming and expensive to litigate or settle, and could divert our management's attention and other resources.

Claims involving intellectual property could subject us to significant liability for damages and could result in our having to stop using certain technologies, content, branding, or business methods found to be in violation of another party's rights. We might be required or may opt to seek a license for rights to intellectual property held by others, which may not be available on commercially reasonable terms, or at all. Even if a license is available, we could be required to pay significant royalties, which would increase our operating expenses. We may also be required to develop alternative non-infringing technology, content, branding, or business methods, which could require significant effort and expense and make us less competitive. Any of these results could materially adversely affect our ability to compete and our business, results of operations, and financial condition.

As we introduce new offerings or changes to existing offerings or make other business changes, which may include areas where we currently do not compete, we could increase our exposure to patent, copyright, trademark, and other intellectual property rights claims from competitors, other practicing entities, and non-practicing entities. Similarly, our exposure to risks associated with various intellectual property claims may increase as a result of acquisitions of other companies. Third parties may make infringement and similar or related claims after we have acquired a company or technology that had not been asserted prior to the acquisition.

***Our use of third-party open source software and our open source contributions could adversely affect our ability to offer or protect our platform and services and subject us to costly litigation and other disputes.***

We have in the past incorporated and may in the future incorporate certain open source software into our code base as we continue to develop our platform and services. Open source software is licensed by its authors or owners under open source licenses, which in some

## [Table of Contents](#)

instances may subject us to certain unfavorable conditions, including requirements that we offer our products that incorporate the open source software for no cost, that we make publicly available the source code for any modifications or derivative works we create based upon, incorporating or using the open source software, or that we license such modifications or derivative works under the terms of the particular open source license. In addition, the use of third-party open source software could expose us to greater risks than the use of third-party commercial software to the extent open-source licensors do not provide warranties or controls on the functionality or origin of the software equivalent to those provided by third-party commercial software providers. We also license to others some of our software through open source projects. Open sourcing our own software requires us to make the source code publicly available, and therefore can limit our ability to protect our intellectual property rights with respect to that software. From time to time, companies that use open source software have faced claims challenging the use of open source software or compliance with open source license terms. Furthermore, there is an increasing number of open-source software license types, almost none of which have been tested in a court of law, resulting in a dearth of guidance regarding the proper legal interpretation of such licenses. We could be subject to suits by parties claiming ownership of what we believe to be open source software or claiming noncompliance with open source licensing terms.

Inadvertent use of open source software can occur in software development in the Internet and technology industries. Such inadvertent use of open source software could expose us to claims of non-compliance with the applicable terms of the underlying licenses, which could lead to unforeseen business disruptions, including being restricted from offering parts of our product which incorporate the software, being required to publicly release proprietary source code, being required to re-engineer parts of our code base to comply with license terms, or being required to extract the open source software at issue. Our exposure to these risks may be increased as a result of evolving our core source code base, introducing new offerings, integrating acquired-company technologies, or making other business changes, including in areas where we do not currently compete. Any of the foregoing could adversely impact the value or enforceability of our intellectual property, and materially adversely affect our business, results of operations, and financial condition.

***The value of our equity investments in private companies could decline, which could materially adversely affect our results of operations and financial condition.***

Our equity investments in private companies where we do not have the ability to exercise significant influence are accounted for using the measurement alternative. Such investments are carried at cost, less any impairments, and are adjusted for subsequent observable price changes, with such changes in value recognized in other income (expense), net in our consolidated statements of operations. Additionally, for our equity investments in private companies where we have the ability to exercise significant influence, but not control, we record our proportionate share of net income or loss in other income (expense), net in our consolidated statements of operations. The financial statements provided by these companies are often unaudited. Our investments in private companies are inherently risky and can include investments in early-stage companies with limited cash to support their operations and companies whose results are negatively impacted by downturns in the travel industry. The companies in which we invest include early-stage companies that may still be developing products and services with limited cash to support the development, marketing, and sales of their products. Further, our ability to liquidate such investments is typically dependent on a liquidity event, such as a public offering or acquisition, as no public market currently exists for the securities held in the investees. Valuations of privately-held companies are inherently complex and uncertain due to the lack of a liquid market for the securities of such companies. If we determine that any of our investments in such companies have experienced a decline in value, we will recognize an expense to adjust the carrying value to its estimated fair value. Negative changes in the estimated fair value of private companies in which we invest could have a material adverse effect on our results of operations and financial condition.

***Our focus on the long-term best interests of our Company and our consideration of all of our stakeholders, including our Hosts, guests, the communities in which we operate, employees, shareholders, and other stakeholders that we may identify from time to time, may conflict with short- or medium-term financial interests and business performance, which may negatively impact the value of our Class A common stock.***

We believe that focusing on the long-term best interests of our Company and our consideration of all of our stakeholders, including our Hosts, guests, the communities in which we operate, employees, shareholders, and other stakeholders we may identify from time to time, is essential to the long-term success of our Company and to long-term shareholder value. Therefore, we have made decisions, and may in the future make decisions, that we believe are in the long-term best interests of our Company and our shareholders, even if such decisions may negatively impact the short- or medium-term performance of our business, results of operations, and financial condition or the short- or medium-term performance of our Class A common stock. Our commitment to pursuing long-term value for the Company and our shareholders, potentially at the expense of short- or medium-term performance, may materially adversely affect the trading price of our Class A common stock, including by making owning our Class A common stock less appealing to investors who are focused on returns over a shorter time horizon. Our decisions and actions in pursuit of long-term success and long-term shareholder value, which may include changes to our platform to enhance the experience of our Hosts, guests, and the communities in which we operate, including by improving the trust and safety of our platform, changes in the manner in which we deliver community support, investing in our relationships with our Hosts, guests, and employees, investing in and introducing new products and services, or changes in our approach to working with local or national jurisdictions on laws and regulations governing our business, may not result in the long-term benefits that we expect, in which case our business, results of operations, and financial condition, as well as the trading price of our Class A common stock, could be materially adversely affected.

### **Risks Related to Ownership of Our Class A Common Stock**

***Our share price has been, and may continue to be, volatile, and the value of our Class A common stock may decline.***

The market price of our Class A common stock has been, and may continue to be, volatile and could be subject to wide fluctuations in response to the risk factors described in this Annual Report on Form 10-K, and others beyond our control, including:

- actual or anticipated fluctuations in our revenue or other operating metrics;
- our actual or anticipated operating performance and the operating performance of our competitors;
- changes in the financial projections we provide to the public or our failure to meet these projections;

## [Table of Contents](#)

- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our Company, or our failure to meet the estimates or the expectations of investors;
- any major change in our board of directors, management, or key personnel;
- the economy as a whole and market conditions in our industry;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant innovations, new products, services, features, integrations, or capabilities, acquisitions, strategic investments, partnerships, joint ventures, or capital commitments;
- the legal and regulatory landscape and changes in the application of existing laws or adoption of new laws that impact our business, Hosts, and/or guests, including changes in short-term occupancy and tax laws;
- legal and regulatory claims, litigation, or pre-litigation disputes and other proceedings;
- the impact of pandemics, epidemics, or other health emergencies on the travel and accommodations industries;
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events; and
- sales or expected sales of our Class A common stock by us, our officers, directors, principal stockholders, and employees.

In addition, stock markets, and the trading of travel companies' and technology companies' stocks in particular, have experienced significant price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies, including travel companies and technology companies, have fluctuated in a manner often unrelated to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of stock volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and materially adversely affect our business, results of operations, and financial condition.

***The multi-series structure of our common stock has the effect of concentrating voting control with certain holders of our common stock, including our directors, executive officers, and 5% stockholders, and their respective affiliates. This ownership will limit or preclude other stockholders' ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval.***

Our Class A common stock has one vote per share, our Class B common stock has 20 votes per share, our Class C common stock has no votes per share, and our Class H common stock has no votes per share. Because of the 20-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively continue to control a significant percentage of the combined voting power of our common stock and therefore are able to control all matters submitted to our stockholders for approval until all such outstanding shares of Class B common stock have converted into shares of our Class A common stock. Furthermore, our founders, who collectively hold a majority of the voting power of our outstanding capital stock, are party to a Voting Agreement under which each founder and his affiliates and certain other entities agree to vote their shares for the election of each individual founder to our board of directors. We and each of our founders are party to a Nominating Agreement under which we and the founders are required to take certain actions to include the founders in the slate of nominees nominated by our board of directors for the applicable class of directors, include them in our proxy statement, and solicit proxies or consents in favor of electing each founder to our board of directors. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that stockholders may believe are in their best interest.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes or transfers among our founders, if all of our founders agree to such transfers. Each share of our Class B common stock is convertible at any time at the option of the Class B holder into one share of Class A common stock. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. As a result, it is possible that one or more of the persons or entities holding our Class B common stock could gain significant voting control as other holders of Class B common stock sell or otherwise convert their shares into Class A common stock. In addition, the conversion of Class B common stock to Class A common stock would dilute holders of Class A common stock in terms of voting power within the Class A common stock. In addition, any future issuances of common stock would be dilutive to holders of Class A common stock. For example, because our Class C common stock carries no voting rights (except as otherwise required by law), if we issue Class C common stock in the future, the holders of Class B common stock may be able to elect all of our directors and to determine the outcome of most matters submitted to a vote of our stockholders for a longer period of time than would be the case if we issued Class A common stock rather than Class C common stock in such transactions. Further, each outstanding share of Class H common stock will convert into a share of Class A common stock on a share-for-share basis upon the sale of such share of Class H common stock to any person or entity that is not our subsidiary, which would dilute holders of Class A common stock in terms of voting power within the Class A common stock.

***Our multi-series structure may have a material adverse effect on the market price of our Class A common stock.***

Our multi-series structure may result in a lower or more volatile market price of our Class A common stock, adverse publicity, or other adverse consequences. For example, S&P Dow Jones had previously restricted the inclusion of companies with multiple-class share structures in certain of their indices, including the S&P 500, although the S&P Dow Jones has revised this position and now includes companies with multiple-class share structures in their indices. Nonetheless, the multi-series structure of our common stock could make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track those indices may not invest in our Class A common stock. It is unclear what effect, if any, such policies and restrictions could have on the valuations of publicly-traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. Because of the multi-class structure of our common stock, we may be excluded from certain indices and we cannot assure that other stock indices will not take similar actions. Given the sustained flow of investment funds into



## [Table of Contents](#)

passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

***Future sales and issuances of our Class A common stock or rights to purchase our Class A common stock, including pursuant to our equity incentive plans, or other equity securities or securities convertible into our Class A common stock, could result in additional dilution of the percentage ownership of our stockholders and could cause the stock price of our Class A common stock to decline.***

Sales or issuances of a substantial number of shares of our Class A common stock, other series of common stock, convertible securities, or other equity securities, including preferred securities, in the public market, or the perception that these sales or issuances might occur in large quantities, could cause the market price of our Class A common stock to decline, could materially dilute investors, and could impair our ability to raise capital through the sale of additional equity securities. As of December 31, 2023, we had 437.8 million shares of Class A common stock issued and outstanding, 199.8 million shares of Class B common stock issued and outstanding, no shares of Class C common stock issued or outstanding, and 9.2 million shares of Class H common stock issued and none outstanding.

Certain holders of shares of our common stock, options to purchase shares of our common stock, and warrants to purchase shares of our common stock have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for us or other stockholders. Any registration statement we file to register additional shares, whether as a result of registration rights or otherwise, could cause the market price of our Class A common stock to decline or be volatile. Moreover, new investors in subsequent transactions could gain rights, preferences, and privileges senior to those of holders of our Class A common stock. Stock-based compensation expense related to restricted stock units ("RSUs") and other equity awards will continue to be a significant expense in future periods. In addition, in the first quarter of 2022, we began using corporate cash to make required tax withholding payments associated with the vesting of employee RSUs and withhold a corresponding number of shares from employees. We anticipate that we will spend substantial funds to satisfy tax withholding and remittance obligations when employee RSUs vest and settle.

Further, as of December 31, 2023, we had 7.2 million options outstanding and 30.3 million shares of Class A common stock issuable upon vesting of outstanding RSUs, which have been registered on Form S-8 under the Securities Act. These shares can be freely sold in the public market upon issuance, subject to applicable vesting requirements, compliance by affiliates with Rule 144, and other restrictions provided under the terms of the applicable plan and/or the award agreements entered into with participants. In addition, we have filed and may in the future file registration statements covering shares of our common stock issued pursuant to our equity incentive plans permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144.

Sales, short sales, or hedging transactions involving our equity securities, whether or not we believe them to be prohibited, could adversely affect the price of our Class A common stock.

In November 2020, we issued 9.2 million shares of our Class H common stock to our Host Endowment Fund and we have announced our intention to donate 400,000 shares of our Class A common stock to a charitable foundation, each of which has resulted or will result in substantial dilution to our existing stockholders. We may issue our shares of common stock or securities convertible into our common stock from time to time in connection with financings, acquisitions, investments, or otherwise. Any such issuance and any issuance of Class A common stock upon the conversion of Class B or Class H common stock could result in substantial dilution to our existing stockholders and cause the trading price of our Class A common stock to decline.

***We cannot guarantee that our share repurchase program will be utilized to the full value approved or that it will enhance long-term stockholder value.***

Our board of directors has authorized management to repurchase shares of our Class A common stock at management's discretion. Share repurchases 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 manner, timing and amount of any share repurchases may fluctuate and will be determined by us based on a variety of factors, including the market price of our common stock, our priorities for the use of cash to support our business operations and plans, general business and market conditions, tax laws, and alternative investment opportunities, all of which may be further impacted by macroeconomic conditions and factors, including rising interest rates, and inflation, global conflicts, and public health crises. Our share repurchase program authorizations do not have an expiration date nor do they obligate us to acquire any specific number or dollar value of shares. Our share repurchase programs may be modified, suspended or terminated at any time, which may result in a decrease in the trading prices of our Class A common stock. Additionally, the Inflation Reduction Act of 2022 introduced a 1% excise tax on share repurchases, which would increase the costs associated with repurchasing shares of our common stock. Even if our share repurchase programs are fully implemented, they may not enhance long-term stockholder value or may not prove to be the best use of our cash. Share repurchases could have an impact on our share trading prices, increase the volatility of the price of our Class A common stock, or reduce our available cash balance such that we will be required to seek financing to support our operations.

***Under our restated certificate of incorporation, we are authorized to issue 2,000,000,000 shares of Class C common stock. Any future issuance of Class C common stock may have the effect of further concentrating voting control in our Class B common stock, including the Class B common stock held by our founders, and may discourage potential acquisitions of our business, and could have an adverse effect on the trading price of our Class A common stock.***

Under our restated certificate of incorporation, we are authorized to issue 2,000,000,000 shares of Class C common stock. Although we have no current plans to issue any shares of Class C common stock, we may in the future issue shares of Class C common stock for a variety of corporate purposes, including financings, acquisitions, investments, and equity incentives to our employees, consultants, and directors.



## [Table of Contents](#)

Our authorized but unissued shares of Class C common stock are available for issuance with the approval of our board of directors without stockholder approval, except as may be required by the Listing Rules of The Nasdaq Stock Market LLC ("Nasdaq"). Because the Class C common stock carries no voting rights (except as otherwise required by law), is not convertible into any other capital stock, and is not listed for trading on an exchange or registered for sale with the SEC, shares of Class C common stock may be less liquid and less attractive to any future recipients of these shares than shares of Class A common stock, although we may seek to list the Class C common stock for trading and register shares of Class C common stock for sale in the future. In addition, because our Class C common stock carries no voting rights (except as otherwise required by law), if we issue shares of Class C common stock in the future, the holders of our Class B common stock, including our founders who are parties to a Nominating Agreement and a Voting Agreement, may be able to elect all of our directors and to determine the outcome of most matters submitted to a vote of our stockholders for a longer period of time than would be the case if we issued Class A common stock rather than Class C common stock in such transactions. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, takeover, or other business combination involving us that stockholders may otherwise support, and could allow us to take actions that some of our stockholders do not view as beneficial, which could reduce the trading price of our Class A common stock. Furthermore, this concentrated control could also discourage a potential investor from acquiring our Class A common stock due to the limited voting power of such stock relative to the Class B common stock and might harm the trading price of our Class A common stock. In addition, if we issue shares of Class C common stock in the future, such issuances would have a dilutive effect on the economic interests of our Class A and Class B common stock. Any such issuance of Class C common stock could also cause the trading price of our Class A common stock to decline.

***If securities or industry analysts do not publish research or publish unfavorable research about our business, our stock price and trading volume could decline.***

The trading market for our Class A common stock is influenced by research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts ceases coverage of our Company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if our operating results do not meet the expectations of the investor community, one or more of the analysts who cover our Company may change their recommendations regarding our Company, and our stock price could decline.

***We do not intend to pay dividends for the foreseeable future. Consequently, any gains from an investment in our Class A common stock will likely depend on whether the price of our Class A common stock increases.***

We have only paid one dividend in our history and do not intend to pay any dividends on our Class A common stock in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the operation and growth of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

***Anti-takeover provisions contained in our restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.***

Our restated certificate of incorporation and amended and restated bylaws contain, and Delaware law contains, provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. These provisions provide for the following:

- a multi-series structure which provides our holders of Class B common stock with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A common stock, Class B common stock, Class C common stock, and Class H common stock;
- a classified board of directors with three-year staggered terms, who can only be removed for cause, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to set the size of the board of directors and to elect a director to fill a vacancy, however occurring, including by an expansion of the board of directors, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to authorize the issuance of shares of preferred stock and to determine the price and other terms of those shares, including voting or other rights or preferences, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;
- the ability of our board of directors to alter our amended and restated bylaws without obtaining stockholder approval;
- in addition to our board of director's ability to adopt, amend, or repeal our amended and restated bylaws, our stockholders may adopt, amend, or repeal our amended and restated bylaws only with the affirmative vote of the holders of at least 66 2/3% of the voting power of all our then-outstanding shares of capital stock;
- the required approval of (i) at least 66 2/3% of the voting power of the outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class, to adopt, amend, or repeal certain provisions of our restated certificate of incorporation and (ii) for so long as any shares of Class B common stock are outstanding, the holders of at least 80% of the shares of Class B common stock outstanding at the time of such vote, voting as a separate series, to adopt, amend, or repeal certain provisions of our restated certificate of incorporation;
- the ability of stockholders to act by written consent only as long as holders of our Class B common stock hold at least 50% of the voting power of our capital stock;
- the requirement that a special meeting of stockholders may be called only by an officer of our Company pursuant to a resolution adopted by a majority of our board of directors then in office or the chairperson of our board;

## [Table of Contents](#)

- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us; and
- the limitation of liability of, and provision of indemnification to, our directors and officers.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the General Corporation Law of the State of Delaware (the "Delaware General Corporation Law"), which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our certificate of incorporation, bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

***Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.***

Our restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers who are, or are threatened to be, made a party to or otherwise involved in an action, suit or proceeding by reason of the fact of their service to the Company, in each case to the fullest extent permitted by Delaware law.

In addition, as permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws and/or our indemnification agreements that we have entered or intend to enter into with our directors and officers and certain other employees provide that:

- we will indemnify our directors and officers to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful;
- under certain circumstances we are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding in advance of its final disposition, except that our obligation to provide advancement to such directors or officers is contingent upon their agreement to repay such advances if it is ultimately determined that such person is not entitled to indemnification;
- we may, in our discretion, (i) indemnify employees and agents in those circumstances where indemnification is permitted by applicable law, and (ii) advance expenses, as incurred, to our employees and agents in connection with defending a proceeding in advance of its final disposition, contingent on such employees' or agents' agreement to repay such advances if it is ultimately determined that such person is not entitled to indemnification;
- we are bound by any existing indemnification agreements for employees or agents;
- the rights conferred in our amended and restated bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees, and agents and to obtain insurance to indemnify such persons; and
- we may not retroactively amend or repeal our amended and restated bylaws to reduce our indemnification or advancement obligations relating to any act or omission occurring prior to the time of such amendment or repeal.

While we have procured directors' and officers' liability insurance policies, such insurance policies may not be available to us in the future at a reasonable rate, may not cover all potential claims for indemnification, and may not be adequate to indemnify us for all liability that may be imposed.

***Our restated certificate of incorporation and amended and restated bylaws provide for an exclusive forum in the Court of Chancery of the State of Delaware for certain disputes between us and our stockholders, and that the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or other employees.***

Our restated certificate of incorporation and amended and restated bylaws provide, that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former director, officer, other employee, agent, or stockholder to the Company or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (c) any action asserting a claim against the Company or any of our current or former director, officer, employee, agent, or stockholder arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware, or (d) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, and the rules and regulations promulgated thereunder; (iii) any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Company will be deemed to have notice of and consented to these provisions; and (iv) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. Nothing in our restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Securities

## [Table of Contents](#)

Exchange Act of 1934, as amended (the “Exchange Act”), from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

We believe these provisions may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. If a court were to find the choice of forum provision that is contained in our restated certificate of incorporation or amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, results of operations, and financial condition. For example, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act.

The choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our current or former directors, officers, other employees, agents, or stockholders of the Company, which may discourage such claims against us or any of our current or former directors, officers, other employees, agents, or stockholder of the Company and result in increased costs for investors to bring a claim.

### **General Risk Factors**

***The value of our marketable securities could decline, which could adversely affect our results of operations and financial condition.***

Our marketable securities portfolio includes various holdings, types, and maturities. Market values of these investments can be adversely impacted by various factors, including liquidity in the underlying security, credit deterioration, the financial condition of the credit issuer, foreign exchange rates, and changes in interest rates. Our marketable securities, which we consider highly-liquid investments, are classified as available-for-sale and are recorded on our consolidated balance sheets at their estimated fair value. Unrealized gains and losses on available-for-sale debt securities are reported as a component of accumulated other comprehensive income (loss) in stockholders’ equity (deficit). Realized gains and losses and other than-temporary impairments are reported within other income (expense), net on the consolidated statements of operations. Our marketable equity securities 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 on the consolidated statements of operations.

If the fair value of our marketable equity securities declines, our earnings will be reduced or losses will be increased. Furthermore, our interest income from cash, cash equivalents, and our marketable securities are impacted by changes in interest rates, and a decline in interest rates would adversely impact our interest income.

***We are subject to rules and regulations established by the SEC and Nasdaq regarding our internal control over financial reporting. We may not complete needed improvements to our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our Company and, as a result, the value of our Class A common stock and your investment.***

As a public reporting company, we are subject to the rules and regulations established by the SEC and Nasdaq. These rules and regulations require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel, including senior management. In addition, as a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. In support of such certifications, we were required to document and make significant changes and enhancements, including hiring additional personnel, to our internal control over financial reporting. Likewise, our independent registered public accounting firm provided an attestation report on the effectiveness of our internal control over financial reporting. We anticipate that we will continue investing significant resources to enhance and maintain our financial and managerial controls, reporting systems, and procedures.

If our management is unable to certify the effectiveness of our internal controls, our independent registered public accounting firm is unable to express an unqualified opinion on the effectiveness of our internal control over financial reporting, we identify or fail to remediate material weaknesses in our internal controls, or we do not effectively or accurately report our financial performance to the appropriate regulators on a timely basis, we could be subject to regulatory scrutiny and a loss of investor confidence, which could significantly harm our reputation and our stock price, and materially adversely affect our business, results of operations, and financial condition.

***We face possible risks associated with natural disasters and extreme weather events (the frequency and severity of which may be impacted by climate change), which may include more frequent or severe storms, extreme temperatures and ambient temperature increases, hurricanes, flooding, rising sea levels, shortages of water, droughts, and wildfires, any of which could have a material adverse effect on our business, results of operations, and financial condition.***

We are subject to the risks associated with natural disasters and the physical effects of climate change, which may include more frequent or severe storms, extreme weather events, extreme temperatures and ambient temperature increases, hurricanes, flooding, rising sea levels, shortages of water, droughts, and wildfires (although it is currently impossible to accurately predict the impact of climate change on the frequency or severity of these events), any of which could have a material adverse effect on our business, results of operations, and financial condition. We, including through our Hosts, operate in certain areas where the risk of natural or climate-related disaster or other catastrophic losses exists, and the occasional incidence of such an event could cause substantial damage to us, our Hosts’ property or the surrounding area. For example, to the extent climate change causes changes in weather patterns or an increase in extreme weather events, our coastal destinations could experience increases in storm intensity and rising sea-levels causing damage to our Hosts’ properties and

## [Table of Contents](#)

result in a reduced number of listings in these areas. Other destinations could experience extreme temperatures and ambient temperature increases, shortages of water, droughts, wildfires, and other extreme weather events that make those destinations less desirable or otherwise reduce the desirability of travel. Climate change may also affect our business by increasing the cost of, or making unavailable, property insurance on terms our Hosts find acceptable in areas most vulnerable to such events, increasing operating costs for our Hosts, including the availability and cost of water or energy, and requiring our Hosts to expend funds as they seek to repair and protect their properties in connection with such events. As a result of the foregoing and other climate-related issues, our Hosts may decide to remove their listings from our platform. If we are unable to provide listings in certain areas due to climate change, we may lose both Hosts and guests, which could have a material adverse effect on our business, results of operations, and financial condition.

### ***The failure to successfully implement and maintain accounting systems could materially adversely impact our business, results of operations, and financial condition.***

We occasionally implement, modify, retire and change our accounting systems. For example, we implemented a new cloud-based enterprise resource planning system in 2023. Such transformations involve risk inherent in the conversion to a new system, including loss of information and potential disruption to normal operations. These changes to our information technology systems may be disruptive, take longer than desired, be more expensive than anticipated, be distracting to management, or fail, causing our business and results of operations to suffer materially. Additionally, if our revenue and other accounting or tax systems do not operate as intended or do not scale with anticipated growth in our business, the effectiveness of our internal control over financial reporting could be adversely affected. Any failure to develop, implement, or maintain effective internal controls related to our revenue and other accounting or tax systems and associated reporting could materially adversely affect our business, results of operations, and financial condition or cause us to fail to meet our reporting obligations. In addition, if we experience interruptions in service or operational difficulties with our revenue and other accounting or tax systems, our business, results of operations, and financial condition could be materially adversely affected.

### ***We may raise additional capital in the future or otherwise issue equity, which could have a dilutive effect on existing stockholders and adversely affect the market price of our common stock. If we require additional funding to support our business, this additional funding may not be available on reasonable terms, or at all.***

We may from time to time issue additional shares of common stock. As a result, our stockholders may experience immediate dilution. We may engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A common stock. In addition, our stockholders will experience additional dilution when option holders exercise their right to purchase common stock under our equity incentive plans, when RSUs vest and settle, when we issue equity awards to our employees under our equity incentive plans, or when we otherwise issue additional equity. Additionally, the terms of future debt agreements could include more restrictive covenants, which could further restrict our business operations.

There has been increased volatility in the financial and securities markets, which has generally made access to capital less certain and increased the cost of obtaining new capital. Should we require additional funding, we cannot be sure that additional financing will be available to us on reasonable terms, or at all. If we cannot raise additional funds when we need them, our ability to continue to support our business and to respond to business challenges would be significantly limited, and our business, results of operations, and financial condition would be materially adversely affected.

### ***Our results of operations and financial condition could be materially adversely affected by changes in accounting principles.***

The accounting for our business is subject to change based on the evolution of our business model, interpretations of relevant accounting principles, enforcement of existing or new regulations, and changes in policies, rules, regulations, and interpretations, of accounting and financial reporting requirements of the SEC or other regulatory agencies. Adoption of a change in accounting principles or interpretations could have a significant effect on our reported results of operations and could affect the reporting of transactions completed before the adoption of such change. It is difficult to predict the impact of future changes to accounting principles and accounting policies over financial reporting, any of which could adversely affect our results of operations and financial condition and could require significant investment in systems and personnel.

### ***Avoiding regulation under the Investment Company Act may adversely affect our operations.***

The Investment Company Act of 1940, as amended (the “Investment Company Act”), contains substantive legal requirements that regulate the manner in which “investment companies” are permitted to conduct their business activities. We currently conduct, and intend to continue to conduct, our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act. We are not engaged primarily, nor do we hold ourselves out as being engaged primarily, in the business of investing, reinvesting, or trading in securities, and neither do we intend to own investment securities with a combined value in excess of 40% of the value, as determined by our board of directors, of our total assets, exclusive of U.S. government securities and cash items, on an unconsolidated basis. We do, however, make minority investments in companies and acquire other financial instruments from time to time that may be deemed investment securities. We expect to conduct our operations such that the value of those investments will not rise to a level where we might be deemed an investment company, but there can be no assurances that we will be successful in maintaining the required ratios without taking actions that may adversely affect our operations. For example, to avoid being deemed an investment company we may be required to sell certain of our assets and pay significant taxes upon the sale or transfer of such assets, which may have a material adverse effect on our business, results of operations, and financial condition.

## [Table of Contents](#)

### **Item 1B. Unresolved Staff Comments**

None.

### **Item 1C. Cybersecurity**

#### *Cybersecurity Risk Management and Strategy*

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information, including information pertaining to Hosts, guests, employees, and other users. Our cybersecurity risk management program includes a cybersecurity incident response plan ("Incident Response Plan").

Our cybersecurity risk management program is integrated into our overall enterprise risk management program and, while distinct in certain aspects described below, the program shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- an information security team who, in collaboration with the broader technology organization, manages and maintains our (1) cybersecurity risk assessment processes including our Incident Response Plan, (2) security controls, and (3) response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness training of our employees, incident response personnel, and senior management;
- an Incident Response Plan that includes procedures for recognizing and responding to cybersecurity incidents; and
- a third-party risk management process for service providers, suppliers, and vendors who have access to our critical systems and information.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

#### *Cybersecurity Governance*

Our board of directors considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Risk and Compliance Committee (the "Audit Committee") oversight of cybersecurity, privacy and other information technology risks. The Audit Committee has responsibility for oversight of management's implementation of our cybersecurity risk management program.

The Audit Committee receives regular reports and briefings from management on our cybersecurity risks and cybersecurity risk management program updates. In addition, management updates the Audit Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

Our management team, including our Chief Legal Officer, our Chief Security Officer and our Chief Technology Officer, is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal information security team and our retained external cybersecurity consultants. Our management team has over 20 years of cybersecurity technology leadership experience.

Our management team supervises our information security team's efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, or external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

### **Item 2. Properties**

We are headquartered in San Francisco, California, where we have lease commitments for approximately 828,000 square feet, including approximately 533,000 square feet offered for sublease, across multiple buildings.

As of December 31, 2023, we leased office facilities totaling approximately 1.4 million square feet in multiple locations in the United States and internationally. In 2022, as a result of the COVID-19 pandemic's impact on the working environment, we announced our Live and Work Anywhere policy. This policy allows for the vast majority of our employees to work remotely on a permanent basis. Where we ceased using office space, we have either terminated, subleased, or offered for sublease. See Note 18, *Restructuring*, to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. We believe our facilities are adequate and suitable for our current needs.

### **Item 3. 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 13, *Commitments and Contingencies – Legal and Regulatory Matters*, to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

[Table of Contents](#)

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 4. Mine Safety Disclosures**

Not applicable.

## PART II

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

#### Market Information for Class A Common Stock

Our Class A common stock has been listed on the Nasdaq Global Select Market under the symbol "ABNB" since December 10, 2020. Prior to that date, there was no public trading market for our Class A common stock. Our Class B, Class C, and Class H common stock are neither listed nor publicly traded.

#### Holders of our Common Stock

Holders of our common stock as of February 2, 2024, were as follows:

- Class A common stock: 998 stockholders of record. This number does not include stockholders for whom shares were held in "nominee" or "street name."
- Class B common stock: 82 stockholders of record.
- Class C common stock: There were no shares outstanding.
- Class H common stock: All outstanding shares were held by our wholly-owned Host Endowment Fund subsidiary.

#### Dividend Policy

We intend to retain any future earnings and do not anticipate declaring or paying any cash dividends in the foreseeable future. We may enter into credit agreements or other borrowing arrangements in the future that may restrict our ability to declare or pay cash dividends or make distributions. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors our board of directors may deem relevant.

#### Unregistered Sales of Equity Securities

On November 14, 2023, we completed our acquisition of a company pursuant to which we issued an aggregate of 877,062 shares of our Class A common stock as part of the consideration for the acquisition. The issuance of the shares in connection with the acquisition was exempt from registration under the Securities Act by reason of Section 4(a)(2) of the Securities Act.

#### Issuer Purchases of Equity Securities

The following table sets forth information relating to repurchases of our equity securities during the three months ended December 31, 2023 (in millions, except average price paid per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share <sup>(1)</sup>	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 <sup>(2)</sup>
October 1 - 31	— \$	—	— \$	1,500
November 1 - 30	3.3 \$	124.57	3.3 \$	1,091
December 1 - 31	2.5 \$	137.05	2.5 \$	750
Total	5.8 \$	129.94	5.8	

(1) Includes broker commissions.

(2) On May 9, 2023, we announced that our board of directors approved a share repurchase program (the "2023 Share Repurchase Program") with authorization to purchase up to \$2.5 billion of our Class A common stock at management's discretion. The 2023 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.

#### Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing of Airbnb, Inc. under the Securities Act or the Exchange Act.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the S&P 500 Index ("S&P 500"), the S&P 500 Information Technology Index ("S&P 500 IT"), and the Nasdaq Composite Index ("NASDAQ"). The graph assumes \$100 was invested at the market close on December 10, 2020, which was the first day our Class A common stock began trading. Data for the S&P 500, S&P 500 IT, and NASDAQ assume reinvestment of dividends. The graph uses the closing market price on



## [Table of Contents](#)

December 10, 2020 of \$144.71 per share as the initial value of our Class A common stock. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A common stock.

Picture2.jpg



## **Item 6. [Reserved]**

## **Item 7. 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 consolidated financial statements and related notes included in Item 8 of this Annual Report on Form 10-K. 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” or in other parts of this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. Except as otherwise noted, all references to 2023 refer to the year ended December 31, 2023, references to 2022 refer to the year ended December 31, 2022, and references to 2021 refer to the year ended December 31, 2021.*

This section of this Annual Report on Form 10-K generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. Discussions of 2021 items and year-to-year comparisons between 2022 and 2021 are not included in this Form 10-K, and can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2022, filed on February 17, 2023.

### **Overview**

We are a community based on connection and belonging—a community that was born in 2007 when two Hosts welcomed three guests to their San Francisco home, and has since grown to over 5 million Hosts who have welcomed over 1.5 billion guest arrivals in almost every country and region across the globe. Every day, Hosts offer unique stays and experiences that make it possible for guests to connect with communities in a more authentic way.

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

### **2023 Financial Highlights**

In 2023, revenue increased by 18% to \$9.9 billion compared to 2022, primarily due to a 14% increase in Nights and Experiences Booked of 54.5 million combined with higher average daily rates driving a 16% increase in Gross Booking Value of \$10.0 billion. The growth in revenue demonstrated continued strong travel demand. On a constant-currency basis, revenue increased 17% in 2023 compared to 2022.

Net income in 2023 increased by 153% to \$4.8 billion, compared to the prior year, driven by our revenue growth, increased interest income, discipline in managing our cost structure, and the release of a portion of our valuation allowance on deferred tax assets of \$2.9 billion (see Note 14, *Income Taxes*, to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further details). The increase in net income was partially offset by an increase in business and operational taxes of \$991 million, the majority of which was non-recurring.

## [Table of Contents](#)

Adjusted EBITDA<sup>1</sup> increased 26% to \$3.7 billion in 2023 demonstrating the continued strength of our business, a modest increase in ADR, and discipline in managing our cost structure.

Our net cash provided by operating activities was \$3.9 billion in 2023, compared to \$3.4 billion, in the prior year. We generated Free Cash Flow<sup>1</sup> of \$3.8 billion for the year ended December 31, 2023, compared to \$3.4 billion, in the prior year. The increase was primarily driven by growth in revenue, unearned fees and net income.

During 2023, we repurchased an aggregate of 17.9 million shares of Class A common stock for \$2.3 billion, through two share repurchase programs. As of December 31, 2023, we had \$750 million available to repurchase shares of Class A common stock under our share repurchase program.

## Trends

The COVID-19 pandemic, and measures to contain the virus, including government travel restrictions and quarantine orders, had an unprecedented impact on the global travel industry and materially and adversely affected our business, results of operations, and financial condition. In May 2023, the World Health Organization formally declared an end to the COVID-19 global health emergency. While countries around the world are generally open for international travel, it remains difficult to predict with any certainty the impact any future new strains or variants of the virus may have on the travel industry and, in particular, our business.

More recently, inflation and other macroeconomic pressures in the United States and the global economy, such as rising interest rates, and foreign currency fluctuations, as well as evolving geopolitical conflicts, have contributed to an increasingly complex business environment. As a result, our future operational results may be subject to volatility. Additionally, further health-related events, political instability, geopolitical conflicts, acts of terrorism, significant fluctuations in currency values, sustained levels of increased inflation, sovereign debt issues, and natural disasters, are examples of other events that could have a negative impact on the travel industry in the future.

Despite these factors, we have witnessed a healthy recovery of travel demand, following the COVID-19 pandemic.

## Key Business Metrics and Non-GAAP Financial Measures

We track the following key business metrics and financial measures to evaluate our operating performance, identify trends, formulate financial projections, and make strategic decisions. The financial measures 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"). 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.

### Key Business Metrics

We review the following key business metrics to measure our performance, identify trends, formulate financial projections, and make strategic decisions. We are not aware of any uniform standards for calculating these key metrics, which may hinder comparability with other companies that may calculate similarly titled metrics in a different way.

The following table summarizes our key business metrics, for each period presented below (in millions):

	2022	2023	% Change
Nights and Experiences Booked	394	448	14 %
Gross Booking Value	\$ 63,212	\$ 73,252	16 %

### 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 was 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

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

## [Table of Contents](#)

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.

In 2023, we had 448.2 million Nights and Experiences Booked, a 14% increase from 393.7 million in 2022. The increase in our Nights and Experiences Booked was driven by strong 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.

In 2023, our GBV was \$73.3 billion, a 16% increase from \$63.2 billion in 2022. The increase in our GBV was primarily due to an increase in Nights and Experiences Booked, combined with a modest increase in 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):

	2022	2023
Net income	\$ 1,893	\$ 4,792
Adjusted EBITDA	\$ 2,903	\$ 3,653
Net cash provided by operating activities	\$ 3,430	\$ 3,884
Free Cash Flow	\$ 3,405	\$ 3,837

### *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 the applicability of withholding taxes on payments made to such Hosts; and (vii) restructuring charges. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue.

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 payments 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 Annual Report on Form 10-K 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, interest 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;

## Table of Contents

- 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 reserves, and the applicability of withholding taxes on payments made to such Hosts; and
- Adjusted EBITDA does not reflect restructuring charges, which include impairment of operating lease right-of-use assets and leasehold improvements.

Because of these limitations, you should consider Adjusted EBITDA and Adjusted EBITDA Margin 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):

	2022	2023
Revenue	\$ 8,399	\$ 9,917
Net income	\$ 1,893	\$ 4,792
Adjusted to exclude the following:		
Provision for (benefit from) income taxes	96	(2,690)
Other (income) expense, net	(25)	54
Interest expense	24	83
Interest income	(186)	(721)
Depreciation and amortization	81	44
Stock-based compensation expense	930	1,120
Acquisition-related impacts	(12)	(3)
Lodging tax reserves and reserves for Host withholding taxes	13	974
Restructuring charges	89	—
Adjusted EBITDA	\$ 2,903	\$ 3,653
Adjusted EBITDA Margin	35 %	37 %

The increases in Adjusted EBITDA and Adjusted EBITDA Margin for the year ended December 31, 2023, compared to the prior year, were primarily driven by the continued strength of our business, a modest increase in ADR, and discipline in managing our cost structure.

During 2023, we released \$2.9 billion of our valuation allowance related to our U.S. deferred tax assets and is included in provision for (benefit from) income taxes (see Note 14, *Income Taxes*, to our consolidated financial statements included in Item 8 of Part II of this Annual Report on Form 10-K for further details).

### Free Cash Flow

We define Free Cash Flow as net cash provided by 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 our other U.S. GAAP financial measures, such as net cash provided by operating activities. Free Cash Flow does not reflect our ability to meet future contractual commitments and may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure. Free Cash Flow Margin is defined as Free Cash Flow divided by revenue.

## [Table of Contents](#)

### *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):

	2022	2023
Revenue	\$ 8,399	\$ 9,917
Net cash provided by operating activities	\$ 3,430	\$ 3,884
Purchases of property and equipment	(25)	(47)
Free Cash Flow	\$ 3,405	\$ 3,837
Free Cash Flow Margin	41 %	39 %
Other cash flow components:		
Net cash used in investing activities	\$ (28)	\$ (1,042)
Net cash used in financing activities	\$ (689)	\$ (2,430)

The increase in Free Cash Flow for the year ended December 31, 2023, compared to the prior year, was primarily driven by increased income from operations and interest income driven by increased interest rates on higher cash balances.

### *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 the change in revenue 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.

### *Geographic Mix*

Our operations are global, and certain trends in our business, such as Nights and Experiences Booked, GBV, revenue, GBV per Night and Experience Booked, and Nights per Booking vary by geography. We measure Nights and Experiences Booked by region based on the location of the listing.

	2022	% of Total	2023	% of Total
	(in millions, except percentages)			
<b>Nights and Experiences Booked</b>				
North America	133	34 %	146	33 %
EMEA	168	43	187	42
Latin America	53	13	64	14
Asia Pacific	40	10	51	11
Total	394	100 %	448	100 %
<b>Gross Booking Value</b>				
North America	\$ 32,246	51 %	\$ 34,941	48 %
EMEA	21,486	34	26,241	36
Latin America	4,838	8	6,054	8
Asia Pacific	4,642	7	6,016	8
Total	\$ 63,212	100 %	\$ 73,252	100 %
<b>Revenue</b>				
North America	\$ 4,210	50 %	\$ 4,638	47 %
EMEA	2,924	35	3,615	36
Latin America	643	8	824	8
Asia Pacific	622	7	840	9
Total	\$ 8,399	100 %	\$ 9,917	100 %

We saw a 2% increase in GBV per Night and Experience Booked in 2023 compared to the prior year, primarily due to higher GBV per Night and Experience Booked in EMEA, which increased from \$127.99 to \$140.40.

[Table of Contents](#)

Our total Company average nights per booking, excluding experiences, decreased 4% in 2023 compared to the prior year, primarily due to our geographic mix and changes in traveler behaviors. Specifically, average nights per booking in 2023 was 4.1 for North America, 3.9 for EMEA, 3.9 for Latin America, and 3.3 for Asia Pacific, with a total average of 3.9 nights. We expect that our blended global average nights per booking will continue to fluctuate based on our geographic mix and changes in traveler behaviors.

## Results of Operations

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

	2022		2023	
	Amount	% of Revenue	Amount	% of Revenue
Revenue	\$ 8,399	100 %	\$ 9,917	100 %
Costs and expenses:				
Cost of revenue	1,499	18	1,703	17
Operations and support <sup>(1)</sup>	1,041	12	1,186	12
Product development <sup>(1)</sup>	1,502	18	1,722	17
Sales and marketing <sup>(1)</sup>	1,516	18	1,763	18
General and administrative <sup>(1)</sup>	950	11	2,025	20
Restructuring charges	89	1	—	—
Total costs and expenses	6,597	78	8,399	84
Income from operations	1,802	22	1,518	16
Interest income	186	2	721	7
Interest expense	(24)	—	(83)	(1)
Other income (expense), net	25	—	(54)	(1)
Income before income taxes	1,989	24	2,102	21
Provision for (benefit from) income taxes	96	1	(2,690)	(27)
Net income	\$ 1,893	23 %	\$ 4,792	48 %

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

	2022	2023
Operations and support	\$ 63	\$ 68
Product development	548	694
Sales and marketing	114	130
General and administrative	205	228
Stock-based compensation expense	\$ 930	\$ 1,120

## Comparison of the Years Ended December 31, 2022 and 2023

### Revenue

Our revenue consists of service fees, net of incentives and refunds, charged to our customers. For stays, service fees, which are charged to customers as a percentage of the value of the booking, excluding taxes, vary based on factors specific to the booking, such as booking value, the duration of the booking, geography, and Host type. For experiences, we only earn a Host fee. Substantially all of our revenue comes from stays booked on our platform. Incentives include our referral programs and marketing promotions to encourage the use of our platform and attract new customers, while our refunds to customers are part of our customer support activities. We experience a difference in timing between when a booking is made and when we recognize revenue, which occurs upon check-in. We record the service fees that we collect from customers prior to check-in on our balance sheet as unearned fees. Revenue is net of incentives and refunds provided to customers.

(in millions, except percentages)	2022	2023	% Change
Revenue	\$ 8,399	\$ 9,917	18 %

Revenue increased \$1.5 billion, or 18%, in 2023 compared to 2022, primarily due to a 14% increase in Nights and Experiences Booked combined with higher ADRs. On a constant-currency basis, revenue increased 17% compared to 2022, due to a weakened U.S. dollar against the Euro and British Pound.

### Cost of Revenue

Cost of revenue includes payment processing costs, including merchant fees and chargebacks, costs associated with third-party data centers used to host our platform, and amortization of internally developed software and acquired technology. Because we act as the

## [Table of Contents](#)

merchant of record, we incur all payment processing costs associated with our bookings, and we have chargebacks, which arise from account takeovers and other fraudulent activities. Cost of revenue may vary as a percentage of revenue from year to year based on activity on our platform and may also vary from quarter to quarter as a percentage of revenue based on the seasonality of our business and the difference in the timing of when bookings are made and when we recognize revenue.

(in millions, except percentages)	2022	2023	% Change
Cost of revenue	\$ 1,499	\$ 1,703	14 %
Percentage of revenue	18 %	17 %	

Cost of revenue increased \$204 million, or 14%, in 2023 compared to 2022, primarily due to an increase in merchant fees and chargebacks of \$163 million and \$10 million, respectively, due to an increase in pay-in volumes, and an increase in cloud computing costs of \$31 million due to increased server and data storage usage.

### **Operations and Support**

Operations and support expense primarily consists of personnel-related expenses and third-party service provider fees associated with community support provided via phone, email, and chat to customers; customer relations costs, which include refunds and credits related to customer satisfaction and expenses associated with our Host protection programs; and allocated costs for facilities and information technology.

(in millions, except percentages)	2022	2023	% Change
Operations and support	\$ 1,041	\$ 1,186	14 %
Percentage of revenue	12 %	12 %	

Operations and support expense increased \$145 million, or 14%, in 2023 compared to 2022, primarily due to a \$105 million increase in third-party community support personnel and customer relations costs, a \$25 million increase in payroll-related expenses primarily due to growth in headcount and increased compensation costs, and a \$16 million increase in insurance costs due to higher Host Liability Insurance premiums resulting from higher overall nights.

### **Product Development**

Product development expense primarily consists of personnel-related expenses and third-party service provider fees incurred in connection with the development of our platform, and allocated costs for facilities and information technology.

(in millions, except percentages)	2022	2023	% Change
Product development	\$ 1,502	\$ 1,722	15 %
Percentage of revenue	18 %	17 %	

Product development expense increased \$220 million, or 15%, in 2023, compared to 2022, primarily due to a \$217 million increase in payroll-related expenses due to growth in headcount and increased compensation costs.

### **Sales and Marketing**

Sales and marketing expense primarily consists of brand and performance marketing, personnel-related expenses, including those related to our field operations, policy and communications, portions of referral incentives and coupons, and allocated costs for facilities and information technology.

(in millions, except percentages)	2022	2023	% Change
Brand and performance marketing	\$ 1,030	\$ 1,208	17 %
Field operations and policy	486	555	14 %
Total sales and marketing	\$ 1,516	\$ 1,763	16 %
Percentage of revenue	18 %	18 %	

Sales and marketing expense increased \$247 million, or 16%, in 2023, compared to 2022, primarily due to a \$177 million increase in marketing activities associated with our marketing campaigns and launches and our search engine marketing and advertising spend, and a \$54 million increase in payroll-related expenses due to growth in headcount and increased compensation costs.

### **General and Administrative**

General and administrative expense primarily consists of personnel-related expenses for management and administrative functions, including finance and accounting, legal, and human resources. General and administrative expense also includes certain professional services fees, general corporate and director and officer insurance, allocated costs for facilities and information technology, indirect taxes,



## [Table of Contents](#)

including lodging tax reserves for which we may be held jointly liable with Hosts for collecting and remitting such taxes, and bad debt expense.

(in millions, except percentages)	2022	2023	% Change
General and administrative	\$ 950	\$ 2,025	113 %
Percentage of revenue	11 %	20 %	

General and administrative expense increased \$1.1 billion, or 113%, in 2023, compared to 2022, primarily due to an increase of \$991 million related to business and operational taxes, the majority of which is non-recurring, and a \$93 million increase in payroll related expenses partially offset by a reduction in insurance expense of \$18 million driven by reduced directors and officers insurance premiums.

### **Restructuring Charges**

(in millions, except percentages)	2022	2023	% Change
Restructuring charges	\$ 89	\$ —	(100)%

In the second quarter of 2022, we shifted to a remote work model, allowing our 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, we recorded restructuring charges of \$89 million during 2022, which included \$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 in 2023.

### **Interest Income and Expense**

Interest income consists primarily of interest earned on our cash, cash equivalents, marketable securities, and amounts held on behalf of customers. Interest expense consists primarily of interest associated with various indirect tax reserves, amortization of debt issuance and debt discount costs.

(in millions, except percentages)	2022	2023	% Change
Interest income	\$ 186	\$ 721	288 %
Interest expense	\$ (24)	\$ (83)	246 %

Interest income increased \$535 million, or 288%, in 2023 compared to 2022, 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.

Interest expense increased \$59 million or 246%, in 2023 compared to 2022, primarily due to non-recurring interest paid relating to withholding tax payments on behalf of Hosts.

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

Other income (expense), net consists primarily of realized and unrealized gains and losses on foreign currency transactions and balances, unrealized gains and losses on derivatives, the change in fair value of investments and financial instruments, including our share of income or loss from our equity method investments.

(in millions, except percentages)	2022	2023	% Change
Other income (expense), net	\$ 25	\$ (54)	(316)%

Other income (expense), net decreased \$79 million in 2023 compared to 2022, primarily due to foreign exchange losses.

### **Provision for Income Taxes**

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

## [Table of Contents](#)

For example, the impact of discrete items and non-deductible expenses on our effective tax rate is greater when our pre-tax income is lower.

(in millions, except percentages)	2022	2023	% Change
Provision for (benefit from) income taxes	\$ 96	\$ (2,690)	*
Effective tax rate	5 %	(128)%	

\* Not meaningful

The income tax benefit in 2023, was primarily due to the release of \$2.9 billion of our valuation allowance related to our U.S. deferred tax assets (see Note 14, *Income Taxes*, to our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further details).

## Liquidity and Capital Resources

### *Sources and Conditions of Liquidity*

As of December 31, 2023, our principal sources of liquidity were cash, cash equivalents and short-term investments totaling \$10.1 billion. As of December 31, 2023, cash and cash equivalents totaled \$6.9 billion, which included \$1.9 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 December 31, 2023, short-term investments totaled \$3.2 billion. Short-term investments primarily consist of highly-liquid investment grade corporate debt securities, time deposits, commercial paper, certificates of deposit, U.S. government and government agency debt securities ("government bonds"), and mortgage-backed and asset-backed securities. These amounts do not include funds of \$5.9 billion as of December 31, 2023, that we held for bookings in advance of guests completing check-ins that we record separately on our consolidated balance sheet in funds receivable and amounts held on behalf of customers with a corresponding liability in funds payable and amounts payable to customers.

Our cash and cash equivalents are generally held at large global systemically important banks (or G-SIBs), which are subject to high capital requirements and are required to regularly perform stringent stress tests related to their ability to absorb capital losses. Our cash, cash equivalents, and short-term investments held outside of 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 December 31, 2023, no amounts were drawn under the 2022 Credit Facility and outstanding letters of credit totaled \$29 million. See Note 10, *Debt*, to our consolidated financial statements included in Item 8 of Part II of this Annual Report on Form 10-K for a description of the 2022 Credit Facility entered into on October 31, 2022.

### *Material Cash Requirements*

As of December 31, 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 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.

As of December 31, 2023, our total minimum lease payments were \$313 million, of which \$81 million is due in the succeeding 12 months. We have a commercial agreement with a data hosting services provider to spend or incur an aggregate of at least \$842 million for vendor services through 2027. See Note 9, *Leases*, Note 10, *Debt*, and Note 13, *Commitments and Contingencies*, to our consolidated financial statements included in Item 8 of Part II of this Annual Report on Form 10-K for further information regarding these commitments.

During 2023, we repurchased an aggregate of 17.9 million shares of Class A common stock for \$2.3 billion through two share repurchase programs. As of December 31, 2023, we had \$750 million available to repurchase shares of Class A common stock under our share repurchase program. In February 2024, our board of directors approved an additional share repurchase program to purchase up to \$6.0 billion of our Class A common stock.

[Table of Contents](#)**Cash Flows**

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

	2022	2023
Net cash provided by operating activities	\$ 3,430	\$ 3,884
Net cash used in investing activities	(28)	(1,042)
Net cash used in financing activities	(689)	(2,430)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(337)	152
Net increase in cash, cash equivalents, and restricted cash	\$ 2,376	\$ 564

**Net Cash Provided by Operating Activities**

Net cash provided by operating activities in 2023 was \$3.9 billion, which was primarily due to income from operations of \$1.5 billion and interest income of \$721 million from our investment portfolio, adjusted for non-cash items including stock-based compensation expense of \$1.1 billion.

Net cash provided by operating activities in 2022 was \$3.4 billion, which was primarily due to income from operations of \$1.8 billion, adjusted for non-cash items, primarily consisting of \$930 million of stock-based compensation expense, impairment of long-lived assets of \$91 million, and \$62 million of foreign exchange losses due to the strengthening of the U.S. dollar against the Euro and British Pound.

**Net Cash Used in Investing Activities**

Net cash used in investing activities in 2023 was \$1.0 billion, which was primarily due to purchases of short-term investments, partially offset by proceeds resulting from sales and maturities of short-term investments.

Net cash used in investing activities in 2022 was \$28 million, which was primarily due to purchases of short-term investments and property and equipment of \$4.1 billion and \$25 million, respectively, partially offset by proceeds from sales and maturities of short-term investments of \$4.1 billion.

**Net Cash Used in Financing Activities**

Net cash used in financing activities in 2023 was \$2.4 billion, primarily due to share repurchases of \$2.3 billion, and an increase in taxes paid related to net share settlement of equity awards of \$1.2 billion, primarily driven from the taxes paid related to the cashless exercise of stock options, partially offset by the decrease in funds payable and amounts payable to customers of \$936 million.

Net cash used in financing activities in 2022 was \$689 million, primarily due to share repurchases of \$1.5 billion under our share repurchase programs, and an increase in the taxes paid related to net share settlement of equity awards of \$607 million, partially offset by an increase in funds payable and amounts payable to customers of \$1.3 billion resulting from significantly higher bookings.

**Effect of Exchange Rates**

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. During 2022, we recorded a reduction of \$337 million in cash, cash equivalents, and restricted cash, primarily due to the strengthening of the U.S. dollar. During 2023, we recorded an increase of \$152 million 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 Hosts and guests.

We assess our liquidity in terms of our ability to generate cash to fund our short- and long-term cash requirements. As such, we believe that the cash flows generated from operating activities will meet our anticipated cash requirements in the short-term. In addition to normal working capital requirements, we anticipate that our short- and long-term cash requirements will include share repurchases, introduction of new products and offerings, timing and extent of spending to support our efforts to develop our platform, debt repayments, and expansion of sales and marketing activities. Our future capital requirements, however, will depend on many factors, including, but not limited to our growth, headcount, and ability to attract and retain customers on our platform. Additionally, we may in the future raise additional capital or incur additional indebtedness to continue to fund our strategic initiatives. On a long-term basis, we would rely on either our access to the capital markets or our credit facility for any long-term funding not provided by operating cash flows and cash on hand. In the event that additional financing is required from outside sources, we may seek to raise additional funds at any time through equity, equity-linked arrangements, and/or debt, which may not be available on favorable terms, or at all. If we are unable to raise additional capital when desired and at reasonable rates, our business, results of operations, and financial condition could be materially adversely affected. Our liquidity is subject to various risks including the risks identified in the section titled "Risk Factors" in Item 1A of Part I of this Annual Report on Form 10-K and the market risks identified in the section titled "Quantitative and Qualitative Disclosures about Market Risk" in Item 7A of Part II of this Annual Report on Form 10-K.

## Indemnification Agreements

In the ordinary course of business, we include limited indemnification provisions under certain agreements with parties with whom we have commercial relations of varying scope and terms. See Note 13, *Commitments and Contingencies*, to our consolidated financial statements included in Item 8 of Part II of this Annual Report on Form 10-K for further information regarding our indemnification agreements.

## Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, and expenses, and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements included in Item 8 of Part II of this Annual Report on Form 10-K, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition, results of operations, and cash flows.

### Lodging Tax Obligations

In jurisdictions where we do not collect and remit lodging taxes, the responsibility for collecting and remitting these taxes, if applicable, generally rests with Hosts. We estimate liabilities for a certain number of jurisdictions with respect to state, city, and local taxes related to lodging where we believe it is probable that Airbnb could be held jointly liable with Hosts for collecting and remitting such taxes and the related amounts can be reasonably estimated. Changes to these liabilities are recorded in general and administrative expense in our consolidated statements of operations.

Evaluating potential outcomes for lodging taxes is inherently uncertain and requires us to utilize various judgments, assumptions, and estimates in determining our reserves. A variety of factors could affect our potential obligation for collecting and remitting such taxes, which include, but are not limited to, whether we determine, or any tax authority asserts, that we have a responsibility to collect lodging and related taxes on either historic or future transactions; the introduction of new ordinances and taxes which subject our operations to such taxes; or the ultimate resolution of any historic claims that may be settled through negotiation. Accordingly, the ultimate resolution of lodging taxes may be greater or less than reserve amounts we have established. See Note 13, *Commitments and Contingencies*, to our consolidated financial statements included in Item 8 of Part II of this Annual Report on Form 10-K for additional information.

### Income Taxes

We are subject to income taxes in the United States and foreign jurisdictions. We account for income taxes using the asset and liability method. We account for uncertainty in tax positions by recognizing a tax benefit from uncertain tax positions when it is more likely than not that the position will be sustained upon examination. Evaluating our uncertain tax positions, determining our provision for (benefit from) income taxes, and evaluating the impact of tax law changes, are inherently uncertain and require making judgments, assumptions, and estimates.

In determining the need for a valuation allowance, we weigh both positive and negative evidence in the various jurisdictions in which we operate related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. As of December 31, 2023, based on all available positive and negative evidence, having demonstrated sustained profitability which is objective and verifiable, and taking into account anticipated future earnings, we have concluded that it is more likely than not that our U.S. federal and state deferred tax assets will be realizable, with the exception of California research and development credits, capital loss carryovers, and certain losses subject to the dual consolidated loss rules. We continue to maintain a valuation allowance against our California research and development credit deferred tax assets due to the uncertainty regarding realizability of these deferred tax assets as they have not met the "more likely than not" realization criteria, particularly as we expect research and development tax credit generation to exceed our ability to use the credits in future years. When a change in valuation allowance is recognized during an interim period, the change in valuation allowance resulting from current year income is included in the annual effective tax rate and the release of valuation allowance supported by projections of future taxable income is recorded as a discrete tax benefit in the interim period. We released \$2.9 billion of our valuation allowance in 2023 and will continue to monitor the need for a valuation allowance against our deferred tax assets on a quarterly basis.

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

## Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements included in Item 8 of Part II of this Annual Report on Form 10-K.

## Item 7A. 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 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 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 forecasted foreign denominated revenue, 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 December 31, 2023, it would have resulted in a loss of approximately \$20 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, available-for-sale short-term investments, and the fair value of those securities.

We had cash and cash equivalents of \$6.9 billion and short-term investments of \$3.2 billion as of December 31, 2023, which primarily consisted 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 and time deposits. As of December 31, 2023, we had an additional \$5.9 billion that we held for bookings in advance of guests completing check-ins, which we record separately on our 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 \$20 million to our investment portfolio as of December 31, 2023.

**Item 8. Financial Statements and Supplementary Data**

**Index to Consolidated Financial Statements and Schedule**

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID 238)	65
Consolidated Financial Statements	
Consolidated Balance Sheets	67
Consolidated Statements of Operations	68
Consolidated Statements of Comprehensive Income (Loss)	69
Consolidated Statements of Stockholders' Equity	70
Consolidated Statements of Cash Flows	71
Notes to Consolidated Financial Statements	72
Financial Statement Schedule	
Schedule II—Valuation and Qualifying Accounts	101

## **Report of Independent Registered Public Accounting Firm**

**To the Board of Directors and Stockholders of Airbnb, Inc.**

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Airbnb, Inc. and its subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of operations, of comprehensive income (loss), of stockholders’ equity, and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and financial statement schedule listed in the accompanying index for each of the three years in the period ended December 31, 2023 (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

### ***Basis for Opinions***

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### ***Critical Audit Matters***

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



## [Table of Contents](#)

### *Uncertain Tax Positions*

As described in Notes 2 and 14 to the consolidated financial statements, the Company has recorded gross unrecognized tax benefits of \$780 million relating to uncertain tax positions as of December 31, 2023. Management evaluates and accounts for uncertain tax positions using a two-step approach. Recognition, step one, occurs when management concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement, step two, determines the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. The Company is in various stages of examination in connection with its ongoing tax audits globally and management believes that an adequate provision has been recorded for any adjustments that may result from tax audits. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, management may be required to record an adjustment to the provision for (benefit from) income taxes in the period such resolution occurs.

The principal considerations for our determination that performing procedures relating to uncertain tax positions is a critical audit matter are (i) the significant judgment by management when determining uncertain tax positions, including a high degree of estimation uncertainty relative to the technical merits and the measurement of the tax positions based on interpretations of tax laws and legal rulings; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence relating to management's recognition and measurement of uncertain tax positions; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the recognition and measurement of the liability for uncertain tax positions and controls addressing completeness of the uncertain tax positions. These procedures also included, among others, (i) testing the completeness of management's assessment of the identification of uncertain tax positions; (ii) testing the recognition and measurement of the liability for uncertain tax positions, including management's assessment of the technical merits of the tax positions and the amount of tax benefit expected to be sustained; (iii) testing the information used in the calculation of the liability for uncertain tax positions, including intercompany agreements, international, federal, and state filing positions, and the related final tax returns; (iv) evaluating the status and results of income tax audits with the relevant tax authorities; and (v) evaluating third party income tax documentation obtained by the Company. Professionals with specialized skill and knowledge were used to assist in the evaluation of the completeness and measurement of the Company's uncertain tax positions, including evaluating the reasonableness of management's assessment of whether tax positions are more-likely-than-not of being sustained and the amount of potential benefit to be realized, the application of relevant tax laws, and estimated interest and penalties.

/s/ PricewaterhouseCoopers LLP  
San Francisco, California  
February 16, 2024

We have served as the Company's auditor since 2011.

# Airbnb, Inc.

## Consolidated Balance Sheets

(in millions, except par value)

	<b>December 31,</b>	
	<b>2022</b>	<b>2023</b>
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,378	\$ 6,874
Short-term investments (including assets reported at fair value of \$2,224 and \$2,507, respectively)	2,244	3,197
Funds receivable and amounts held on behalf of customers	4,783	5,869
Prepays and other current assets (including customer receivables of \$200 and \$249 and allowances of \$39 and \$44, respectively)	456	569
Total current assets	14,861	16,509
Deferred tax assets	16	2,881
Goodwill and intangible assets, net	684	792
Other assets, noncurrent	477	463
Total assets	\$ 16,038	\$ 20,645
Liabilities and Stockholders' Equity		
Current liabilities:		
Accrued expenses, accounts payable, and other current liabilities	\$ 2,013	\$ 2,654
Funds payable and amounts payable to customers	4,783	5,869
Unearned fees	1,182	1,427
Total current liabilities	7,978	9,950
Long-term debt	1,987	1,991
Operating lease liabilities, noncurrent	295	252
Other liabilities, noncurrent	218	287
Total liabilities	10,478	12,480
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, \$0.0001 par value:		
Class A - authorized 2,000 shares; 408 and 438 shares issued & outstanding, respectively;		
Class B - authorized 710 shares; 223 and 200 shares issued & outstanding, respectively;		
Class C - authorized 2,000 shares; zero shares issued & outstanding, respectively;		
Class H - authorized 26 shares; 9 shares issued and zero shares outstanding, respectively	—	—
Additional paid-in capital	11,557	11,639
Accumulated other comprehensive loss	(32)	(49)
Accumulated deficit	(5,965)	(3,425)
Total stockholders' equity	5,560	8,165
Total liabilities and stockholders' equity	\$ 16,038	\$ 20,645

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

# Airbnb, Inc.

## Consolidated Statements of Operations

(in millions, except per share amounts)

	Year Ended December 31,		
	2021	2022	2023
Revenue	\$ 5,992	\$ 8,399	\$ 9,917
Costs and expenses:			
Cost of revenue	1,156	1,499	1,703
Operations and support	847	1,041	1,186
Product development	1,425	1,502	1,722
Sales and marketing	1,186	1,516	1,763
General and administrative	836	950	2,025
Restructuring charges	113	89	—
Total costs and expenses	5,563	6,597	8,399
Income from operations	429	1,802	1,518
Interest income	13	186	721
Interest expense	(438)	(24)	(83)
Other income (expense), net	(304)	25	(54)
Income (loss) before income taxes	(300)	1,989	2,102
Provision for (benefit from) income taxes	52	96	(2,690)
Net income (loss)	\$ (352)	\$ 1,893	\$ 4,792
Net income (loss) per share attributable to Class A and Class B common stockholders:			
Basic	\$ (0.57)	\$ 2.97	\$ 7.52
Diluted	\$ (0.57)	\$ 2.79	\$ 7.24
Weighted-average shares used in computing net income (loss) per share attributable to Class A and Class B common stockholders:			
Basic	616	637	637
Diluted	616	680	662

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

**Airbnb, Inc.**  
**Consolidated Statements of Comprehensive Income (Loss)**  
(in millions)

	Year Ended December 31,		
	2021	2022	2023
Net income (loss)	\$ (352)	\$ 1,893	\$ 4,792
Other comprehensive loss:			
Net unrealized gain (loss) on available-for-sale marketable securities, net of tax	(4)	(15)	6
Net unrealized loss on cash flow hedges, net of tax	—	—	(31)
Foreign currency translation adjustments	(6)	(10)	8
Other comprehensive loss	(10)	(25)	(17)
Comprehensive income (loss)	\$ (362)	\$ 1,868	\$ 4,775

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

# Airbnb, Inc.

## Consolidated Statements of Stockholders' Equity

(in millions)

	Common Stock		Additional	Accumulated		Total
	Shares	Amount	Paid-In	Other	Accumulated	Stockholders'
			Capital	Comprehensive	Deficit	Equity
				Income (Loss)		
<b>Balances as of December 31, 2020</b>	599	\$ — *	\$ 8,904	\$ 3	\$ (6,006)	\$ 2,901
Net loss	—	—	—	—	(352)	(352)
Other comprehensive loss	—	—	—	(10)	—	(10)
Exercise of common stock options, net of shares withheld for taxes	18	— *	138	—	—	138
Issuance of common stock upon settlement of RSUs, net of shares withheld for taxes	16	— *	(44)	—	—	(44)
Reclassification of derivative warrant liability to equity	—	—	1,277	—	—	1,277
Purchase of capped calls	—	—	(100)	—	—	(100)
Issuance of common stock under employee stock purchase plan, net of shares withheld	1	— *	51	—	—	51
Stock-based compensation	—	—	914	—	—	914
<b>Balances as of December 31, 2021</b>	634	— *	11,140	(7)	(6,358)	4,775
Net income	—	—	—	—	1,893	1,893
Other comprehensive loss	—	—	—	(25)	—	(25)
Exercise of common stock options, net of shares withheld for taxes	3	— *	40	—	—	40
Issuance of common stock upon settlement of RSUs, net of shares withheld for taxes	8	— *	(612)	—	—	(612)
Issuance of common stock under employee stock purchase plan, net of shares withheld for taxes	—	— *	48	—	—	48
Stock-based compensation	—	—	941	—	—	941
Repurchases of common stock	(14)	—	—	—	(1,500)	(1,500)
<b>Balances as of December 31, 2022</b>	631	— *	11,557	(32)	(5,965)	5,560
Net income	—	—	—	—	4,792	4,792
Other comprehensive loss	—	—	—	(17)	—	(17)
Exercise of common stock options, net of shares withheld for taxes	9	— *	(521)	—	—	(521)
Shares issued upon net settlement of warrants exercised	6	—	—	—	—	—
Issuance of common stock upon settlement of RSUs, net of shares withheld for taxes	8	— *	(660)	—	—	(660)
Issuance of common stock under employee stock purchase plan, net of shares withheld for taxes	1	— *	64	—	—	64
Stock-based compensation	—	—	1,146	—	—	1,146
Repurchases of common stock	(18)	— *	—	—	(2,252)	(2,252)
Issuance of common stock for acquisition of business	1	— *	53	—	—	53
<b>Balances as of December 31, 2023</b>	638	\$ — *	\$ 11,639	\$ (49)	\$ (3,425)	\$ 8,165

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

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

# Airbnb, Inc.

## Consolidated Statements of Cash Flows

(in millions)

	Year Ended December 31,		
	2021	2022	2023
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ (352)	\$ 1,893	\$ 4,792
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation and amortization	138	81	44
Stock-based compensation expense	899	930	1,120
Deferred income taxes	11	(1)	(2,875)
Loss on warrants, net	292	—	—
Impairment of long-lived assets	113	91	—
Loss from extinguishment of debt	377	—	—
Other, net	74	117	83
Changes in operating assets and liabilities, net of acquisitions:			
Prepays and other assets	(29)	(185)	(102)
Accrued expenses and other liabilities	294	224	580
Unearned fees	496	280	242
Net cash provided by operating activities	2,313	3,430	3,884
<b>Cash flows from investing activities:</b>			
Purchases of short-term investments	(4,938)	(4,072)	(3,308)
Sales and maturities of short-term investments	3,611	4,071	2,380
Other investing activities, net	(25)	(27)	(114)
Net cash used in investing activities	(1,352)	(28)	(1,042)
<b>Cash flows from financing activities:</b>			
Taxes paid related to net share settlement of equity awards	(177)	(607)	(1,224)
Principal repayment of long-term debt	(1,995)	—	—
Prepayment penalty on long-term debt	(213)	—	—
Proceeds from issuance of convertible senior notes, net of issuance costs	1,979	—	—
Purchases of capped calls related to convertible senior notes	(100)	—	—
Proceeds from exercise of equity awards and employee stock purchase plan	189	88	110
Repurchase of common stock	—	(1,500)	(2,252)
Change in funds payable and amounts payable to customers	1,625	1,330	936
Net cash provided by (used in) financing activities	1,308	(689)	(2,430)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(210)	(337)	152
Net increase in cash, cash equivalents, and restricted cash	2,059	2,376	564
Cash, cash equivalents, and restricted cash, beginning of year	7,668	9,727	12,103
<b>Cash, cash equivalents, and restricted cash, end of year</b>	<b>\$ 9,727</b>	<b>\$ 12,103</b>	<b>\$ 12,667</b>

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

# Airbnb, Inc.

## Notes to 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 consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and include accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

#### ***Principles of Consolidation***

The accompanying consolidated 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 December 31, 2022 and 2023, the Company’s consolidated VIEs were not material to the consolidated financial statements.

#### ***Use of Estimates***

The preparation of the Company’s consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company regularly evaluates its estimates, including those related to bad debt reserves, fair value of investments, useful lives of long-lived assets and intangible assets, valuation of goodwill and intangible assets from acquisitions, contingent liabilities, insurance reserves, revenue recognition, valuation of common stock, stock-based compensation, income taxes, and reserves for transient occupancy taxes and tax withholding obligations, 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 consolidated financial statements as new events occur and additional information becomes known. To the extent the Company’s actual results differ materially from those estimates and assumptions, the Company’s future consolidated financial statements could be affected.

#### ***Segment Information***

Operating segments are defined as components of an entity for which discrete financial information is available and is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in making decisions regarding resource allocation and performance assessment. The Company’s CODM is its Chief Executive Officer. The Company has determined it has one operating and reportable segment as the CODM reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents are held in checking and interest-bearing accounts and consist of cash and highly-liquid securities with an original maturity of 90 days or less.

#### ***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



# Airbnb, Inc.

## Notes to Consolidated Financial Statements

---

(expense), net on the 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 on the consolidated statements of operations.

The Company records an impairment of its available-for-sale debt securities if the amortized cost basis exceeds its fair value and if the Company has the intention to sell the security or if it is more likely than not that the Company will be required to sell the security before recovery of the amortized cost basis. If the Company does not have the intention to sell the security and it is not more likely than not that the Company will be required to sell the security before recovery of the amortized cost basis and the Company determines that the unrealized loss is entirely or partially due to credit-related factors, the credit loss is measured and recognized as an allowance in the consolidated balance sheets with a corresponding charge in the consolidated statements of operations. The allowance is measured as the amount by which the debt security's amortized cost basis exceeds the Company's best estimate of the present value of cash flows expected to be collected. Any remaining decline in fair value that is non-credit related is recognized in other comprehensive income (loss). Improvements in expected cash flows due to improvements in credit are recognized through reversal of the credit loss and corresponding reduction in the allowance for credit loss.

### ***Non-Marketable Investments***

Non-marketable investments consist of debt and equity investments in privately-held companies, which are classified as other assets, noncurrent on the consolidated balance sheets. The Company classifies its non-marketable investments that meet the definition of a debt security as available-for-sale. The accounting policy for debt securities classified as available-for-sale is described above. The Company's non-marketable equity investments are accounted for using either the equity method of accounting or as equity investments without readily determinable fair values under the measurement alternative.

The Company uses the equity method if it has the ability to exercise significant influence, but not control, over the operating and financial policies of the investee. For investments accounted for using the equity method, the Company's proportionate share of its equity interest in the net income (loss) and other comprehensive income (loss) of these companies is recorded in the consolidated statements of operations within other income (expense), net. The carrying amount of the investment in equity interests is adjusted to reflect the Company's interest in the investee's net income or loss and any impairments and is classified in other assets, noncurrent on the consolidated balance sheets.

Equity investments for which the Company is not able to exercise significant influence over the investee and for which fair value is not readily determinable are accounted for using the measurement alternative. Such investments are carried at cost, less any impairments, and are adjusted for subsequent observable price changes obtained from orderly transactions for identical or similar investments issued by the same investee. This election is reassessed each reporting period to determine whether non-marketable equity securities have a readily determinable fair value, in which case they would no longer be eligible for this election. Changes in the basis of the equity investment are recognized in other income (expense), net on the consolidated statements of operations.

The Company reviews its non-marketable debt and equity investments for impairment at the end of each reporting period or whenever events or circumstances indicate that the carrying value may not be fully recoverable. Impairment indicators might include negative changes in industry and market conditions, financial performance, business prospects, and other relevant events and factors. Upon determining that an impairment exists, the Company recognizes as an impairment in other income (expense), net on the consolidated statements of operations the amount by which the carrying value exceeds the fair value of the investment.

### ***Fair Value of Financial Instruments***

The Company applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. The authoritative guidance on fair value measurements establishes a hierarchical disclosure framework, which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. This hierarchy requires the Company to use observable market data when available and to minimize the use of unobservable inputs when determining fair value. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and disclosed at fair value are classified and disclosed based on the observability of inputs used in the determination of fair value as follows:

*Level 1:* Observable inputs such as quoted prices in active markets.

*Level 2:* Observable inputs other than Level 1 prices, such as quoted prices in less active markets or model-derived valuations that are observable either directly or indirectly.

*Level 3:* Unobservable inputs in which there is little or no market data that are significant to the fair value of the assets or liabilities.

The carrying amount of the Company's financial instruments, including cash equivalents, funds receivable and amounts held on behalf of customers, accounts payable, accrued liabilities, funds payable and amounts payable to customers, and unearned fees approximate their respective fair values because of their short maturities.

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

---

### *Level 2 Valuation Techniques*

Financial instruments classified as Level 2 within the Company's fair value hierarchy are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. Prices of these securities are obtained through independent, third-party pricing services and include market quotations that may include both observable and unobservable inputs. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments, and various relationships between investments. The Company's foreign exchange derivative instruments are valued using pricing models that take into account the contract terms, as well as multiple inputs where applicable, such as interest rate yield curves and currency rates.

### *Level 3 Valuation Techniques*

Financial instruments classified as Level 3 within the Company's fair value hierarchy consist primarily of a derivative warrant liability relating to the warrants issued in conjunction with the second lien loan discussed in Note 10, *Debt*. Valuation techniques for the derivative warrant liability include the Black-Scholes option-pricing model with key assumptions such as stock price volatility, expected term, and risk-free interest rates.

### **Foreign Currency**

The Company's reporting currency is the U.S. dollar. The Company determines the functional currency for each of its foreign subsidiaries by reviewing their operations and currencies used in their primary economic environments. Assets and liabilities for foreign subsidiaries with functional currency other than U.S. dollar are translated into U.S. dollars at the rate of exchange existing at the balance sheet date. Statements of operations amounts are translated at average exchange rates for the period. Translation gains and losses are recorded in accumulated other comprehensive income (loss) as a component of stockholders' equity. No material amounts were reclassified from accumulated other comprehensive income (loss) for the years ended December 31, 2021, 2022 and 2023.

Remeasurement gains and losses are included in other income (expense), net on the consolidated statements of operations. Monetary assets and liabilities are remeasured at the exchange rate on the balance sheet date and nonmonetary assets and liabilities are measured at historical exchange rates. As of December 31, 2022 and 2023, the Company had a cumulative translation gain of \$13 million and \$5 million, respectively. Total net realized and unrealized gains (losses) on foreign currency transactions and balances totaled \$(5) million, \$29 million and \$(48) million for the years ended December 31, 2021, 2022 and 2023, respectively.

### **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 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 consolidated statement of operations. The Company does not exclude any components in the assessment of hedge effectiveness for forwards and options.

If 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 consolidated statement of operations in other income (expense), net.

The Company presents derivative assets and liabilities at their gross fair values in the 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 consolidated statement of cash flows.

### **Internal-Use Software**

The Company capitalizes certain costs in connection with obtaining or developing software for internal use. Amortization of such costs begins when the project is substantially complete and ready for its intended use. Capitalized software development costs are classified as property and equipment, net on the consolidated balance sheets and are amortized using the straight-line method over the estimated useful life of the applicable software.

### **Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization.

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

Depreciation and amortization on property and equipment is calculated using the straight-line method over the estimated useful lives indicated below:

Asset Category	Period
Computer equipment	5 years
Computer software and capitalized internal-use software	1.5 to 3 years
Office furniture and equipment	5 years
Buildings	25 to 40 years
Leasehold improvements	Lesser of estimated useful life or remaining lease term

Costs of maintenance and repairs that do not improve or extend the useful lives of assets are expensed as incurred. Upon retirement or sale, the cost and related accumulated depreciation are removed from the consolidated balance sheets and the resulting gain or loss is reflected in the consolidated statements of operations.

### Leases

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

The Company's leases often contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Additionally, tenant incentives, primarily used to fund leasehold improvements, are recognized when earned and reduce the Company's ROU asset related to the lease. These are amortized through the ROU asset as reductions of expense over the lease term.

The Company's lease agreements may contain variable costs such as common area maintenance, operating expenses, or other costs. Variable lease costs are expensed as incurred in the consolidated statements of operations. The Company's lease agreements generally do not contain any residual value guarantees or restrictive covenants.

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

### Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company has one reporting unit. The Company tests goodwill for impairment at least annually in the fourth quarter, or whenever events or changes in circumstances indicate that goodwill might be impaired. The Company uses a two-step process to assess the realizability of goodwill. The first step, Step 0, is a qualitative assessment that analyzes current economic indicators associated with a particular reporting unit. For example, the Company analyzes changes in economic, market and industry conditions, business strategy, cost factors, and financial performance, among others, to determine if there would be a significant decline to the fair value of a reporting unit. A qualitative assessment also includes analyzing the excess fair value of a reporting unit over its carrying value from impairment assessments performed in previous years. If the qualitative assessment indicates a stable or improved fair value, no further testing is required.

If a qualitative assessment indicates that a significant decline to fair value of a reporting unit is more likely than not, or if a reporting unit's fair value has historically been closer to its carrying value, the Company will proceed to Step 1 testing where the Company calculates the fair value of a reporting unit. If Step 1 indicates that the carrying value of a reporting unit is in excess of its fair value, the Company will record an impairment equal to the amount by which a reporting unit's carrying value exceeds its fair value.

There were no impairment charges in any of the periods presented in the consolidated financial statements.

### Intangible Assets

Intangible assets are amortized on a straight-line basis over the estimated useful lives ranging from one to ten years. The Company reviews intangible assets for impairment under the long-lived asset model described below. There were no impairment charges in any of the periods presented in the consolidated financial statements.

### Impairment of Long-Lived Assets

Long-lived assets that are held and used by the Company are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The determination of the recoverability of long-lived assets is based on an estimate of the undiscounted cash flows resulting from the use of the asset and its eventual disposition. If the carrying value of the long-

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

---

lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as necessary.

Any impairments to ROU assets, leasehold improvements, or other assets as a result of a sublease, abandonment, or other similar factors are recorded as an operating expense. Similar to other long-lived assets, management tests ROU assets for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. For ROU assets, such circumstances may include subleases that do not fully recover the costs of the associated leases or a decision to abandon the use of all or part of an asset. For the year ended December 31, 2021, the Company recorded \$113 million of long-lived asset impairment charges within restructuring charges on the consolidated statement of operations. For the year ended December 31, 2022, the Company recorded \$91 million of long-lived asset impairment, of which \$89 million was recorded within restructuring charges and the remainder within general and administrative, on the consolidated statements of operations. For the year ended December 31, 2023, the Company did not record any restructuring charges.

### **Revenue Recognition**

The Company generates substantially all of its revenue from facilitating guest stays at accommodations offered by Hosts on the Company's platform.

The Company considers both Hosts and guests to be its customers. The customers agree to the Company's Terms of Service ("ToS") to use the Company's platform. Upon confirmation of a booking made by a guest, the Host agrees to provide the use of the property. At such time, the Host and guest also agree upon the applicable booking value as well as Host fees and guest fees (collectively "service fees"). The Company charges service fees in exchange for certain activities, including the use of the Company's platform, customer support, and payment processing activities. These activities are not distinct from each other and are not separate performance obligations. As a result, the Company's single performance obligation is to facilitate a stay, which occurs upon the completion of a check-in event (a "check-in"). The Company recognizes revenue upon check-in as its performance obligation is satisfied upon check-in and the Company has the right to receive payment for the fulfillment of the performance obligation.

The Company charges service fees to its customers as a percentage of the value of the booking, excluding taxes. The Company collects both the booking value from the guest on behalf of the Host and the applicable guest fees owed to the Company using the guest's pre-authorized payment method. After check-in, the Company disburses the booking value to the Host, less the fees due from the Host to the Company. The Company's ToS stipulates that a Host may cancel a confirmed booking at any time up to check-in. Therefore, the Company determined that for accounting purposes, each booking is a separate contract with the Host and guest, and the contracts are not enforceable until check-in. Since an enforceable contract for accounting purposes is not established until check-in, there were no partially satisfied or unsatisfied performance obligations as of December 31, 2022 and 2023. The service fees collected from customers prior to check-in are recorded as unearned fees. Unearned fees are not considered contract balances because they are subject to refund in the event of a cancellation.

Guest stays of at least 28 nights are considered long-term stays. The Company charges service fees to facilitate long-term stays on a monthly basis. Such stays are generally cancelable with 30 days advance notice for no significant penalty. Accordingly, long-term stays are treated as month-to-month contracts; each month is a separate contract with the Host and guest, and the contracts are not enforceable until check-in for the initial month as well as subsequent monthly extensions. The Company's performance obligation for long-term stays is the same as that for short-term stays. The Company recognizes revenue for the first month upon check-in, similar to short-term stays, and recognizes revenue for any subsequent months upon each month's anniversary from initial check-in date.

The Company evaluates the presentation of revenue on a gross versus net basis based on whether or not it is the principal (gross) or the agent (net) in the transaction. As part of the evaluation, the Company considers whether it controls the right to use the property before control is transferred. Indicators of control that the Company considers include whether the Company is primarily responsible for fulfilling the promise associated with the rental of the property, whether it has inventory risk associated with the property, and whether it has discretion in establishing the prices for the property. The Company determined that it does not control the right to use the properties either before or after completion of its service. Accordingly, the Company has concluded that it is acting in an agent capacity and revenue is presented net reflecting the service fees received from customers to facilitate a stay.

The Company has elected to recognize the incremental costs of obtaining a contract, including the costs of certain referrer fees, as an expense when incurred as the amortization period of the asset that the Company otherwise would have recognized is one year or less. The Company has no significant financing components in its contracts with customers.

The Company has elected to exclude from revenue, taxes assessed by a governmental authority that are both imposed on and are concurrent with specific revenue producing transactions. Accordingly, such amounts are not included as a component of revenue or cost of revenue.

### **Payments to Customers**

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

### *Incentive Programs*

The Company encourages the use of its platform and attracts new customers through its incentive programs. Under the Company's referral program, the referring party (the "referrer") earns a coupon when the new guest or Host (the "referee") completes their first stay on the

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

---

Company's platform. Incentives earned by customers for referring new customers are paid in exchange for a distinct service and are accounted for as customer acquisition costs. The Company records the incentive as a liability at the time the incentive is earned by the referrer with the corresponding charge recorded to sales and marketing expense in the same way the Company accounts for other marketing services from third-party vendors. Any amounts paid in excess of the fair value of the referral service received are recorded as a reduction of revenue. Fair value of the service is established using amounts paid to vendors for similar services. Customer referral coupon credits generally expire within one year from issuance and the Company estimates the redemption rates using its historical experience. As of December 31, 2022 and 2023, the referral coupon liability was not material.

Through marketing promotions, the Company issues customer coupon credits to encourage the use of its platform. After a customer redeems such incentives, the Company records a reduction to revenue at the date it records the corresponding revenue transaction, as the Company does not receive a distinct good or service in exchange for the customer incentive payment.

### *Refunds*

In certain instances, the Company issues refunds to customers as part of its customer support activities in the form of cash or credits to be applied toward a future booking. There is no legal obligation to issue such refunds to Hosts or guests on behalf of its customers. The Company accounts for refunds, net of any recoveries, as variable consideration, which results in a reduction to revenue. The Company reduces the transaction price by the estimated amount of the payments by applying the most likely outcome method based on known facts and circumstances and historical experience. The estimate for variable consideration was not material as of December 31, 2022 and 2023.

The Company evaluates whether the cumulative amount of payments made to customers that are not in exchange for a distinct good or service received from customers exceeds the cumulative revenue earned since inception of the customer relationships. Any cumulative payments in excess of cumulative revenue are presented within operations and support or sales and marketing on the consolidated statements of operations based on the nature of the payments made to customers.

### *Funds Receivable and Funds Payable*

Funds receivable and amounts held on behalf of customers represent cash received or in-transit from guests via third-party credit card processors and other payment methods, which the Company remits for payment to the Hosts following check-in. This cash and related receivable represent the total amount due to Hosts, and as such, a liability for the same amount is recorded to funds payable and amounts payable to customers.

The Company records guest payments, net of service fees, as funds receivable and amounts held on behalf of customers with a corresponding amount in funds payable and amounts payable to customers when cash is received in advance of check-in. Host and guest fees are recorded as cash with a corresponding amount in unearned fees. For certain bookings, a guest may opt to pay a percentage of the total amount due when the booking is confirmed, with the remaining balance due prior to the stay occurring (the "Pay Less Upfront Program"). Under the Pay Less Upfront Program, when the Company receives the first installment payment from the guest upon confirmation of the booking, the Company records the first installment payment as funds receivable and amounts held on behalf of customers with a corresponding amount in funds payable and amounts payable to customers, net of the Host and guest fees. The full value of the service fees is recorded as cash and cash equivalents and unearned fees upon receipt of the first installment payment to represent what the Company expects to be recognized as revenue if the underlying booking is not canceled. Upon receipt of the second installment, such payment amounts are also recorded as funds receivable and amounts held on behalf of customers with a corresponding amount in funds payable and amounts payable to customers. Following check-in, the Company remits funds due to Hosts and recognizes unearned fees as revenue as its performance obligation is satisfied.

### *Bad Debt*

The Company generally collects funds related to bookings from guests on behalf of Hosts prior to check-in. However, in limited circumstances the Company disburses funds to a Host or a guest on behalf of a counterparty guest or Host prior to collecting such amounts from the counterparty. Such uncollected balances generally arise from the timing of payments and collections related to a dispute resolution between the guest and Host or certain alterations to stays and are included in prepaids and other current assets on the consolidated balance sheets. The Company records a customer receivable allowance for credit losses for funds that may never be collected. The Company estimated its exposure to balances deemed to be uncollectible based on factors including known facts and circumstances, historical experience, reasonable and supportable forecasts of economic conditions, and the age of the uncollected balances. The Company writes off the asset when it is determined to be uncollectible. Bad debt expense was \$27 million, \$49 million and \$60 million for the years ended December 31, 2021, 2022 and 2023, respectively.

### *Cost of Revenue*

Cost of revenue primarily consists of payment processing charges, including merchant fees and chargebacks, costs associated with third-party data centers used to host the Company's platform, and amortization of internally developed software and acquired technology.

### *Operations and Support*

Operations and support costs primarily consist of personnel-related expenses and third-party service provider fees associated with customer support provided via phone, email, and chat to customers, customer relations costs, which include refunds and credits related to customer satisfaction and expenses associated with the Company's Host protection programs, and allocated costs for facilities and information technology. These costs are expensed as incurred.

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

---

### ***Product Development***

Product development costs primarily consist of personnel-related expenses and third-party service provider fees incurred in connection with the development of the Company's platform and new products as well as the improvement of existing products, and allocated costs for facilities and information technology. These costs are expensed as incurred.

### ***Sales and Marketing***

Sales and marketing costs primarily consist of performance and brand marketing, personnel-related expenses, including those related to field operations, portions of referral incentives and coupons, policy and communications, and allocated costs for facilities and information technology. These costs are expensed as incurred. Advertising expenses were \$542 million, \$786 million and \$953 million for the years ended December 31, 2021, 2022 and 2023, respectively.

### ***General and Administrative***

General and administrative costs primarily consist of personnel-related expenses for executive management and administrative functions, including finance and accounting, legal, and human resources, as well as general corporate and director and officer insurance. General and administrative costs also include certain professional services fees, allocated costs for facilities and information technology expenses, indirect taxes including lodging taxes where the Company may be held jointly liable with Hosts for collecting and remitting such taxes, withholding taxes, and bad debt expense. These costs are expensed as incurred.

### ***Restructuring Charges***

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

### ***Income Taxes***

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax law in effect for the years in which the temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Accrued interest and penalties related to unrecognized tax benefits are recognized in the provision for (benefit from) income taxes.

A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. 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, forecasted earnings, if carryback is permitted under the law, carryforward periods, and prudent and feasible tax planning strategies.

The Company evaluates and accounts for uncertain tax positions using a two-step approach. Recognition, step one, occurs when the Company concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement, step two, determines the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Derecognition of a tax position that was previously recognized would occur when the Company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained.

### ***Share Repurchase***

Share repurchases 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. Share repurchases are recorded at settlement date. When shares are retired, the value of repurchased shares is deducted from stockholders' equity through capital with the excess over par value recorded to accumulated deficit.

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

---

### **Stock-Based Compensation**

Stock-based compensation expense primarily relates to restricted stock units ("RSUs"), restricted stock awards ("RSAs"), stock options, and the Employee Stock Purchase Plan ("ESPP"). RSUs, RSAs, stock options and warrants are measured at the fair market value of the underlying stock at the grant date and the expense is recognized over the requisite service period. The fair value of stock options and ESPP shares are estimated on the date of grant using the Black-Scholes option pricing model to determine the fair value of stock options on the date of grant. The Company estimates the expected term of stock options granted based on the simplified method and estimates the volatility of its common stock on the date of grant based on the average historical stock price volatility of comparable publicly-traded companies. The simplified method calculates the expected term as the midpoint between the weighted-average time to vesting and the contractual maturity. The simplified method is used as the Company does not have sufficient historical data regarding stock option exercises. The contractual term of the Company's stock options is ten years. The Company accounts for forfeitures as they occur. The benefits of tax deductions in excess of recognized compensation costs are recognized in the income statement as a discrete item when an option exercise or a vesting and release of shares occurs.

### **Net Income (Loss) Per Share Attributable to Common Stockholders**

The Company applies the two-class method when computing net income (loss) per share attributable to common stockholders when shares are issued that meet the definition of a participating security. The two-class method determines net income (loss) per share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires earnings available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all earnings for the period had been distributed. The Company's previously outstanding redeemable convertible preferred stock was a participating security as the holders of such shares participated in dividends but did not contractually participate in the Company's losses.

Basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) by the weighted-average number of shares of common stock outstanding during the period, less weighted-average shares subject to repurchase. The diluted net income (loss) per share is computed by giving effect to all potentially dilutive securities outstanding for the period, including RSUs, RSAs, stock options, and warrants using the treasury stock method, and convertible notes, using the if-converted method. For periods in which the Company reports net losses, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, because potentially dilutive common shares are anti-dilutive.

### **Comprehensive Income (Loss)**

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) reflects gains and losses that are recorded as a component of stockholders' equity and are excluded from net income (loss). Other comprehensive income (loss) consists of unrealized gains (losses) on derivative instruments designated as cash flow hedges, net of tax, foreign currency translation adjustments related to consolidation of foreign entities and unrealized gains (losses), net of tax, on securities classified as available-for-sale.

### **Contingencies**

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

### **Recently Adopted Accounting Standards**

In March 2022, the Financial Accounting Standards ("FASB") issued Accounting Standards Update ("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 consolidated financial statements.

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

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which expands income tax disclosure requirements to include disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is effective for public companies in fiscal years beginning after December 15, 2024, and will be applied prospectively with the option to apply the standard retrospectively. Early adoption is permitted. The Company does not expect the adoption of the new guidance to have a material impact on its consolidated financial statements other than the expanded footnote disclosure.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires disclosure of incremental segment information on an annual and interim basis, primarily through enhanced disclosures of segment expenses. The standard is effective for public entities in fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the consolidated financial statements. Early adoption is permitted. The Company does not expect the adoption of the new guidance to have a material impact on its consolidated financial statements other than the expanded footnote disclosure.



[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

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 does not expect the adoption of the new guidance to have a material impact on its consolidated 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 consolidated financial statements or disclosures.

### **Prior Period Reclassifications**

Certain immaterial amounts in prior periods have been reclassified to conform with current period presentation.

### **Revision of Previously Issued Consolidated Financial Statements**

The consolidated statements of cash flows for year ended December 31, 2021, has been revised to correct for errors identified by management during the preparation of the consolidated financial statements for the three months ended March 31, 2022. The errors understated cash flows from operating activities by \$123 million and overstated the cash flows from financing activities by \$123 million for the year ended December 31, 2021. Management has determined that these errors did not result in the previously issued consolidated financial statements being materially misstated. These errors primarily related to the timing of tax payments from the net settlement of equity awards at the initial public offering in December 2020. In particular, in 2020, the Company reported \$1.7 billion of cash used in financing activities to cover taxes paid related to the net share settlement of its equity awards that vested upon the initial public offering. However, approximately \$123 million of this amount was actually remitted to taxing authorities in foreign jurisdictions during 2021. This had no impact on the Company's consolidated financial statements outside of the presentation in the consolidated statements of cash flow and did not affect the consolidated balance sheets, consolidated statements of operations, or consolidated statements of stockholders' equity.

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

	December 31,	
	2022	2023
Cash and cash equivalents	\$ 7,378	\$ 6,874
Cash and cash equivalents included in funds receivable and amounts held on behalf of customers	4,708	5,769
Restricted cash included in prepaids and other current assets	17	24
Total cash, cash equivalents, and restricted cash presented on the consolidated statements of cash flows	\$ 12,103	\$ 12,667

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

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

	Year Ended December 31,		
	2021	2022	2023
<b>Cash paid for:</b>			
Income taxes, net of refunds	\$ 17	\$ 68	\$ 132
Interest	\$ 50	\$ 8	\$ 55
Operating leases	\$ 92	\$ 102	\$ 84
<b>Noncash investing and financing activities:</b>			
Net impact of non-cash changes to right-of-use assets related to modifications and reassessments of operating leases	\$ 18	\$ (5)	\$ 20
Net settlement of cashless warrants exercised	\$ —	\$ —	\$ 202
Net settlement of cashless stock options exercised	\$ —	\$ —	\$ 36

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

### Supplemental disclosures of balance sheet information

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

	December 31,	
	2022	2023
<b>Other assets, noncurrent:</b>		
Property and equipment, net	\$ 121	\$ 160
Operating lease right-of-use assets	138	119
Other	218	184
Other assets, noncurrent	<u>\$ 477</u>	<u>\$ 463</u>
<b>Accrued expenses, accounts payable, and other current liabilities:</b>		
Indirect taxes payable and withholding tax reserves	\$ 624	\$ 1,119
Compensation and employee benefits	380	436
Accounts payable	137	141
Operating lease liabilities, current	59	61
Other	813	897
Accrued expenses, accounts payable, and other current liabilities	<u>\$ 2,013</u>	<u>\$ 2,654</u>

### 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):

	Year Ended December 31,		
	2021	2022	2023
Reductions to revenue	\$ 156	\$ 284	\$ 360
Charges to operations and support	69	88	96
Charges to sales and marketing expense	47	60	61
Total payments made to customers	<u>\$ 272</u>	<u>\$ 432</u>	<u>\$ 517</u>

### Revenue Disaggregated by Geographic Region

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

	Year Ended December 31,		
	2021	2022	2023
North America	\$ 3,201	\$ 4,210	\$ 4,638
Europe, the Middle East, and Africa	1,931	2,924	3,615
Latin America	431	643	824
Asia Pacific	429	622	840
Total revenue disaggregated by geographic region	<u>\$ 5,992</u>	<u>\$ 8,399</u>	<u>\$ 9,917</u>

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

### 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
<b>Short-term investments</b>					
<b>Debt securities:</b>					
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
<b>Total debt securities</b>		2,232	1	(10)	2,223
<b>Time deposits</b>		20	—	—	20
<b>Equity investments <sup>(1)</sup></b>		1	—	—	1
<b>Total short-term investments</b>	\$	2,253	\$ 1	\$ (10)	\$ 2,244
<b>Long-term investments <sup>(2)</sup></b>					
<b>Debt securities:</b>					
Corporate debt securities	\$	13	\$ —	\$ (9)	\$ 4

  

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

(1) Unrealized gains (losses) on equity investments were not material for the years ended December 31, 2022 and 2023.

(2) Classified within other assets, noncurrent on the consolidated balance sheets.

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

Unrealized gains and losses, net of tax before reclassifications from AOCI to other income (expense), net were not material for the years ended December 31, 2021, 2022 and 2023. Realized gains and losses reclassified from AOCI to other income (expense), net were not material for the years ended December 31, 2021, 2022 and 2023.

Debt securities in an unrealized loss position had an estimated fair value of \$748 million and \$777 million, and unrealized losses of \$19 million and \$16 million as of December 31, 2022 and 2023, respectively. A total of \$92 million and \$283 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 December 31, 2023, respectively.

## Airbnb, Inc.

### Notes to Consolidated Financial Statements

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

	December 31, 2023	
	Amortized Cost	Estimated Fair Value
Due within one year	\$ 1,406	\$ 1,406
Due within one to five years	1,027	1,020
Due beyond five years	88	85
Total	\$ 2,521	\$ 2,511

#### **Equity Investments**

##### *Gains and Losses on Marketable Equity Investments*

During the year ended December 31, 2021, the Company sold all of its marketable equity investments and recognized a realized net loss of \$13 million. The realized and unrealized gains and losses on marketable equity investments were recorded in other income (expense), net on the consolidated statements of operations.

##### *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 and \$83 million as of December 31, 2022 and December 31, 2023, respectively, and are classified within other assets, noncurrent on the consolidated balance sheets.

The Company recorded impairment charges of \$3 million for the year ended December 31, 2021, and did not have any impairment charges nor downward adjustments for observable price changes during the years ended December 31, 2022 and 2023. The Company recorded upward adjustments of \$4 million during the year ended December 31, 2023, and did not have any upward adjustments for observable price changes during the years ended December 31, 2021 and 2022. As of December 31, 2023, the cumulative impairment and downward adjustments for observable price changes were \$56 million.

##### *Investments Accounted for Under the Equity Method*

As of December 31, 2022 and December 31, 2023, the carrying values of the Company's equity method investments were \$14 million and \$8 million, respectively. For the years ended December 31, 2021, 2022 and 2023, the Company recorded losses of \$4 million, \$5 million and \$6 million, respectively, within other income (expense), net on the consolidated statements of operations, representing its proportionate share of net income or loss based on the investee's financial results. There were no impairment charges for the years ended December 31, 2021, 2022 and 2023.

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

### 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
<b>Assets</b>				
<b>Cash equivalents:</b>				
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
<b>Total cash equivalents at fair value</b>	<b>2,352</b>	<b>427</b>	<b>—</b>	<b>2,779</b>
<b>Short-term investments:</b>				
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
<b>Total short-term investments at fair value</b>	<b>574</b>	<b>1,650</b>	<b>—</b>	<b>2,224</b>
<b>Funds receivable and amounts held on behalf of customers:</b>				
Money market funds	501	—	—	501
<b>Prepays and other current assets:</b>				
Foreign exchange derivative assets	—	14	—	14
<b>Other assets, noncurrent:</b>				
Corporate debt securities	—	—	4	4
<b>Total assets at fair value</b>	<b>\$ 3,427</b>	<b>\$ 2,091</b>	<b>\$ 4</b>	<b>\$ 5,522</b>
<b>Liabilities</b>				
<b>Accrued expenses, accounts payable, and other current liabilities:</b>				
Foreign exchange derivative liabilities	\$ —	\$ 31	\$ —	\$ 31
<b>Total liabilities at fair value</b>	<b>\$ —</b>	<b>\$ 31</b>	<b>\$ —</b>	<b>\$ 31</b>

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

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

There were no transfers of financial instruments between valuation levels during the years ended December 31, 2022 and 2023.

There were no material changes in unrealized losses included in other comprehensive income relating to investments measured at fair value for which the Company has utilized Level 3 inputs to determine fair value during the years ended December 31, 2021, 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.

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

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

		<b>Derivative Assets<sup>(1)</sup></b>	
		<b>Fair value as of December 31,</b>	
	<b>Location</b>	<b>2022</b>	<b>2023</b>
<b>Derivatives designated as hedging instruments:</b>			
Foreign exchange contracts (current)	Prepays and other current assets	\$ —	\$ 4
<b>Derivatives not designated as hedging instruments:</b>			
Foreign exchange contracts (current)	Prepays and other current assets	\$ 14	\$ 23

  

		<b>Derivative Liabilities<sup>(1)</sup></b>	
		<b>Fair value as of December 31,</b>	
	<b>Location</b>	<b>2022</b>	<b>2023</b>
<b>Derivatives designated as hedging instruments:</b>			
Foreign exchange contracts (current)	Accrued expenses, accounts payable, and other current liabilities	\$ —	\$ 25
Foreign exchange contracts (noncurrent)	Other liabilities, noncurrent	—	5
Total derivatives designated as hedging instruments		\$ —	\$ 30
<b>Derivatives not designated as hedging instruments:</b>			
Foreign exchange contracts (current)	Accrued expenses, accounts payable, and other current liabilities	\$ 31	\$ 30

(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 December 31, 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 \$26 million, resulting in net derivative assets of \$1 million and net derivative liabilities of \$34 million.

The effect of derivative instruments designated as hedging instruments on the consolidated statements of operations was not material for the year ended December 31, 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 before reclassifications from AOCI to revenue and the impact of these derivative contracts on AOCI, net of tax (in millions):

	<b>Year Ended December 31, 2023</b>
<b>Derivatives designated as cash flow hedges:</b>	
Foreign exchange contracts <sup>(1)</sup>	\$ (30)

(1) Loss recognized in other comprehensive income (loss).

As of December 31, 2023, cumulative unrealized losses recorded in AOCI, net of tax, related to derivative instruments designated as hedging instruments were \$31 million.



# Airbnb, Inc.

## Notes to Consolidated Financial Statements

### *Effect of Derivative Instruments not Designated as Hedging Instruments on the 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 consolidated statements of operations (in millions):

	Realized Gain (Loss) on Derivatives			Unrealized Gain (Loss) on Derivatives		
	Year Ended December 31,			Year Ended December 31,		
	2021	2022	2023	2021	2022	2023
<b>Derivatives not designated as hedging instruments:</b>						
Foreign exchange contracts	\$ 19	\$ 92	\$ (43)	\$ 35	\$ (33)	\$ 10

### *Cash Flow Hedges*

The total notional amount of outstanding foreign currency derivatives designated as cash flow hedges was \$2.0 billion as of December 31, 2023.

As of December 31, 2023, approximately \$11 million of deferred net losses on both outstanding and matured derivatives in AOCI are expected to be reclassified to revenue during the next 12 months concurrent with the underlying hedged transactions which will be recorded in revenue. Actual amounts ultimately reclassified to revenue are dependent on the exchange rates in effect when derivative contracts currently outstanding mature.

### *Derivatives not Designated as Hedging Instruments*

As of both December 31, 2022 and December 31, 2023, the total notional amount of outstanding derivatives not designated as hedging instruments was \$2.4 billion.

## **Note 7. Goodwill and Intangible Assets**

In November 2023, the Company completed an acquisition, which increased goodwill and intangible assets. The acquisition was not material to the Company's financial results.

### **Goodwill**

The changes in the carrying amount of goodwill for the years ended December 31, 2022 and 2023 were as follows (in millions):

	Amount
Balance as of December 31, 2021	\$ 653
Foreign currency translation adjustments	(3)
Balance as of December 31, 2022	650
Acquisition	101
Foreign currency translation adjustments	1
Balance as of December 31, 2023	\$ 752

### **Intangible Assets**

As of December 31, 2022 and 2023, intangible assets, net was \$34 million and \$40 million, respectively, and primarily consisted of listing relationships, technology and trade names.

Amortization expense related to intangible assets for the years ended December 31, 2021, 2022 and 2023 was \$24 million, \$19 million and \$13 million, respectively. The accumulated amortization related to intangible assets as of December 31, 2022 and 2023, was \$43 million and \$55 million, respectively.

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

Estimated future amortization expense for intangible assets as of December 31, 2023 was as follows (in millions):

Year Ending December 31,	Amount
2024	\$ 12
2025	11
2026	8
2027	4
2028	4
Thereafter	1
Total future amortization expense	\$ 40

### Note 8. Property and Equipment, Net

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

	December 31,	
	2022	2023
Leasehold improvements	\$ 152	\$ 90
Computer software and capitalized internal-use software	164	51
Computer equipment	32	22
Buildings and land	17	17
Office furniture and equipment	23	8
Construction in progress	45	82
Total property and equipment, gross	433	270
Less: Accumulated depreciation and amortization	(312)	(110)
Total property and equipment, net	\$ 121	\$ 160

Depreciation expense related to property and equipment for the years ended December 31, 2021, 2022 and 2023 was \$86 million, \$43 million and \$18 million, respectively. During the years ended December 31, 2021, 2022 and 2023, amortization of capitalized internal-use software costs was \$66 million, \$28 million and \$13 million, respectively.

The net carrying value of capitalized internal-use software as of December 31, 2022 and 2023 was \$9 million and \$27 million, respectively.

### Note 9. Leases

The Company's material operating leases consist of office space. The Company's leases generally have remaining terms of one to 15 years, some of which include one or more options to extend the leases up to 10 years. Additionally, some lease contracts include termination options. Generally, the lease term is the minimum of the non-cancelable period of the lease or the lease term inclusive of reasonably certain renewal periods.

The components of lease cost were as follows (in millions):

	Year Ended December 31,		
	2021	2022	2023
Operating lease cost <sup>(1)</sup>	\$ 83	\$ 77	\$ 58
Short-term lease cost <sup>(1)</sup>	3	2	6
Variable lease cost <sup>(1)</sup>	14	17	16
Lease cost, net <sup>(2)</sup>	\$ 100	\$ 96	\$ 80

(1) Classified within operations and support, product development, sales and marketing, and general and administrative expenses on the consolidated statements of operations.

(2) Lease costs do not include lease impairments due to restructuring. Refer to Note 18, *Restructuring*, for additional information.

Lease term and discount rate were as follows:

	December 31,	
	2022	2023
Weighted-average remaining lease term (years)	6.0	5.3
Weighted-average discount rate	7.0 %	7.2 %

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

Maturities of lease liabilities (excluding short-term leases) were as follows as of December 31, 2023 (in millions):

Year Ending December 31,	Amount
2024	\$ 81
2025	75
2026	79
2027	31
2028	28
Thereafter	102
Total lease payments	396
Less: Imputed interest	(83)
Present value of lease liabilities	313
Less: Current portion of lease liabilities	(61)
Total long-term lease liabilities	\$ 252

### Note 10. Debt

#### Convertible Senior Notes

On March 8, 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. The 2026 Notes were offered and sold in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended.

As of both December 31, 2022 and December 31, 2023, total outstanding debt, net of unamortized debt discount and debt issuance costs, was \$2.0 billion and the effective interest rate was 0.2%. Debt issuance costs related to the 2026 Notes totaled \$21 million and were comprised of commissions payable to the initial purchasers and third-party offering costs and are amortized to interest expense using the effective interest method over the contractual term. The Company recorded interest expense of \$3 million for the year ended December 31, 2021 and \$4 million for both the years ended December 31, 2022 and 2023, representing amortization of debt discount and debt issuance costs.

The 2026 Notes are senior unsecured obligations of the Company and will not bear regular interest. The 2026 Notes mature on March 15, 2026, unless earlier converted, redeemed, or repurchased. The proceeds received in 2021, net of debt issuance costs, were \$1,979 million.

The initial conversion rate for the 2026 Notes is 3.4645 shares of the Company's Class A common stock per \$1,000 principal amount of 2026 Notes, which is equivalent to an initial conversion price of approximately \$288.64 per share of the Class A common stock. The conversion rate and conversion price are subject to customary adjustments under certain circumstances in accordance with the terms of the Indenture.

The 2026 Notes will be convertible at the option of the holders before December 15, 2025 only upon the occurrence of certain events, and from and after December 15, 2025, at any time at their election until the close of business on the second scheduled trading day immediately preceding March 15, 2026, only under certain circumstances. Upon conversion, the Company may satisfy its conversion obligation by paying or delivering, as applicable, cash, shares of the Company's Class A common stock, or a combination of cash and shares of the Company's Class A common stock, at the Company's election, based on the applicable conversion rate. In addition, if certain corporate events that constitute a make-whole fundamental change (as defined in the Indenture) occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time. Additionally, in the event of a corporate event constituting a fundamental change (as defined in the Indenture), holders of the 2026 Notes may require the Company to repurchase all or a portion of their 2026 Notes at a repurchase price equal to 100% of the principal amount of the Notes being repurchased, plus accrued and unpaid special interest or additional interest, if any, to, but excluding, the date of the fundamental change repurchase.

As of December 31, 2023, the if-converted value of the 2026 Notes did not exceed the outstanding principal amount.

As of December 31, 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.

#### Capped Calls

On March 3, 2021, in connection with the pricing of the 2026 Notes, the Company 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 \$100 million. The Capped Calls cover, subject to customary adjustments, the number of shares of Class A common stock initially underlying the 2026 Notes. By entering into the Capped Calls, the Company expects to reduce the potential dilution to its Class A common stock (or, in the event a conversion of the 2026 Notes is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the 2026 Notes its common stock price exceeds the conversion price of the 2026 Notes. 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 Calls.

The Capped Calls meet the criteria for classification in equity, are not remeasured each reporting period, and are included as a reduction to additional paid-in-capital within stockholders' equity.

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

---

### **Term Loans**

In 2020, the Company entered into a \$1.0 billion First Lien Credit and Guaranty Agreement (the “First Lien Credit Agreement,” and the loans thereunder, the “First Lien Loan”), resulting in proceeds of \$961 million, net of debt discount and debt issuance costs of \$39 million.

In 2020, the Company entered into a \$1.0 billion Second Lien Credit and Guaranty Agreement (the “Second Lien Credit Agreement,” and the loans thereunder, the “Second Lien Loan”), resulting in net proceeds of \$968 million, net of debt discount and debt issuance costs of \$33 million.

In 2021, the Company repaid the principal amount outstanding of \$2.0 billion under the First Lien Loan and Second Lien Loan, which resulted in a loss of extinguishment of debt of \$377 million, including early redemption premiums of \$213 million and a write-off of \$164 million of unamortized debt discount and debt issuance costs. The loss on extinguishment of debt was included in interest expense on the consolidated statements of operations. In 2021, the Company fully amortized the debt discount and debt issuance costs of \$41 million to interest expense using the effective interest rate method.

In connection with the Second Lien Loan, the Company issued warrants to purchase 7.9 million shares of Class A common stock with an initial exercise price of \$28.355 per share, subject to adjustment upon the occurrence of certain specified events, to the Second Lien Loan lenders. The warrants expire on April 17, 2030 and the exercise price can be paid in cash or in net shares at the holder’s option. The fair value of the warrants at issuance was \$117 million and was recorded as a liability in accrued expenses, accounts payable, and other current liabilities on the consolidated balance sheets with a corresponding debt discount recorded against the Second Lien Loan. The warrant liability was remeasured to fair value at each reporting date for as long as the warrants remained outstanding and unexercised with changes in fair value recorded in other income (expense), net on the consolidated statements of operations. As of December 31, 2020, the fair value of the warrant totaled \$985 million. On March 30, 2021, the Company amended the anti-dilution feature in the warrant agreements, which resulted in a change in classification from liability to equity. Accordingly, during the first quarter of 2021, the Company recorded \$292 million in other income (expense), net on the consolidated statements of operations. The liability balance of \$1.3 billion was then reclassified to equity as the amended warrants met the requirements for equity classification.

### **2022 Credit Facility**

In October 2022, the Company terminated its then existing credit facility and 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 has a commitment fee based on ratings and leverage ratios with amounts that range from 0.10% to 0.20% per annum on any undrawn amounts, payable quarterly in arrears. Interest on borrowings is based on ratings and leverage ratios with amounts that range from (i) in the case of the Secured Overnight Financing Rate (“SOFR”) borrowings, 1.0% to 1.5%, plus SOFR, subject to a floor of 0.0%, or (ii) in the case of base rate borrowings, 0.0% to 0.5%; plus the greatest of (a) the rate of interest in effect for such day by Morgan Stanley Senior Funding, Inc. as its “prime rate”; (b) the federal funds effective rate plus 0.5%; and (c) SOFR for a one-month period plus 1.0%. Outstanding balances may be repaid prior to maturity without penalty. 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 December 31, 2023. As of December 31, 2023, no amounts were drawn under the 2022 Credit Facility and outstanding letters of credit totaled \$29 million.

## **Note 11. Stockholders’ Equity**

### **Common Stock**

The Company’s restated certificate of incorporation authorizes the Company to issue 2.0 billion shares of Class A common stock and 710.0 million shares of Class B common stock. Both classes of common stock have a par value of \$0.0001 per share. Class A common stock is entitled to one vote per share and Class B common stock is entitled to 20 votes per share. One share of Class B common stock is convertible into one share of Class A common stock voluntarily at any time by the holder, and will convert automatically into one share of Class A common stock upon the earlier of (a) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least 80% of the outstanding shares of Class B common stock at the time of such vote or consent voting as a separate series, and (b) the 20-year anniversary of the closing of the IPO. In addition, with certain exceptions as further described in the Company’s restated certificate of incorporation, transfers of one share of Class B common stock will result in the conversion of such share of Class B common stock into one share of Class A common stock.

Under the Company’s restated certificate of incorporation, the Company is also authorized to issue 2.0 billion shares of Class C common stock and 26.0 million shares of Class H common stock. Each share of Class C common stock is entitled to no votes and will not be convertible into any other shares of the Company’s capital stock. Each share of Class H common stock is entitled to no votes and will convert into one share of Class A common stock on a share-for-share basis upon the sale of such share of Class H common stock to any person or entity that is not the Company’s subsidiary.

### **Class A Common Stock Warrants**

As of December 31, 2022 and 2023, the Company had 7.9 million and 0.8 million warrants outstanding, respectively, with an exercise price of \$28.355 per share, subject to adjustment upon the occurrence of certain specified events. During the year ended December 31, 2023, warrant holders exercised warrants to purchase 7.1 million shares of Class A common stock. The warrants were exercised on a cashless basis resulting in the issuance of 5.6 million shares of Class A common stock.

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

### Share Repurchase Programs

On August 2, 2022 and May 9, 2023, the Company announced that its board of directors had approved share repurchase programs to purchase up to \$2.0 billion and \$2.5 billion of the Company's Class A common stock, respectively.

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

During the year ended December 31, 2023, the Company repurchased and subsequently retired 17.9 million shares of Class A common stock for \$2.3 billion. As of December 31, 2023, the Company completed the repurchases under the August 2, 2022 share repurchase program and had \$750 million available for repurchase of Class A common stock under the May 9, 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 year ended December 31, 2023, the excise tax on share repurchases was not material.

### Note 12. Stock-Based Compensation

#### Stock-Based Compensation Expense

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

	Year Ended December 31,		
	2021	2022	2023
Operations and support	\$ 49	\$ 63	\$ 68
Product development	545	548	694
Sales and marketing	100	114	130
General and administrative	205	205	228
Stock-based compensation expense	\$ 899	\$ 930	\$ 1,120

The Company recognized an income tax benefit of \$36 million, \$19 million and \$435 million in the consolidated statements of operations for stock-based compensation arrangements in the years ended December 31, 2021, 2022 and 2023, respectively.

The income tax benefit related to stock-based compensation expense was \$227 million for the year ended December 31, 2023. There were no income tax benefits related to stock-based compensation expense for the years ended December 31, 2021 and 2022.

#### Equity Incentive Plans

##### 2018 Equity Incentive Plan

In 2018, the Company adopted the 2018 Equity Incentive Plan (the "2018 Plan") to replace the 2008 Equity Incentive Plan (the "2008 Plan"). A total of 50.0 million shares of Class B common stock were reserved for issuance under the 2018 Plan and the 13.2 million shares remaining for issuance under the 2008 Plan were added to the number of shares available under the 2018 Plan. The expiration of the 2008 Plan had no impact on the terms of outstanding awards under that plan. All unvested equity canceled under the 2008 Plan was added to the 2018 Plan and made available for future issuance.

##### Assumed Equity Incentive Plan

In connection with the acquisition of HotelTonight the Company assumed stock options and RSUs under HotelTonight's equity incentive plan (the "Assumed Equity Incentive Plan"). As of December 31, 2021, a total of 98,093 shares of the Company's Class A common stock were issuable upon exercise of outstanding options under the Assumed Equity Incentive Plan, with weighted-average exercise price of \$22.67 per share. In addition, as of December 31, 2021, a total of 3,512 RSUs were issued and outstanding under the Assumed Equity Incentive Plan. No additional stock options or RSUs may be granted under the Assumed Equity Incentive Plan.

##### 2020 Incentive Award Plan

In 2020, the Company adopted the 2020 Incentive Award Plan (the "2020 Plan," and together with the 2008 Plan, 2018 Plan, and the Assumed Equity Incentive Plan, the "Plans"). Under the 2020 Plan, 62.1 million shares of Class A common stock were initially reserved for issuance. The number of shares initially reserved for issuance pursuant to awards under the 2020 Plan will be increased by (i) the number of shares subject to awards outstanding under the 2008 Plan, Assumed Equity Incentive Plan, and 2018 Plan as of the effective date of the 2020 Plan that subsequently terminate, are exchanged for cash, surrendered or repurchased, or are tendered or withheld to satisfy any exercise price or tax withholding obligations and (ii) an annual increase on the first day of each year beginning in 2022 and ending in 2030, equal to the lesser of (a) 5% of the shares of all series of the Company's common stock outstanding on the last day of the immediately preceding year and (b) such smaller number of shares of stock as determined by the Company's board of directors; provided, however, that no more than 371.2 million shares of stock may be issued upon the exercise of incentive stock options.

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

### Stock Option and Restricted Stock Unit Activity

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option-pricing model using the range of assumptions in the following table:

	Year Ended December 31,		
	2021	2022	2023
Expected term (years)	8.0	6.1	1.4 - 6.1
Risk-free interest rate	1.1% - 1.5%	0.3% - 2.2%	3.6% - 5.0%
Expected volatility	44.2% - 44.9%	48.6% - 58.4%	51.3% - 54.4%
Expected dividend yield	—	—	—

A summary of stock option and RSU activity under the Plans was as follows (in millions, except per share amounts):

	Shares Available for Grant	Outstanding Stock Options		Outstanding Restricted Stock Units	
		Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant Date Fair Value
Balances as of December 31, 2021	81	24	\$ 19.69	37	\$ 61.22
Granted	(13)	1	161.70	12	135.09
Increase in shares available for grant	32	—	—	—	—
Exercised/Vested	5	(3)	14.32	(12)	83.12
Canceled	3	—	95.93	(3)	101.58
Balances as of December 31, 2022	108	22	23.41	34	77.07
Granted	(13)	1	115.15	12	122.84
Increase in shares available for grant	32	—	—	—	—
Exercised/Vested	5	(16)	5.37	(14)	93.25
Canceled	2	—	98.60	(2)	120.36
Balances as of December 31, 2023	134	7	\$ 71.76	30	\$ 85.35

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Options outstanding as of December 31, 2022	22	\$ 23.41	2.78	\$ 1,432
Options exercisable as of December 31, 2022	20	17.01	2.27	1,380
Options outstanding as of December 31, 2023	7	71.76	5.77	500
Options exercisable as of December 31, 2023	6	60.89	5.11	448

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.

During the years ended December 31, 2021, 2022 and 2023, the weighted-average fair value of stock options granted under the Plans was \$96.50, \$79.75 and \$65.22 per share, respectively. During the years ended December 31, 2021, 2022 and 2023, the aggregate intrinsic value of stock options exercised was \$2,825 million, \$326 million and \$1,620 million, respectively, and the total grant-date fair value of stock options that vested was \$46 million, \$45 million and \$44 million, respectively.

As of December 31, 2023, there was \$87 million of total unrecognized compensation cost related to stock option awards granted under the Plans. The unrecognized cost as of December 31, 2023 is expected to be recognized over a weighted-average period of 2.5 years.

### Restricted Stock Awards

The Company has granted RSAs to certain continuing employees, primarily in connection with acquisitions. Vesting of this stock is primarily dependent on a service-based vesting condition that generally becomes satisfied over a period of four years. The Company has the right to repurchase or cancel shares for which the vesting condition is not satisfied.

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

Unvested RSAs as of December 31, 2021, 2022 and 2023 was 0.6 million, 0.4 million and 0.8 million shares, respectively, with weighted-average grant-date fair value of \$62.32, \$62.33 and \$100.04 per share, respectively. Activities related to the Company's RSAs were not material for the years ended December 31, 2021, 2022 and 2023.

### Restricted Stock Units

RSUs are measured at the fair market value of the underlying stock at the grant date and the expense is recognized over the requisite service period. The service-based vesting condition for these awards is generally satisfied over four years.

### Employee Stock Purchase Plan

In December 2020, the Company's board of directors adopted the ESPP. The maximum number of shares of Class A common stock authorized for sale under the ESPP is equal to the sum of (i) 4.0 million shares of Class A common stock and (ii) an annual increase on the first day of each year beginning in 2022 and ending in 2030, equal to the lesser of (a) 1% of shares of common stock on the last day immediately preceding year and (b) such number of shares of common stock as determined by the board of directors; provided, however, that no more than 89.8 million shares may be issued under the ESPP. As of December 31, 2022 and 2023, the Company had reserved 8.9 million and 14.0 million shares for future issuance under the ESPP. The Company estimates the fair value of shares to be issued under the ESPP based on a combination of options valued using the Black-Scholes option-pricing model. The Company recorded stock-based compensation expense related to the ESPP of \$33 million and \$29 million for the years ended December 31, 2022, and 2023, respectively.

The following table summarizes transactions under the Company's ESPP (in millions except per share amounts):

	Year Ended December 31,	
	2022	2023
Shares issued	0.5	0.7
Weighted-average price per share	\$ 95.90	\$ 88.81
Cash proceeds	\$ 48	\$ 64

## Note 13. Commitments and Contingencies

### Commitments

The Company has commitments including purchase obligations for web-hosting services and other commitments for brand marketing. The following table presents these non-cancelable commitments and obligations as of December 31, 2023 (in millions):

	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Purchase obligations	\$ 934	\$ 203	\$ 622	\$ 109	—
Other commitments	157	37	59	61	—
Total	\$ 1,091	\$ 240	\$ 681	\$ 170	—

Purchase commitments include amounts related to the Company's commercial agreement with a data hosting services provider, pursuant to which the Company committed to spend an aggregate of at least \$842 million for vendor services through 2027.

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

#### Platform Related Taxes and Collection Obligations

Some states and localities in the United States and elsewhere in the world impose transient occupancy or lodging accommodations taxes ("Lodging Taxes") on the use or occupancy of lodging accommodations or other traveler services. As of December 31, 2023, the Company collects and remits Lodging Taxes in approximately 32,000 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 December 31, 2023, the Company had an obligation to remit Lodging Taxes collected from guests on bookings in these jurisdictions totaling \$251 million and \$274 million, respectively. These payables were recorded in accrued expenses, accounts payable, and other current liabilities on the consolidated balance sheets.

In jurisdictions where the Company does not collect and remit Lodging Taxes, Hosts are primarily responsible for such taxes. The Company has estimated Lodging Tax liabilities in a certain number of jurisdictions with respect to state, city, and local taxes where management believes it is probable that the Company can be held jointly liable with Hosts for taxes and the related amounts can be reasonably estimated. As of December 31, 2022 and December 31, 2023, accrued obligations related to these estimated taxes, including estimated penalties and interest, totaled \$71 million and \$114 million, respectively. As of December 31, 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 \$35 million to \$45 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.



# Airbnb, Inc.

## Notes to Consolidated Financial Statements

---

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

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

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

The Company is under audit and inquiry by various domestic and foreign tax authorities with regard to non-income tax matters. The subject matter of these contingent liabilities primarily arises from the Company's transactions with its customers, 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 2023, the Company accrued a total of \$135 million and \$521 million of estimated tax liabilities, including interest and penalties, related to Hosts' withholding tax obligations, respectively. In the year ended December 31, 2023, based upon new information, and interest expense connected to historic Host withholding reserves, the Company accrued \$384 million of expense related to foreign and domestic Hosts' withholding tax obligations. As of December 31, 2023, the Company estimates that the reasonably possible loss related to withholding income taxes that can be determined in excess of the amounts accrued is between \$90 million to \$110 million; however, no assurance can be given as to the outcomes and the Company could be subject to significant additional tax liabilities. Due to the inherent complexity and uncertainty of these matters and judicial processes in certain jurisdictions, the final outcomes may exceed the estimated liabilities recorded.

The Company has identified reasonably possible exposures related to transactional taxes and business taxes and has not accrued for these amounts since the likelihood of the contingent liability is less than probable. As of December 31, 2023, the Company estimates that the reasonably possible loss related to these matters in excess of the amounts accrued is between \$290 million and \$310 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 purporting to require short-term rental platforms that process payments to withhold and remit Host income tax and collect and remit tourist tax, amongst other obligations ("2017 Law"). The Company 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. In October 2023, the Italian national court upheld the ruling of the CJEU. The Company's subsidiary in Italy and subsidiary in Ireland continue to be, or could be in the future be, 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 Euro on Airbnb's subsidiary in Ireland relating to the 2017 Law and associated withholding tax obligations. On December 13, 2023, without admitting any liability, Airbnb Ireland signed an agreement with the Italian Revenue Agency in settlement of the 2017-2021 audit period for an aggregate payment of 576 million Euro (\$621 million). Such agreement settles a dispute about Airbnb Ireland's obligations to withhold and remit Host income tax, including taxes, interest, and penalties, for those relevant periods. The 2022-2023 tax periods remain open.

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.

### **Payroll Taxes**

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

In addition, as of December 31, 2022 and 2023, the Company accrued a total of \$33 million and \$43 million of estimated tax liabilities related to employment taxes on certain employee benefits, respectively.

Refer to Note 14, *Income Taxes*, for further discussion on other tax matters.

### **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

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

---

proceedings and claims, even if not meritorious, can require significant financial and operational resources, including the diversion of management's attention from the Company's business objectives.

### *Regulatory Matters*

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

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

### *Intellectual Property*

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

### *Litigation and Other Legal Proceedings*

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

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

The Company establishes an accrued liability for loss contingencies related to legal matters when a loss is both probable and reasonably estimable. These accruals represent management's best estimate of probable losses. Such currently accrued amounts are not material to the Company's consolidated financial statements. However, management's views and estimates related to these matters may change in the future, as new events and circumstances arise and the matters continue to develop. Until the final resolution of legal matters, there may be an exposure to losses in excess of the amounts accrued. With respect to outstanding legal matters, based on current knowledge, the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows. Legal fees are expensed as incurred.

### *Host Protections*

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

### *Indemnifications*

The Company has entered into indemnification agreements with certain of its employees, officers and directors. The indemnification agreements and the Company's Amended and Restated Bylaws (the "Bylaws") require the Company to indemnify its directors and officers and those employees who have entered into indemnification agreements to the fullest extent not prohibited by Delaware law. Subject to certain limitations, the indemnification agreements and Bylaws also require the Company to advance expenses incurred by its directors and officers and those employees who have entered into indemnification agreements. No demands have been made upon the Company to provide indemnification or advancement under the indemnification agreements or the Bylaws, and thus, there are no indemnification or

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

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 14. Income Taxes

The domestic and foreign components of income (loss) before income taxes were as follows (in millions):

	Year Ended December 31,		
	2021	2022	2023
Domestic	\$ (390)	\$ 1,820	\$ 1,913
Foreign	90	169	189
Income (loss) before income taxes	\$ (300)	\$ 1,989	\$ 2,102

The components of the provision for (benefit from) income taxes were as follows (in millions):

	Year Ended December 31,		
	2021	2022	2023
<b>Current</b>			
Federal	\$ 5	\$ 19	\$ 19
State	2	10	8
Foreign	34	68	158
Total current provision for income taxes	41	97	185
<b>Deferred</b>			
Federal	—	—	(2,410)
State	—	—	(461)
Foreign	11	(1)	(4)
Total deferred provision for (benefit from) income taxes	11	(1)	(2,875)
Total provision for (benefit from) income taxes	\$ 52	\$ 96	\$ (2,690)

The following is a reconciliation of the statutory federal income tax rate to the Company's effective tax rate:

	Year Ended December 31,		
	2021	2022	2023
Expected income tax expense at federal statutory rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefits	(0.7)	0.4	0.3
Foreign tax rate differential	(5.1)	1.0	2.9
Stock-based compensation	282.4	(6.9)	(16.7)
Deferred tax impacts of restructuring	(9.7)	—	—
Other statutorily non-deductible expenses	(1.1)	0.3	0.1
Non-deductible warrant revaluations	(20.4)	(0.1)	—
Research and development credits	51.0	(4.7)	(5.5)
Uncertain tax positions—prior year positions	(3.1)	0.1	1.8
Uncertain tax positions—current year positions	(1.0)	0.8	1.7
U.S. tax on foreign income, net of allowable credits and deductions	—	0.7	3.9
Foreign-derived intangible income deduction	—	(1.9)	(1.0)
Other	1.3	0.1	0.1
Change in valuation allowance	(331.9)	(6.0)	(136.6)
Effective tax rate	(17.3)%	4.8 %	(128.0)%

For the year ended December 31, 2021, the difference in the Company's effective tax rate and the U.S. federal statutory tax rate was primarily due to the jurisdictional mix of earnings, excess tax benefits related to stock-based compensation, and the Company's full valuation allowance on its U.S. deferred tax assets.

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

For the year ended December 31, 2022, the difference in the Company's effective tax rate and the U.S. federal statutory tax rate was primarily due to excess tax benefits related to stock-based compensation, research and development credits, and the Company's full valuation allowance on its U.S. deferred tax assets.

For the year ended December 31, 2023, the difference in the Company's effective tax rate and the U.S. federal statutory tax rate was primarily due to the release of \$2.9 billion of the Company's valuation allowance related to its U.S. deferred tax assets, excess tax benefits related to stock-based compensation, and research and development tax credits.

The components of deferred tax assets and liabilities consisted of the following (in millions):

	December 31,	
	2022	2023
<b>Deferred tax assets:</b>		
Net operating loss carryforwards	\$ 1,539	\$ 1,232
Tax credit carryforwards	664	844
Accruals and reserves	123	113
Non-income tax accruals	68	78
Stock-based compensation	111	70
Operating lease liabilities	73	62
Intangible assets	188	158
Capitalized research and development costs	413	671
Other	37	55
Gross deferred tax assets	3,216	3,283
Valuation allowance	(3,166)	(364)
Total deferred tax assets	50	2,919
<b>Deferred tax liabilities:</b>		
Property and equipment basis differences	(9)	(18)
Operating lease assets	(23)	(18)
Other	(2)	(2)
Total deferred tax liabilities	(34)	(38)
Total net deferred tax assets	\$ 16	\$ 2,881

The Company regularly assesses the need for a valuation allowance against its deferred tax assets each quarter. In making that assessment, the Company considers both positive and negative evidence in the various jurisdictions in which it operates related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. As of December 31, 2023, based on all available positive and negative evidence, having demonstrated sustained profitability which is objective and verifiable, and taking into account anticipated future earnings, the Company has concluded that it is more likely than not that its U.S. federal and state deferred tax assets will be realizable, with the exception of California research and development credits, capital loss carryovers, and certain losses subject to the dual consolidated loss rules. The Company continues to maintain a valuation allowance against its California research and development credit deferred tax assets due to the uncertainty regarding realizability of these deferred tax assets as they have not met the "more likely than not" realization criteria, particularly as the Company expects research and development tax credit generation to exceed its ability to use the credits in future years. When a change in valuation allowance is recognized during an interim period, the change in valuation allowance resulting from current year income is included in the annual effective tax rate and the release of valuation allowance supported by projections of future taxable income is recorded as a discrete tax benefit in the interim period. The Company released \$2.9 billion of its valuation allowance during 2023. The Company will continue to monitor the need for a valuation allowance against its deferred tax assets on a quarterly basis.

There is no valuation allowance in certain foreign jurisdictions in which it is more likely than not that deferred tax assets will be realized.

The Company's policy with respect to its undistributed foreign subsidiaries' earnings is to consider those earnings to be indefinitely reinvested. The Company has not provided for the tax effect, if any, of limited outside basis differences of its foreign subsidiaries. The determination of the future tax consequences of the remittance of these earnings is not practicable.

As of December 31, 2022 and 2023, the Company had net operating loss carryforwards for federal income tax purposes of \$6.8 billion and \$5.3 billion, respectively. The Company's federal net operating loss carryforwards do not have an expiration date. As of December 31, 2022 and 2023, the Company had federal research and development tax credit carryforwards of \$578 million and \$720 million, respectively. The research and development tax credits will expire beginning in 2038 if not utilized.

As of December 31, 2022 and 2023, the Company had net operating loss carryforwards for state income tax purposes of \$4.8 billion and \$4.6 billion, respectively. Some of the Company's state net operating loss carryforwards will expire, if not utilized, beginning in 2027. As of December 31, 2022 and 2023, the Company had state research and development tax credit carryforwards of \$399 million and \$464 million, respectively. The research and development tax credits do not have an expiration date.

[Table of Contents](#)

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

The Tax Reform Act of 1986 and similar California legislation impose substantial restrictions on the utilization of net operating losses and tax credit carryforwards in the event that there is a change in ownership as provided by Section 382 of the Internal Revenue Code and similar state provisions. Such a limitation could result in the expiration of the net operating loss carryforwards and tax credits before utilization, which could result in increased future tax liabilities.

A reconciliation of the beginning and ending amount of the Company's total gross unrecognized tax benefits was as follows (in millions):

	Year Ended December 31,			
	2021	2022	2023	
Balance at beginning of year	\$ 508	\$ 597	\$ 650	
Gross increases related to prior year tax positions	14	7	52	
Gross decreases related to prior year tax positions	(2)	(2)	(8)	
Gross increases related to current year tax positions	85	60	103	
Reductions due to settlements with taxing authorities	(1)	(7)	(12)	
Reduction due to lapse in statute of limitations	(7)	(5)	(5)	
Balance at end of year	\$ 597	\$ 650	\$ 780	

The Company is in various stages of examination in connection with its ongoing tax audits globally, and it is difficult to determine when these examinations will be settled. The Company believes that an adequate provision has been recorded for any adjustments that may result from tax audits. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company may be required to record an adjustment to the provision for (benefit from) income taxes in the period such resolution occurs. Changes in tax laws, regulations, administrative practices, principles, and interpretations may impact the Company's tax contingencies. The timing of the resolution of income tax examinations is highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ from the amounts accrued. It is reasonably possible that within the next twelve months the Company may experience an increase or decrease in its unrecognized tax benefits as a result of additional assessments by various tax authorities, possibly reach resolution of income tax examinations in one or more jurisdictions, or lapses of the statute of limitations. However, an estimate of the range of the reasonably possible change in the next twelve months cannot be made.

As of December 31, 2023, \$780 million of unrecognized tax benefits represents the amount that would, if recognized, impact the Company's effective income tax rate. The Company's accrual for interest and penalties was \$66 million and \$90 million as of December 31, 2022 and 2023, respectively.

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 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 consolidated statements of cash flow.

The Company's 2008 to 2023 tax years remain subject to examination in the United States and California due to tax attributes and statutes of limitations, and its 2019 to 2023 tax years remain subject to examination in Ireland. There are other ongoing audits in various other jurisdictions that are not material to the Company's consolidated financial statements. The Company remains subject to possible examination in various other jurisdictions that are not expected to result in material tax adjustments.

On August 16, 2022, the Inflation Reduction Act was signed into law, with tax provisions primarily focused on implementing a 15% minimum tax (CAMT) on global adjusted financial statement income and a 1% excise tax on net share repurchases. The Inflation Reduction Act became effective beginning in fiscal year 2023 and did not have a material impact on the year ended December 31, 2023. We may be subject to a material amount of CAMT in the next several years but expect to fully utilize the corresponding tax credits generated from the CAMT in the subsequent following years.

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

### Note 15. Net Income (Loss) per Share

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

	Year Ended December 31,		
	2021	2022	2023
Net income (loss)	\$ (352)	\$ 1,893	\$ 4,792
Add: convertible notes interest expense, net of tax	—	4	3
Net income (loss) - diluted	\$ (352)	\$ 1,897	\$ 4,795
Weighted-average shares in computing net income (loss) per share attributable to Class A and Class B common stockholders:			
Basic	616	637	637
Effect of dilutive securities	—	43	25
Diluted	616	680	662
Net income (loss) per share attributable to Class A and Class B common stockholders:			
Basic	\$ (0.57)	\$ 2.97	\$ 7.52
Diluted	\$ (0.57)	\$ 2.79	\$ 7.24

The rights, including the liquidation and dividend rights, of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to 20 votes per share. Each share of Class B common stock is convertible into a share of Class A common stock voluntarily at any time by the holder, and automatically upon certain events. The Class A common stock has no conversion rights. As the liquidation and dividend rights are identical for Class A and Class B common stock, the undistributed earnings are allocated on a proportional basis and the resulting net loss per share attributable to common stockholders will, therefore, be the same for both Class A and Class B common stock on an individual or combined basis.

There were no preferred dividends declared or accumulated for the years ended December 31, 2021, 2022 and 2023. As of each December 31, 2021, 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. As of December 31, 2021, 0.5 million shares of RSAs were excluded from the table below because they are subject to performance conditions that were not achieved as of such date. As of December 31, 2022 and 2023, 0.3 million shares of RSAs were excluded from the table below because they are subject to performance conditions that were not achieved as of such date.

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

	Year Ended December 31,		
	2021	2022	2023
2026 Notes <sup>(1)</sup>	11	—	—
Warrants	8	—	—
Stock options	24	1	2
RSUs	26	9	5
RSAs	1	—	—
Total	70	10	7

(1) Holders of the 2026 Notes who convert their 2026 Notes in connection with certain corporate events that constitute a make-whole fundamental change are entitled to an increase in the conversion rate. The 11.1 million shares represent the maximum number of shares that could have been issued upon conversion after considering the make-whole fundamental change adjustment on an unweighted basis.

### Note 16. Employee Benefit Plan

The Company maintains a 401(k) defined contribution benefit plan that covers substantially all of its domestic employees. The plan allows U.S. employees to make voluntary pre-tax contributions in certain investments at the discretion of the employee, up to maximum annual contribution subject to Internal Revenue Code limitations. The Company matched a portion of employee contributions totaling \$19 million, \$23 million and \$27 million for the years ended December 31, 2021, 2022 and 2023, respectively. Both employee contributions and the Company's matching contributions are fully vested upon contribution.

# Airbnb, Inc.

## Notes to Consolidated Financial Statements

### Note 17. Geographic Information

The following table sets forth the breakdown of revenue by geography, determined based on the location of the Host's listing (in millions):

	Year Ended December 31,		
	2021	2022	2023
United States	\$ 2,996	\$ 3,890	\$ 4,290
International <sup>(1)</sup>	2,996	4,509	5,627
Total revenue	\$ 5,992	\$ 8,399	\$ 9,917

(1) No individual international country represented 10% or more of the Company's total revenue for years ended December 31, 2021, 2022, and 2023.

The following table sets forth the breakdown of long-lived assets based on geography (in millions):

	December 31,	
	2022	2023
United States	\$ 203	\$ 229
Ireland	36	32
Other international	20	18
Total long-lived assets	\$ 259	\$ 279

Long-lived assets as of December 31, 2022 and 2023 consisted of property and equipment and operating lease ROU assets. Long-lived assets attributed to the United States, Ireland, and other international geographies are based upon the country in which the asset is located.

### Note 18. Restructuring

In 2020, the Company experienced significant economic challenges associated with a severe decline in bookings, resulting primarily from COVID-19 and overall global travel restrictions. To address these impacts the Company's management approved a restructuring plan to realign the Company's business and strategic priorities based on the current market and economic conditions as a result of COVID-19.

For the year ended December 31, 2021, the Company incurred \$113 million in restructuring charges, including \$75 million related to impairments of operating lease ROU assets and \$37 million related to impairments of leasehold improvements.

For the year ended December 31, 2022, the Company recorded restructuring charges of \$89 million, which include \$81 million relating to an impairment of operating lease ROU assets, and \$8 million of related leasehold improvements. There were no restructuring charges recorded during 2023.

### Note 19. Subsequent Event

In February 2024, the Company's board of directors approved a share repurchase program ("2024 Share Repurchase Program") with authorization to purchase up to \$6.0 billion of the Company's Class A common stock at management's discretion. Share repurchases under the 2024 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 2024 Share Repurchase Program does 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.



# Airbnb, Inc.

## Schedule II—Valuation and Qualifying Accounts

The tables below detail the activity of the customer receivable reserve, insurance liability, and the valuation allowance on deferred tax assets for the years ended December 31, 2021, 2022 and 2023 (in millions):

	Balance at Beginning of Year	Charged to Expenses	Charges Utilized/ Write-Offs	Balance at End of Year
<b>Customer Receivable Reserve</b>				
Year Ended December 31, 2021	\$ 91	\$ 27	\$ (87)	\$ 31
Year Ended December 31, 2022	\$ 31	\$ 49	\$ (41)	\$ 39
Year Ended December 31, 2023	\$ 39	\$ 61	\$ (56)	\$ 44

	Balance at Beginning of Year	Additions for Current Period	Changes in Estimates for Prior Periods	Net Payments	Balance at End of Year
<b>Insurance Liability</b>					
Year Ended December 31, 2021	\$ 51	\$ 85	\$ 1	\$ (90)	\$ 47
Year Ended December 31, 2022	\$ 47	\$ 140	\$ (5)	\$ (121)	\$ 61
Year Ended December 31, 2023	\$ 61	\$ 206	\$ 2	\$ (185)	\$ 84

	Balance at Beginning of Year	Charged to Expenses	Credited to Expenses	Balance at End of Year
<b>Valuation Allowance on Deferred Tax Assets</b>				
Year Ended December 31, 2021	\$ 2,053	\$ 1,211	\$ —	\$ 3,264
Year Ended December 31, 2022	\$ 3,264	\$ —	\$ (98)	\$ 3,166
Year Ended December 31, 2023	\$ 3,166	\$ 95	\$ (2,897)	\$ 364

## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

### Item 9A. 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 Annual Report on Form 10-K. Based on that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2023, the end of the period covered by this Annual Report on Form 10-K, 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.

#### Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Our management, under the supervision of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the framework in *Internal Control-Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management, including our principal executive officer and principal financial officer, concluded that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 of this Annual Report on Form 10-K.

#### 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 December 31, 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.

### Item 9B. 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 December 31, 2023:

Name and Title of Director or Officer	Action	Date	Expiration Date	Maximum Number of Shares to be Sold Under the Plan
Ari Balogh, Chief Technology Officer	Adopt	11/29/2023	10/31/2024	525,688

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 December 31, 2023.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item is incorporated by reference to the Company's 2024 Proxy Statement (the "2024 Proxy Statement") to be filed with the SEC within 120 days after December 31, 2023 in connection with the solicitation of proxies for the Company's 2024 annual meeting of stockholders.

We have adopted a Code of Ethics that applies to our officers, directors and employees, which is available on our website ([investors.airbnb.com](https://investors.airbnb.com)) under "Governance." The Code of Ethics is intended to qualify as a "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002, as amended, and Item 406 of Regulation S-K. In addition, we intend to promptly disclose on our website ([investors.airbnb.com](https://investors.airbnb.com)) (1) the nature of any amendment to our Code of Ethics that applies to our directors or our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions and (2) the nature of any waiver, including an implicit waiver, from a provision of our Code of Ethics that is granted to a director or one of these specified officers, the name of such person who is granted the waiver and the date of the waiver.

### **Item 11. Executive Compensation**

The information required by this Item is incorporated by reference to the 2024 Proxy Statement.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this Item is incorporated by reference to the 2024 Proxy Statement.

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

The information required by this Item is incorporated by reference to the 2024 Proxy Statement.

### **Item 14. Principal Accountant Fees and Services**

The information required by this Item is incorporated by reference to the 2024 Proxy Statement.

## PART IV

### Item 15. Exhibit and Financial Statement Schedules

#### (a) Documents filed as part of this Annual Report on Form 10-K:

##### (1) Consolidated Financial Statements

Our consolidated financial statements are listed in the “Index to Consolidated Financial Statements and Schedule” under Part II, Item 8 of this Annual Report on Form 10-K.

##### (2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material or the required information is shown in Part II, Item 8 of this Annual Report on Form 10-K.

##### (3) Exhibits

The documents listed in the Exhibit Index of this Annual Report on Form 10-K are incorporated by reference or are filed with this Annual Report on Form 10-K, 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	
4.1	Description of Securities	10-K	001-39778	02/25/2022	4.1	
4.2	Form of Class A Common Stock Certificate	S-1	333-250118	11/16/2020	4.2	
4.3	Form of Class B Common Stock Certificate	S-8	333-251251	12/10/2020	4.6	
4.4	Amended and Restated Investors’ Rights Agreement, dated April 17, 2020, by and among the Registrant and the investors listed therein	S-1	333-250118	11/16/2020	4.3	
4.5	Amendment to Amended and Restated Investors’ Rights Agreement, dated November 17, 2020, by and among the Registrant and the Investors listed therein	S-1/A	333-250118	12/01/2020	4.4	
4.6	Indenture, dated as of March 8, 2021, between Airbnb, Inc. and U.S. Bank National Association, as trustee	8-K	001-39778	03/08/2021	4.1	
4.7	Form of Certificate representing the 0% Convertible Senior Notes due 2026 (included as Exhibit A)	8-K	001-39778	03/08/2021	4.1	
4.8	Form of Warrant to Purchase Class A Common Stock					X
10.1	Office Lease Agreement, dated April 26, 2012, by and among the Registrant and 888 Brannan LP	S-1	333-250118	11/16/2020	10.3	
10.2	First Amendment to Office Lease Agreement, dated December 10, 2013, by and among the Registrant and 888 Brannan LP	S-1	333-250118	11/16/2020	10.4	
10.3	Second Amendment to Office Lease Agreement, dated May 29, 2014, by and among the Registrant and 888 Brannan LP	S-1	333-250118	11/16/2020	10.5	
10.4	Third Amendment to Office Lease Agreement, dated February 24, 2015, by and among the Registrant and 888 Brannan LP	S-1	333-250118	11/16/2020	10.6	
10.5	Fourth Amendment to Office Lease Agreement, dated May 13, 2015, by and among the Registrant and 888 Brannan LP	S-1	333-250118	11/16/2020	10.7	
10.6	Fifth Amendment to Office Lease Agreement, dated June 14, 2017, by and among the Registrant and 888 Brannan LP	S-1	333-250118	11/16/2020	10.8	
10.7	Sixth Amendment to Office Lease Agreement, dated September 26, 2019, by and among the Registrant and 888 Brannan LP	S-1	333-250118	11/16/2020	10.9	
10.8	Seventh Amendment to Office Lease Agreement, dated October 8, 2020, by and among the Registrant and T-C 888 Brannan Owner LLC	S-1	333-250118	11/16/2020	10.10	
10.9	Eight Amendment to Office Lease Agreement, dated September 28, 2021, by and among the Registrant and T-C 888 Brannan Owner LLC	10-K	001-39778	02/25/2022	10.11	
10.10	Ninth Amendment to Office Lease Agreement, dated October 18, 2022, by and among the Registrant and T-C 888 Brannan Owner	10-Q	001-39778	11/03/2022	10.3	
10.11	Tenth Amendment to Office Lease Agreement, dated October 18, 2023, by and among the Registrant and T-C 888 Brannan Owner					X
10.12(a)#	2008 Equity Incentive Plan	S-1	333-250118	11/16/2020	10.11(a)	
10.12(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under 2008 Equity Incentive Plan	S-1/A	333-250118	12/01/2020	10.11(b)	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Date	Number	
10.12(c)#	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under 2008 Equity Incentive Plan	S-1	333-250118	11/16/2020	10.11(c)	
10.13(a)#	2018 Equity Incentive Plan	S-1/A	333-250118	12/01/2020	10.12(a)	
10.13(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under 2018 Equity Incentive Plan	S-1	333-250118	11/16/2020	10.12(b)	
10.13(c)#	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under 2018 Equity Incentive Plan	S-1	333-250118	11/16/2020	10.12(c)	
10.14#	HotelTonight, Inc. 2011 Equity Incentive Plan	S-1	333-250118	11/16/2020	10.13	
10.15(a)#	2020 Incentive Award Plan	S-1/A	333-250118	12/01/2020	10.14(a)	
10.15(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2020 Incentive Award Plan	S-1	333-250118	11/16/2020	10.14(b)	
10.15(c)#	Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the 2020 Incentive Award Plan	S-1	333-250118	11/16/2020	10.14(c)	
10.16#	Employee Stock Purchase Plan	S-1/A	333-250118	12/01/2020	10.15	
10.17#	Employment Agreement by and between the Registrant and Brian Chesky	S-1	333-250118	11/16/2020	10.16	
10.18#	Employment Agreement by and between the Registrant and Nathan Blecharczyk	S-1	333-250118	11/16/2020	10.18	
10.19#	Employment Agreement by and between the Registrant and Dave Stephenson	S-1	333-250118	11/16/2020	10.19	
10.20#	Employment Agreement by and between the Registrant and Aristotle Balogh	S-1	333-250118	11/16/2020	10.20	
10.21#	Amended and Restated Non-Employee Director Compensation Program	10-Q	001-39778	05/09/2023	10.2	
10.22#	Form of Indemnification Agreement for Directors and Officers	S-1	333-250118	11/16/2020	10.25	
10.23#	Nominating Agreement, dated as of November 27, 2020, by and among Brian Chesky, Joe Gebbia, Nathan Blecharczyk and the Registrant	S-1/A	333-250118	12/01/2020	10.29	
10.24#	Voting Agreement, dated as of December 4, 2020, by and among Brian Chesky, Joe Gebbia, Nathan Blecharczyk, and certain affiliated trusts and entities described therein	S-1/A	333-250118	12/07/2020	10.31	
10.25	Form of Capped Call Confirmation	8-K	001-39778	03/08/2021	10.1	
10.26#	Form of Change in Control and Severance Agreement between the Registrant and its Executive Officers	10-Q	001-39778	05/09/2022	10.1	
10.27#	Advisor Agreement by and between the Registrant and Joe Gebbia, dated August 23, 2022	10-Q	001-39778	11/03/2022	10.1	
10.28	Revolving Credit Agreement, dated October 31, 2022, by and among the Registrant, certain subsidiaries of the Registrant, and Morgan Stanley Senior, as amended February 16, 2023	10-K	001-39778	02/17/2023	10.31	
10.29#	Retention Agreement between the Registrant and Catherine Powell					X
21.1	List of Significant Subsidiaries					X
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (included in signature pages hereto)					X
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
97	Airbnb, Inc. Policy for Recovery of Erroneously Awarded Compensation					X
101	The following financial statements from the Company's 10-K, formatted as Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations (iii), Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to consolidated financial statements					X
104	Cover page interactive data file (formatted as Inline XBRL and contained in Exhibit 101)					X

# Indicates management contract or compensatory plan.

\* The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K 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 Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

**Item 16. Form 10-K Summary**

None.

### Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

#### AIRBNB, INC.

By: /s/ Brian Chesky  
Brian Chesky  
Chief Executive Officer

Date: February 16, 2024

### Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Brian Chesky, David E. Stephenson, and Ronald A. Klain, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name and Signature	Title	Date
<u>/s/ Brian Chesky</u> Brian Chesky	Chief Executive Officer and Director (Principal Executive Officer)	February 16, 2024
<u>/s/ David E. Stephenson</u> David E. Stephenson	Chief Financial Officer (Principal Financial Officer)	February 16, 2024
<u>/s/ David Bernstein</u> David Bernstein	Chief Accounting Officer (Principal Accounting Officer)	February 16, 2024
<u>/s/ Angela Ahrendts</u> Angela Ahrendts	Director	February 16, 2024
<u>/s/ Amrita Ahuja</u> Amrita Ahuja	Director	February 16, 2024
<u>/s/ Nathan Blecharczyk</u> Nathan Blecharczyk	Director	February 16, 2024
<u>/s/ Kenneth Chenault</u> Kenneth Chenault	Director	February 16, 2024
<u>/s/ Joseph Gebbia</u> Joseph Gebbia	Director	February 16, 2024
<u>/s/ Jeffrey Jordan</u> Jeffrey Jordan	Director	February 16, 2024
<u>/s/ Alfred Lin</u> Alfred Lin	Director	February 16, 2024
<u>/s/ James Manyika</u> James Manyika	Director	February 16, 2024