UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2021

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: 001-38902

UBER TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Delaware	**45-2647441**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1515 3rd Street

San Francisco, California 94158

(Address of principal executive offices, including zip code)

(415) 612-8582

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.00001 per share	UBER	New York Stock Exchange

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

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

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

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

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

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

The number of shares of the registrant's common stock outstanding as of May 3, 2021 was 1,871,760,070.

UBER TECHNOLOGIES, INC.
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "hope," "intend," "may," "might," "objective," "ongoing," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- the impacts of COVID-19 or other future pandemics on our business, results of operations, financial position and cash flows;
- our ability to successfully defend litigation and government proceedings brought against us, including with respect to our relationship with drivers and delivery persons, and the potential impact on our business operations and financial performance if we are not successful;
- our ability to successfully compete in highly competitive markets;
- our ability to effectively manage our growth and maintain and improve our corporate culture;
- our expectations regarding financial performance, including but not limited to revenue, potential profitability and the timing thereof, ability to generate positive Adjusted EBITDA, expenses, and other results of operations;
- our expectations regarding future operating performance, including but not limited to our expectations regarding future Monthly Active Platform Consumers ("MAPCs"), Trips, Gross Bookings, and Take Rate;
- our expectations regarding our competitors' use of incentives and promotions, our competitors' ability to raise capital, and the effects of such incentives and promotions on our growth and results of operations;
- our anticipated investments in new products and offerings, and the effect of these investments on our results of operations;
- our anticipated capital expenditures and our estimates regarding our capital requirements;
- our ability to close and integrate acquisitions into our operations;
- anticipated technology trends and developments and our ability to address those trends and developments with our products and offerings;
- the size of our addressable markets, market share, category positions, and market trends, including our ability to grow our business in the countries we have identified as expansion markets;
- the safety, affordability, and convenience of our platform and our offerings;
- our ability to identify, recruit, and retain skilled personnel, including key members of senior management;
- our expected growth in the number of platform users, and our ability to promote our brand and attract and retain platform users;
- our ability to maintain, protect, and enhance our intellectual property rights;
- our ability to introduce new products and offerings and enhance existing products and offerings;
- our ability to successfully enter into new geographies, expand our presence in countries in which we are limited by regulatory restrictions, and manage our international expansion;
- our ability to successfully renew licenses to operate our business in certain jurisdictions;
- the availability of capital to grow our business;
- our ability to meet the requirements of our existing debt and draw on our line of credit;
- our ability to prevent disturbance to our information technology systems;
- our ability to comply with existing, modified, or new laws and regulations applying to our business; and
- our ability to implement, maintain, and improve our internal control over financial reporting.

Actual events or results may differ from those expressed in forward-looking statements. As such, you should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results, prospects, strategy, and financial needs. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, assumptions, and other factors described in the section titled "Risk

Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a highly competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

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

The forward-looking statements made in this Quarterly Report on Form 10-Q speak only as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information, actual results, revised expectations, 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.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UBER TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts which are reflected in thousands, and per share amounts)
(Unaudited)

	As of December 31, 2020	As of March 31, 2021
Assets		
Cash and cash equivalents	$ 5,647	$ 4,836
Short-term investments	1,180	819
Restricted cash and cash equivalents	250	247
Accounts receivable, net of allowance of $55 and $57, respectively	1,073	1,075
Prepaid expenses and other current assets	1,215	1,318
Assets held for sale	517	—
Total current assets	9,882	8,295
Restricted cash and cash equivalents	1,494	1,524
Collateral held by insurer	860	752
Investments (including amortized cost of debt securities of $2,281 and $2,281)	9,052	11,794
Equity method investments	1,079	1,127
Property and equipment, net	1,814	1,757
Operating lease right-of-use assets	1,274	1,267
Intangible assets, net	1,564	1,455
Goodwill	6,109	6,352
Other assets	124	332
Total assets	$ 33,252	$ 34,655
Liabilities, redeemable non-controlling interests and equity		
Accounts payable	$ 235	$ 232
Short-term insurance reserves	1,243	1,216
Operating lease liabilities, current	175	171
Accrued and other current liabilities	5,112	5,669
Liabilities held for sale	100	—
Total current liabilities	6,865	7,288
Long-term insurance reserves	2,223	2,224
Long-term debt, net of current portion	7,560	7,801
Operating lease liabilities, non-current	1,544	1,531
Other long-term liabilities	1,306	1,740
Total liabilities	19,498	20,584
Commitments and contingencies (Note 12)		
Redeemable non-controlling interests	787	473
Equity		
Common stock, $0.00001 par value, 5,000,000 shares authorized for both periods, 1,849,794 and 1,867,369 shares issued and outstanding, respectively	—	—
Additional paid-in capital	35,931	36,182
Accumulated other comprehensive income (loss)	(535)	654
Accumulated deficit	(23,130)	(23,238)
Total Uber Technologies, Inc. stockholders' equity	12,266	13,598
Non-redeemable non-controlling interests	701	—
Total equity	12,967	13,598
Total liabilities, redeemable non-controlling interests and equity	$ 33,252	$ 34,655

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

UBER TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share amounts which are reflected in thousands, and per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2021**
Revenue	$ 3,248	$ 2,903
Costs and expenses		
Cost of revenue, exclusive of depreciation and amortization shown separately below	1,491	1,710
Operations and support	503	423
Sales and marketing	885	1,103
Research and development	645	515
General and administrative	859	464
Depreciation and amortization	128	212
Total costs and expenses	4,511	4,427
Loss from operations	(1,263)	(1,524)
Interest expense	(118)	(115)
Other income (expense), net	(1,795)	1,710
Income (loss) before income taxes and loss from equity method investments	(3,176)	71
Provision for (benefit from) income taxes	(242)	185
Loss from equity method investments	(12)	(8)
Net loss including non-controlling interests	(2,946)	(122)
Less: net loss attributable to non-controlling interests, net of tax	(10)	(14)
Net loss attributable to Uber Technologies, Inc.	$ (2,936)	$ (108)
Net loss per share attributable to Uber Technologies, Inc. common stockholders:		
Basic	$ (1.70)	$ (0.06)
Diluted	$ (1.70)	$ (0.06)
Weighted-average shares used to compute net loss per share attributable to common stockholders:		
Basic	1,724,367	1,858,525
Diluted	1,724,367	1,858,525

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

UBER TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2021**
Net loss including non-controlling interests	$ (2,946)	$ (122)
Other comprehensive income (loss), net of tax:		
Change in foreign currency translation adjustment	(148)	33
Change in unrealized gain (loss) on investments in available-for-sale securities	(60)	1,156
Other comprehensive income (loss), net of tax	(208)	1,189
Comprehensive income (loss) including non-controlling interests	(3,154)	1,067
Less: comprehensive loss attributable to non-controlling interests	(10)	(14)
Comprehensive income (loss) attributable to Uber Technologies, Inc.	$ (3,144)	$ 1,081

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

UBER TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY
(In millions, except share amounts which are reflected in thousands)
(Unaudited)

	Redeemable Non-Controlling Interests	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non-Redeemable Non-Controlling Interests	Total Equity
		Shares	Amount					
Balance as of December 31, 2019	$ 311	1,716,681	$ —	$ 30,739	$ (187)	$ (16,362)	$ 682	$ 14,872
Exercise of stock options	—	4,359	—	14	—	—	—	14
Stock-based compensation	—	—	—	285	—	—	—	285
Issuance of common stock for settlement of RSUs	—	8,917	—	—	—	—	—	—
Shares withheld related to net share settlement	—	(107)	—	(3)	—	—	—	(3)
Unrealized loss on investments in available-for-sale securities, net of tax	—	—	—	—	(60)	—	—	(60)
Foreign currency translation adjustment	—	—	—	—	(148)	—	—	(148)
Distributions to non-controlling interests	(3)	—	—	—	—	—	(4)	(4)
Net loss	(18)	—	—	—	—	(2,936)	8	(2,928)
Balance as of March 31, 2020	$ 290	1,729,850	$ —	$ 31,035	$ (395)	$ (19,298)	$ 686	$ 12,028

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

UBER TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY
(In millions, except share amounts which are reflected in thousands)
(Unaudited)

	Redeemable Non-Controlling Interests	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Non-Redeemable Non-Controlling Interests	Total Equity
		Shares	Amount					
Balance as of December 31, 2020	$ 787	1,849,794	$ —	$ 35,931	$ (535)	$ (23,130)	$ 701	$ 12,967
Reclassification of the equity component of 2025 Convertible Notes to liability upon adoption of ASU 2020-06	—	—	—	(243)	—		—	(243)
Exercise of stock options	—	3,518	—	35	—	—	—	35
Stock-based compensation	—	—	—	287	—	—	—	287
Issuance of common stock for settlement of Careem Convertible Notes	—	2,872	—	158	—	—	—	158
Issuance of common stock as consideration for acquisition	—	505	—	28	—	—	—	28
Issuance of common stock for settlement of RSUs	—	10,924	—	—	—	—	—	—
Shares withheld related to net share settlement	—	(244)	—	(14)	—	—	—	(14)
Recognition of non-controlling interest upon acquisition	56	—	—	—	—	—	—	—
Derecognition of non-controlling interests upon divestiture	(356)	—	—	—	—	—	(701)	(701)
Unrealized gain on investments in available-for-sale securities, net of tax	—	—	—	—	1,156	—	—	1,156
Foreign currency translation adjustment	—	—	—	—	33	—	—	33
Net loss	(14)	—	—	—	—	(108)	—	(108)
Balance as of March 31, 2021	$ 473	1,867,369	$ —	$ 36,182	$ 654	$ (23,238)	$ —	$ 13,598

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

UBER TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2021**
Cash flows from operating activities		
Net loss including non-controlling interests	$ (2,946)	$ (122)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	128	212
Bad debt expense	22	23
Stock-based compensation	277	281
Gain on business divestitures	(154)	(1,684)
Deferred income taxes	(273)	120
Loss from equity method investments, net	12	8
Unrealized (gain) loss on debt and equity securities, net	114	(63)
Impairment of debt and equity securities	1,863	—
Impairments of goodwill, long-lived assets and other assets	193	16
Unrealized foreign currency transactions	7	13
Other	10	65
Change in assets and liabilities, net of impact of business acquisitions and disposals:		
Accounts receivable	444	(35)
Prepaid expenses and other assets	29	(67)
Collateral held by insurer	92	108
Operating lease right-of-use assets	57	38
Accounts payable	(46)	(3)
Accrued insurance reserves	77	(27)
Accrued expenses and other liabilities	(320)	556
Operating lease liabilities	(49)	(50)
Net cash used in operating activities	(463)	(611)
Cash flows from investing activities		
Purchases of property and equipment	(198)	(71)
Purchases of marketable securities	(493)	(336)
Purchases of non-marketable equity securities	(10)	(803)
Purchase of note receivable	—	(216)
Proceeds from maturities and sales of marketable securities	100	696
Proceeds from sale of non-marketable equity securities	—	500
Acquisition of businesses, net of cash acquired	(1,346)	(28)
Return of capital from equity method investee	91	—
Other investing activities	—	8
Net cash used in investing activities	(1,856)	(250)
Cash flows from financing activities		
Principal repayment on Careem Notes	—	(194)
Principal payments on finance leases	(60)	(47)
Other financing activities	(3)	15
Net cash used in financing activities	(63)	(226)
Effect of exchange rate changes on cash and cash equivalents, and restricted cash and cash equivalents	(156)	(46)

Net decrease in cash and cash equivalents, and restricted cash and cash equivalents	(2,538)	(1,133)
Cash and cash equivalents, and restricted cash and cash equivalents		
Beginning of period	12,067	7,391
Reclassification from assets held for sale during the period	—	349
End of period	$ 9,529	$ 6,607
Reconciliation of cash and cash equivalents, and restricted cash and cash equivalents to the condensed consolidated balance sheets		
Cash and cash equivalents	$ 8,165	$ 4,836
Restricted cash and cash equivalents-current	193	247
Restricted cash and cash equivalents-non-current	1,171	1,524
Total cash and cash equivalents, and restricted cash and cash equivalents	$ 9,529	$ 6,607
Supplemental disclosures of cash flow information		
Cash paid for:		
Interest, net of amount capitalized	$ 91	$ 84
Income taxes, net of refunds	36	22
Non-cash investing and financing activities:		
Ownership interest received in exchange for the divestitures	171	1,018
Conversion of convertible notes to common stock	—	158
Issuance of Careem Notes including the holdback amount	1,634	—

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

UBER TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Description of Business and Summary of Significant Accounting Policies

Description of Business

Uber Technologies, Inc. ("Uber," "we," "our," or "us") was incorporated in Delaware in July 2010, and is headquartered in San Francisco, California. Uber is a technology platform that uses a massive network, leading technology, operational excellence and product expertise to power movement from point A to point B. Uber develops and operates proprietary technology applications supporting a variety of offerings on its platform ("platform(s)" or "Platform(s)"). Uber connects consumers ("Rider(s)") with independent providers of ride services ("Mobility Driver(s)") for ridesharing services, and connects Riders and other consumers ("Eaters") with restaurants, grocers and other stores (collectively, "Merchants") with delivery service providers ("Delivery People") for meal preparation, grocery and other delivery services. Riders and Eaters are collectively referred to as "end-user(s)" or "consumer(s)." Mobility Drivers and Delivery People are collectively referred to as "Driver(s)." Uber also connects consumers with public transportation networks. Uber uses this same network, technology, operational excellence and product expertise to connect shippers with carriers in the freight industry. Uber is also developing technologies that will provide new solutions to solve everyday problems.

Our technology is used around the world, principally in the United States ("U.S.") and Canada, Latin America, Europe, the Middle East, Africa, and Asia (excluding China and Southeast Asia).

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. The condensed consolidated balance sheet as of December 31, 2020 included herein was derived from the audited consolidated financial statements as of that date but does not include all of the information and notes required by GAAP for complete financial statements. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2020, included in our Annual Report on Form 10-K.

In the opinion of management, these financial statements include all adjustments, which are of a normal recurring nature, necessary for a fair statement of the financial position, results of operations, comprehensive loss, cash flows and the change in equity for the periods presented.

There have been no changes to our significant accounting policies described in the Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021 that have had a material impact on our condensed consolidated financial statements and related notes, except for an update reflecting the new accounting standard related to debt with conversion and other options.

In March 2020, the World Health Organization declared the outbreak of the coronavirus disease COVID-19 ("COVID-19") a pandemic. COVID-19 has rapidly impacted market and economic conditions globally. The evolving nature of COVID-19 pandemic and the extent of its impact across industries and geographies, including the duration and spread of the outbreak, continue to be uncertain and cannot be predicted. Therefore, the results of operations for the three months ended March 31, 2020 and 2021 may not be indicative of the results to be expected for subsequent quarters and the full fiscal year.

Basis of Consolidation

Our condensed consolidated financial statements include the accounts of Uber Technologies, Inc. and entities consolidated under the variable interest and voting models. All intercompany balances and transactions have been eliminated. Refer to Note 13 – Variable Interest Entities for further information.

Use of Estimates

The preparation of our unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions, which affect the reported amounts in the financial statements and accompanying notes. Estimates are based on historical experience, where applicable, and other assumptions which management believes are reasonable under the circumstances. On an ongoing basis, management evaluates estimates, including, but not limited to: the incremental borrowing rate ("IBR") applied in lease accounting; fair values of investments and other financial instruments (including the measurement of credit or impairment losses); useful lives of amortizable long-lived assets; fair value of acquired intangible assets and related impairment assessments; impairment of goodwill; stock-based compensation; income taxes and non-income tax reserves; certain deferred tax assets and tax liabilities; insurance reserves; and other contingent liabilities. These estimates are inherently subject to judgment and actual results could differ from those estimates. The level of uncertainties and volatility in the global financial markets and economies resulting from the pandemic as well as the uncertainties related to the impact of the pandemic on us and our investees' operations and financial performance means that these estimates may change in future periods, as new events occur and additional information is obtained.

Certain Significant Risks and Uncertainties - COVID-19

In an attempt to limit the spread of the virus, various governmental restrictions have been implemented, including business activities and travel restrictions, and "shelter-at-home" orders, that have had an adverse impact on our business and operations by reducing, in particular, the global demand for Mobility offerings. In light of the evolving nature of COVID-19 and the uncertainty it has produced around the world, it is not possible to predict the COVID-19 pandemic's cumulative and ultimate impact on our future business operations, results of operations, financial position, liquidity, and cash flows. The extent of the impact of the pandemic on our business and financial results will depend largely on future developments, including the duration of the spread of the outbreak both globally and within the United States, including whether there will be further resurgences of COVID-19 in various regions, the distribution of vaccines in various regions, the impact on capital, foreign currencies exchange and financial markets, governmental or regulatory orders that impact our business and whether the impacts may result in permanent changes to our end-user' behavior, all of which are highly uncertain and cannot be predicted.

Recently Adopted Accounting Pronouncements

In January 2020, the FASB issued ASU 2020-01, "Investments-Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815," which clarifies the interaction of the accounting for equity investments under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. We adopted the new standard on January 1, 2021 on a prospective basis. The adoption of the new standard did not have a material impact on our condensed consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," which reduced the number of models used to account for convertible instruments, amends the accounting for certain contracts in an entity's own equity that would have previously been accounted for as derivatives and modifies the diluted earnings per share calculations for convertible instruments. We early adopted the new standard on January 1, 2021 on a modified retrospective basis. Refer to Note 6 – Long-Term Debt and Revolving Credit Arrangements for the impact of adoption on our 2025 Convertible Notes and Note 10 – Net Income (Loss) Per Share for the impact on our earnings per share calculation.

Recently Issued Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which provides optional expedients and exceptions to contract modifications and hedging relationships that reference LIBOR or another reference rate expected to be discontinued. The standard is effective upon issuance through December 31, 2022 and may be applied at the beginning of the interim period that includes March 12, 2020 or any date thereafter. We are currently evaluating the impact of this accounting standard update on our consolidated financial statements.

Note 2 – Revenue

The following tables present our revenues disaggregated by offering and geographical region. Revenue by geographical region is based on where the transaction occurred. This level of disaggregation takes into consideration how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors (in millions):

	Three Months Ended March 31,	
	2020	**2021**
Mobility revenue	$ 2,467	$ 853
Delivery revenue	527	1,741
Freight revenue	199	301
All Other revenue	55	8
Total revenue	$ 3,248	$ 2,903

	Three Months Ended March 31,	
	2020	2021
United States and Canada	$ 2,075	$ 1,849
Latin America ("LatAm")	478	302
Europe, Middle East and Africa ("EMEA")	473	225
Asia Pacific ("APAC")	222	527
Total revenue	$ 3,248	$ 2,903

Revenue from Contracts with Customers

Mobility Revenue

We derive revenue primarily from fees paid by Mobility Drivers for the use of our platform(s) and related service to facilitate and complete Mobility transactions.

In certain markets, we charge end-users a fee for connection services obtained via the platform. We recognized total revenue $149 million and $45 million associated with these fees for the three months ended March 31, 2020 and 2021, respectively.

Mobility revenue also includes immaterial revenue streams such as our Uber for Business ("U4B") and financial partnerships products.

Delivery Revenue

We derive revenue for Delivery from Merchants' and Delivery People's use of the Delivery platform and related service to facilitate and complete Delivery transactions.

Additionally, in certain markets where we are responsible for delivery services, delivery fees charged to end-users are also included in revenue, while payments to Delivery People in exchange for delivery services are recognized in cost of revenue. In these markets, we recognized revenue from end-users of $1 million and $88 million for the three months ended March 31, 2020 and 2021, respectively, and cost of revenue, exclusive of depreciation and amortization of $54 million and $339 million for the three months ended March 31, 2020 and 2021, respectively, for these delivery transactions.

Freight Revenue

Freight revenue consists of revenue from freight transportation services provided to shippers.

All Other Revenue

All Other revenue primarily includes collaboration revenue related to our Advanced Technologies Group ("ATG") business and revenue from our New Mobility offerings and products.

ATG collaboration revenue was related to a three-year joint collaboration agreement we entered into in 2019. During the first quarter of 2021, we completed the sale of Apparate USA LLC ("Apparate" or the "ATG Business") to Aurora Innovation, Inc. ("Aurora"). Refer to Note 16 – Divestiture for further information.

New Mobility offerings and products provided users access to rides through a variety of modes, including dockless e-bikes and e-scooters ("New Mobility"), platform incubator group offerings and other immaterial revenue streams. After the JUMP divestiture during the second quarter of 2020, revenue from New Mobility products, including dockless e-bikes, were no longer material.

Contract Balances and Remaining Performance Obligation

Contract liabilities represents consideration collected prior to satisfying the performance obligations. As of March 31, 2021, we had $220 million of contract liabilities included in accrued and other current liabilities as well as other long-term liabilities on the condensed consolidated balance sheet. Revenue recognized from these contracts during the three months ended March 31, 2020 and 2021 was not material.

Our remaining performance obligation is expected to be recognized as follows (in millions):

	Less Than or Equal To 12 Months	Greater Than 12 Months	Total
As of March 31, 2021	$ 67	$ 153	$ 220

Note 3 – Investments and Fair Value Measurement

Investments

Our investments on the condensed consolidated balance sheets consisted of the following (in millions):

	As of	
	December 31, 2020	March 31, 2021
Classified as short-term investments:		
Marketable debt securities [1]:		
Commercial paper	$ 457	$ 338
U.S. government and agency securities	429	322
Corporate bonds	294	159
Short-term investments	$ 1,180	$ 819
Classified as investments:		
Non-marketable equity securities:		
Didi	$ 6,299	$ 5,876
Aurora [2]	—	1,677
Other [3]	329	569
Non-marketable debt securities:		
Grab [4]	2,341	3,591
Note receivable from a related party	83	81
Investments	$ 9,052	$ 11,794

[1] Excluding marketable debt securities classified as cash equivalents and restricted cash equivalents.

[2] For further information, see the section titled “Aurora Investments” below and Note 16 – Divestiture.

[3] These balances include certain investments recorded at fair value with changes in fair value recorded in earnings due to the election of the fair value option of accounting for financial instruments.

[4] Recorded at fair value with changes in fair value recorded in other comprehensive income (loss), net of tax, unless subject to credit loss.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents our financial assets measured at fair value on a recurring basis based on the three-tier fair value hierarchy (in millions):

	As of December 31, 2020				As of March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Money market funds	$ 2,386	$ —	$ —	$ 2,386	$ 2,155	$ —	$ —	$ 2,155
Commercial paper	—	611	—	611	—	440	—	440
U.S. government and agency securities	—	542	—	542	—	322	—	322
Corporate bonds	—	323	—	323	—	181	—	181
Non-marketable debt securities	—	—	2,341	2,341	—	—	3,591	3,591
Non-marketable equity securities	—	—	52	52	—	—	1,723	1,723
Note receivable from a related party	—	—	83	83	—	—	81	81
Total financial assets	$ 2,386	$ 1,476	$ 2,476	$ 6,338	$ 2,155	$ 943	$ 5,395	$ 8,493

During the three months ended March 31, 2021, we did not make any transfers between the levels of the fair value hierarchy.

The following table summarizes the amortized cost and fair value of our debt securities with a stated contractual maturity or redemption date (in millions):

	As of March 31, 2021	
	Amortized Cost	Fair Value
Within one year	$ 931	$ 932
One year through five years	2,292	3,602
Total	$ 3,223	$ 4,534

The following table summarizes the amortized cost, unrealized gains and losses, and fair value of our debt securities at fair value on a recurring basis (in millions):

	As of December 31, 2020				As of March 31, 2021			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Commercial paper	$ 611	$ —	$ —	$ 611	$ 440	$ —	$ —	$ 440
U.S. government and agency securities	542	—	—	542	322	—	—	322
Corporate bonds	322	1	—	323	180	1	—	181
Non-marketable debt securities	2,281	60	—	2,341	2,281	1,310	—	3,591
Total	$ 3,756	$ 61	$ —	$ 3,817	$ 3,223	$ 1,311	$ —	$ 4,534

As of December 31, 2020 and March 31, 2021, there were no allowance for credit losses related to our available-for-sale debt securities.

We measure our cash equivalents and certain investments at fair value. Level 1 instrument valuations are based on quoted market prices of the identical underlying security. Level 2 instrument valuations are obtained from readily available pricing sources for comparable instruments, identical instruments in less active markets, or models using market observable inputs. Level 3 instrument valuations are valued based on unobservable inputs and other estimation techniques due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such financial instruments.

As of December 31, 2020 and March 31, 2021, our Level 3 non-marketable debt securities and non-marketable equity securities primarily consist of common stock investments and preferred stock investments in privately held companies without readily determinable fair values.

Depending on the investee's financing activity in a reporting period, management's estimate of fair value may be primarily derived from the investee's financing transactions, such as the issuance of preferred stock to new investors. The price in these transactions generally provides the best indication of the enterprise value of the investee. Additionally, based on the timing, volume, and other characteristics of the transaction, we may supplement this information by using other valuation techniques, including the guideline public company approach. The guideline public company approach relies on publicly available market data of comparable companies and uses comparative valuation multiples of the investee's revenue (actual and forecasted), and therefore, unobservable input used in this valuation technique primarily consists of short-term revenue projections.

Once the fair value of the investee is estimated, an option-pricing model ("OPM"), a common stock equivalent ("CSE") method or a hybrid approach is employed to allocate value to various classes of securities of the investee, including the class owned by us. The model involves making assumptions around the investees' expected time to liquidity and volatility.

An increase or decrease in any of the unobservable inputs in isolation, such as the security price in a significant financing transaction of the investee, could result in a material increase or decrease in our estimate of fair value. Other unobservable inputs, including short-term revenue projections, time to liquidity, and volatility are less sensitive to the valuation in the respective reporting periods, as a result of the primary weighting on the investee's financing transactions. In the future, depending on the weight of evidence and valuation approaches used, these or other inputs may have a more significant impact on our estimate of fair value.

We determine realized gains or losses on the sale of equity and debt securities on a specific identification method.

Grab Investment

To determine the fair value of our investment in Grab as of March 31, 2021, we utilized a hybrid approach, incorporating a CSE method along with an OPM. The CSE method assumes an if-converted scenario (for example an initial public offering ("IPO") or a special purpose acquisition company transaction), where the OPM approach allocates equity value to individual securities within the investees' capital structure based on contractual rights and preferences. As a result of the valuation performed, we recognized unrealized gains of $1.3 billion in other comprehensive income (loss), net of tax in our condensed consolidated statement of comprehensive income (loss) during the three months ended March 31, 2021.

The following table summarizes information about the significant unobservable inputs used in the fair value measurement for our Grab investment as of March 31, 2021:

Fair value method	Relative weighting	Key unobservable inputs	
OPM	45%	Transaction price per share	$6.16
		Volatility	67%
		Estimated time to liquidity	1.5 years
CSE	55%	Discount rate	25%
		Estimated time to liquidity	0.5 - 1 years

Aurora Investments

On January 19, 2021, we completed the sale of our ATG Business to Aurora. As consideration for the sale of our ATG Business to Aurora, we received common stock in Aurora. Concurrently, we invested in Aurora in exchange for Aurora preferred stock. For further information, refer to Note 16 – Divestiture.

We hold one seat on Aurora's board of directors and have the ability to hold a second seat, which, along with our common and preferred stock ownership (our "Aurora Investments") generate significant influence. We elected to apply the fair value option to our Aurora common stock and preferred stock investments in order to provide consistency of accounting treatment to our Aurora Investments. The Aurora Investments are measured at fair value on a recurring basis with changes in fair value reflected in other income (expense), net, in the condensed consolidated statements of operations.

The fair value of the Aurora Investments as of March 31, 2021 of $1.7 billion was determined by referencing a recent financing transaction used as an input to an OPM. Other key unobservable inputs to the OPM were volatility of 65% and time to liquidity of 4.75 years.

Financial Assets Measured at Fair Value Using Level 3 Inputs

The following table presents a reconciliation of our financial assets measured and recorded at fair value on a recurring basis as of March 31, 2021, using significant unobservable inputs (Level 3) (in millions):

	Non-marketable Debt Securities	Non-marketable Equity Security	Note Receivables
Balance as of December 31, 2020	$ 2,341	$ 52	$ 83
Total net gains (losses)			
Included in earnings	—	(6)	(2)
Included in other comprehensive income (loss)	1,250	—	—
Purchases	—	1,677	—
Balance as of March 31, 2021	$ 3,591	$ 1,723	$ 81

Assets Measured at Fair Value on a Non-Recurring Basis

Non-Financial Assets

Our non-financial assets, such as goodwill, intangible assets and property and equipment are adjusted to fair value when an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 inputs.

Non-Marketable Equity Securities

Our non-marketable equity securities are investments in privately held companies without readily determinable fair values and primarily relate to our investments in Didi. The carrying value of our non-marketable equity securities are adjusted based on price changes from observable transactions of identical or similar securities of the same issuer (referred to as the measurement alternative) or for impairment. Any changes in carrying value are recorded within other income (expense), net in the condensed consolidated statements of operations. Non-marketable equity securities are classified within Level 3 in the fair value hierarchy because we estimate the fair value of these securities based on valuation methods, including the CSE and OPM methods, using the transaction price of similar securities issued by the investee adjusted for contractual rights and obligations of the securities we hold.

During the three months ended March 31, 2021, we completed the sale of $500 million of our Didi shares and realized immaterial gains from this transaction. Since this transaction qualified as an observable price change in orderly transactions for an identical or similar investment of the same issuer, we recorded immaterial unrealized gains from remeasurement of the carrying value of the remaining Didi shares based on the selling price of the shares in this transaction during the three months ended March 31, 2021.

We did not record any realized gains or losses for our non-marketable equity securities measured at fair value on a non-recurring basis during the three months ended March 31, 2020.

The following is a summary of unrealized gains and losses from remeasurement (referred to as upward or downward adjustments) recorded in other income (expense), net in the condensed consolidated statements of operations, and included as adjustments to the carrying value of non-marketable equity securities (in millions):

	Three Months Ended March 31,	
	2020	2021
Upward adjustments	$ —	$ 71
Downward adjustments (including impairment)	(1,690)	—
Total unrealized gain (loss) for non-marketable equity securities	$ (1,690)	$ 71

The following table summarizes the total carrying value of our non-marketable equity securities measured at fair value on a non-recurring basis held, including cumulative unrealized upward and downward adjustments made to the initial cost basis of the securities (in millions):

	As of	
	December 31, 2020	March 31, 2021
Initial cost basis	$ 6,282	$ 6,060
Upward adjustments	1,984	1,900
Downward adjustments (including impairment)	(1,690)	(1,561)
Total carrying value at the end of the period	$ 6,576	$ 6,399

Note 4 – Leases

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

	Three Months Ended March 31,	
	2020	2021
Lease cost		
Finance lease cost:		
Amortization of assets	$ 44	$ 52
Interest on lease liabilities	4	4
Operating lease cost	95	77
Short-term lease cost	6	3
Variable lease cost	30	21
Sublease income	(1)	—
Total lease cost	$ 178	$ 157

We did not enter into nor commence any new material operating or finance leases during the three months ended March 31, 2021. The assumptions used to value leases for the periods presented were as follows:

	As of	
	December 31, 2020	March 31, 2021
Weighted-average remaining lease term		
Operating leases	16 years	16 years
Finance leases	2 years	2 years
Weighted-average discount rate		
Operating leases	7.0 %	7.1 %
Finance leases	5.4 %	5.3 %

Maturities of lease liabilities were as follows (in millions):

	As of March 31, 2021	
	Operating Leases	Finance Leases
Remainder of 2021	$ 142	$ 137
2022	309	110
2023	280	27
2024	237	1
2025	192	—
Thereafter	2,112	—
Total undiscounted lease payments	3,272	275
Less: imputed interest	(1,570)	(14)
Total lease liabilities	$ 1,702	$ 261

As of March 31, 2021, we had additional operating leases and finance leases, primarily for corporate offices and servers, that have not yet commenced of $477 million and $3 million, respectively. These operating and finance leases will commence between fiscal years 2021 and 2023 with lease terms ranging from 3 to 11 years.

Note 5 – Goodwill and Intangible Assets

Goodwill

The following table presents the changes in the carrying value of goodwill by reportable segment for the three months ended March 31, 2021 (in millions):

	Mobility	Delivery	Freight	Total Goodwill
Balance as of December 31, 2020	$ 2,562	$ 3,547	$ —	$ 6,109
Acquisitions	—	61	—	61
Measurement period adjustment [(1)]	—	170	—	170
Foreign currency translation adjustment	12	—	—	12
Balance as of March 31, 2021	$ 2,574	$ 3,778	$ —	$ 6,352

[(1)] Refer to Note 15 – Business Combinations.

Intangible Assets

The components of intangible assets, net as of December 31, 2020 and March 31, 2021 were as follows (in millions, except years):

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life - Years
December 31, 2020				
Rider and Merchant relationships	$ 1,007	$ (81)	$ 926	8
Developed technology	529	(69)	460	2
Trade names and trademarks	183	(16)	167	7
Patents	15	(6)	9	8
Other	5	(3)	2	0
Intangible assets	$ 1,739	$ (175)	$ 1,564	

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life - Years
March 31, 2021				
Rider and Merchant relationships	$ 1,035	$ (124)	$ 911	7
Developed technology	484	(111)	373	2
Trade names and trademarks	183	(23)	160	6
Patents	15	(6)	9	8
Other	5	(3)	2	0
Intangible assets	$ 1,722	$ (267)	$ 1,455	

Amortization expense for intangible assets subject to amortization was $28 million and $92 million for the three months ended March 31, 2020 and 2021, respectively.

The estimated aggregate future amortization expense for intangible assets subject to amortization as of March 31, 2021 is summarized below (in millions):

	Estimated Future Amortization Expense
Year Ending December 31,	
Remainder of 2021	$ 316
2022	365
2023	206
2024	160
2025	79
Thereafter	317
Total	$ 1,443

Note 6 – Long-Term Debt and Revolving Credit Arrangements

Components of debt, including the associated effective interest rates and maturities were as follows (in millions, except for percentages):

	As of			
	December 31, 2020	March 31, 2021	Effective Interest Rates	Maturities
2016 Senior Secured Term Loan	$ 1,101	$ —	— %	—
2018 Senior Secured Term Loan	1,463	—	— %	—
2025 Refinanced Term Loan	—	1,459	3.8 %	April 4, 2025
2027 Refinanced Term Loan	—	1,098	3.8 %	February 25, 2027
2025 Senior Note	1,000	1,000	7.7 %	May 15, 2025
2026 Senior Note	1,500	1,500	8.1 %	November 1, 2026
2027 Senior Note	1,200	1,200	7.7 %	September 15, 2027
2028 Senior Note	500	500	7.0 %	January 15, 2028
2025 Convertible Note	1,150	1,150	0.2 %	December 15, 2025
Total debt	7,914	7,907		
Less: unamortized discount and issuance costs	(327)	(79)		
Less: current portion of long-term debt	(27)	(27)		
Total long-term debt	$ 7,560	$ 7,801		

2016 and 2018 Senior Secured Term Loans Refinancing

On February 25, 2021, we entered into a refinancing transaction under which we borrowed $2.6 billion pursuant to an amendment to the 2016 Senior Secured Term Loan agreement, the proceeds of which were used to repay in full all previously outstanding loans under the 2016 Senior Secured Term Loan agreement and the 2018 Senior Secured Term Loan agreement. The $2.6 billion is comprised of (i) a $1.1 billion tranche with a maturity date of February 25, 2027, replacing the 2016 Senior Secured Term Loan as a Refinancing Term Loan (the "2027 Refinanced Term Loan"), and (ii) a $1.5 billion tranche with a maturity date of April 4, 2025, replacing the 2018 Senior Secured Term Loan as an Incremental Term Loan (the “2025 Refinanced Term Loan”). The refinancing transaction qualified as a debt modification that did not result in an extinguishment.

The 2025 Refinanced Term Loan and the 2027 Refinanced Term Loan are guaranteed by certain of our material domestic restricted subsidiaries. The 2025 Refinanced Term Loan and the 2027 Refinanced Term Loan agreements contain customary covenants restricting our and certain of our subsidiaries’ ability to incur debt, incur liens and undergo certain fundamental changes. We were in compliance with all covenants as of March 31, 2021. The loan is secured by certain of our intellectual property and equity of certain material foreign subsidiaries.

The fair values of our 2025 Refinanced Term Loan and 2027 Refinanced Term Loan were $1.5 billion and $1.1 billion, respectively, as of March 31, 2021 and were determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input.

2025 Convertible Note

In December 2020, we issued $1.15 billion aggregate principal amount, including the exercise in full by the initial purchasers of the 2025 Convertible Notes of their option to purchase up to an additional $150 million principal amount of the 2025 Convertible Notes, of 0% convertible senior notes due in 2025 (the “2025 Convertible Notes”) in a private placement to qualified institutional buyers pursuant to Rule144A under the Securities Act. The 2025 Convertible Notes will mature on December 15, 2025, unless earlier converted, redeemed or repurchased.

Holders of the 2025 Convertible Notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding September 15, 2025 only under the following circumstances: (i) during any calendar quarter commencing after the calendar quarter ending on March 31, 2021 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (ii) during the five business day period after any ten consecutive trading day period (the “measurement period”) in which the trading price (as defined below) per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (iii) if we call such notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the applicable redemption date; or (iv) upon the occurrence of specified corporate events. On or after September 15, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their notes at any time, regardless of the foregoing circumstances.

The initial conversion rate is 12.3701 shares of common stock per $1,000 principal amount of notes, equivalent to an initial conversion price of approximately $80.84 per share of common stock. The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid special interest.

Upon conversion of the 2025 Convertible Notes, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. We may not redeem the notes prior to December 20, 2023. We may redeem for cash all or any portion of the notes, at our option, on or after December 20, 2023 if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date.

The indenture governing the 2025 Convertible Notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries.

Prior to the adoption of ASU 2020-06, the proceeds from the issuance of the 2025 Convertible Notes were allocated between the conversion feature recorded as equity and the liability for the notes themselves. The difference of $243 million between the principal amount of the 2025 Convertible Notes and the liability component (the “debt discount”) was to be amortized to interest expense using the effective interest method over the term of the 2025 Convertible Notes. The equity component of the 2025 Convertible Notes was included in additional paid-in capital in the consolidated balance sheet as of December 31, 2020 and was not to be remeasured as long as it continued to meet the conditions for equity classification. To determine the fair value of the liability component of the 2025 Convertible Notes as of the pricing date, we used the binomial model with inputs of time to maturity, conversion ratio, our stock price, risk free rate and volatility.

Effective January 1, 2021, we early adopted ASU 2020-06 using the modified retrospective approach. The adoption of this standard resulted in a decrease to additional paid-in capital of $243 million and an increase to our 2025 Convertible Notes by the same amount. At adoption, there was no adjustment recorded to the opening accumulated deficit as the cumulative effect was immaterial. Interest expense recognized in future periods will be reduced as a result of accounting for the 2025 Convertible Notes as a single liability measured at its amortized cost.

The fair value of our 2025 Convertible Notes was $1.2 billion as of March 31, 2021 and was determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input.

Senior Notes

The 2025, 2026, 2027 and 2028 Senior Notes (collectively "Senior Notes") are guaranteed by certain of our material domestic restricted subsidiaries. The indentures governing the Senior Notes contain customary covenants restricting our and certain of our subsidiaries' ability to incur debt and incur liens, as well as certain financial covenants specified in the indentures. We were in compliance with all covenants as of March 31, 2021.

The following table presents the fair values of our Senior Notes as of March 31, 2021, and were determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input (in millions):

	As of March 31, 2021
2025 Senior Note	$ 1,079
2026 Senior Note	1,626
2027 Senior Note	1,326
2028 Senior Note	541
Total	$ 4,572

The following table presents the amount of interest expense recognized relating to the contractual interest coupon and amortization of the debt discount and issuance costs with respect to our long term debt, for the three months ended March 31, 2020 and 2021 (in millions):

	Three Months Ended March 31,	
	2020	2021
Contractual interest coupon	$ 105	$ 111
Amortization of debt discount and issuance costs	3	7
Total interest expense from long-term debt	$ 108	$ 118

Revolving Credit Arrangements

We have a revolving credit agreement initially entered in 2015 with certain lenders, which provides for $2.3 billion in credit maturing on June 13, 2023 ("Revolving Credit Facility"). The Revolving Credit Facility may be guaranteed by certain of our material domestic restricted subsidiaries based on certain conditions. The credit agreement contains customary covenants restricting our and certain of our subsidiaries' ability to incur debt, incur liens, and undergo certain fundamental changes, as well as maintain a certain level of liquidity specified in the contractual agreement. The credit agreement also contains customary events of default. The Revolving Credit Facility also contains restrictions on the payment of dividends. As of March 31, 2021, there was no balance outstanding on the Revolving Credit Facility.

Letters of Credit

As of December 31, 2020 and March 31, 2021, we had letters of credit outstanding of $649 million and $680 million, respectively, of which the letters of credit that reduced the available credit under the Revolving Credit Facility were $233 million and $264 million, respectively.

Note 7 – Supplemental Financial Statement Information

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets were as follows (in millions):

	As of	
	December 31, 2020	March 31, 2021
Other receivables	$ 464	$ 542
Other	751	776
Prepaid expenses and other current assets	$ 1,215	$ 1,318

Accrued and Other Current Liabilities

Accrued and other current liabilities were as follows (in millions):

	As of	
	December 31, 2020	March 31, 2021
Accrued legal, regulatory and non-income taxes	$ 1,811	$ 2,559
Accrued Drivers and Merchants liability	651	594
Income and other tax liabilities	203	238
Other	2,447	2,278
Accrued and other current liabilities	$ 5,112	$ 5,669

Other Long-Term Liabilities

Other long-term liabilities were as follows (in millions):

	As of	
	December 31, 2020	March 31, 2021
Deferred tax liabilities	$ 818	$ 1,023
Other	488	717
Other long-term liabilities	$ 1,306	$ 1,740

Accumulated Other Comprehensive Income (Loss)

The changes in composition of accumulated other comprehensive income (loss), net of tax, for the three months ended March 31, 2020 and 2021 were as follows (in millions):

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Available-for-Sale Securities, Net of Tax	Total
Balance as of December 31, 2019	$ (231)	$ 44	$ (187)
Other comprehensive income (loss) before reclassifications	(148)	(60)	(208)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—
Other comprehensive income (loss)	(148)	(60)	(208)
Balance as of March 31, 2020	$ (379)	$ (16)	$ (395)

	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Available-for-Sale Securities, Net of Tax	Total
Balance as of December 31, 2020	$ (581)	$ 46	$ (535)
Other comprehensive income (loss) before reclassifications	33	1,156	1,189
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—
Other comprehensive income (loss)	33	1,156	1,189
Balance as of March 31, 2021	$ (548)	$ 1,202	$ 654

Other Income (Expense), Net

The components of other income (expense), net were as follows (in millions):

	Three Months Ended March 31,	
	2020	2021
Interest income	$ 38	$ 5
Foreign currency exchange gains (losses), net	(28)	(25)
Gain on business divestitures [1]	154	1,684
Unrealized gain (loss) on debt and equity securities, net [2]	(114)	63
Impairment of debt and equity securities [3]	(1,863)	—
Other, net	18	(17)
Other income (expense), net	$ (1,795)	$ 1,710

[1] During the three months ended March 31, 2020, gain on business divestitures represents a $154 million gain on the sale of our Uber Eats India operations to Zomato Media Private Limited (“Zomato”). During the three months ended March 31, 2021, gain on business divestitures represents a $1.6 billion gain on the sale of our ATG Business to Aurora. Refer to Note 16 – Divestiture for further information.

[2] During the three months ended March 31, 2020 and 2021, we recorded changes to the fair value of investments in securities accounted for under the fair value option.

[3] During the three months ended March 31, 2020, we recorded an impairment charge of $1.9 billion, primarily related to our investment in Didi, and a $173 million allowance for credit loss recorded on our investment in Grab.

Note 8 – Stockholders' Equity

Equity Compensation Plans

We maintain four equity compensation plans that provide for the issuance of shares of our common stock to our officers and other employees, directors, and consultants: the 2010 Stock Plan (the "2010 Plan"), the 2013 Equity Incentive Plan (the "2013 Plan"), the 2019 Equity Incentive Plan (the "2019 Plan"), and the 2019 Employee Stock Purchase Plan (the "ESPP"), which have all been approved by stockholders. Following our IPO in 2019, we have only issued awards under the 2019 Plan and the ESPP, and no additional awards will be granted under the 2010 and 2013 Plans. These plans provide for the issuance of incentive stock options ("ISOs"), nonqualified stock options ("NSOs"), stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance-based awards, and other awards (that are based in whole or in part by reference to our common stock).

Stock Option and SAR Activity

A summary of stock option and SAR activity for the three months ended March 31, 2021 is as follows (in millions, except share amounts which are reflected in thousands, per share amounts, and years):

	SARs Outstanding Number of SARs	Options Outstanding Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
As of December 31, 2020	229	28,734	$ 12.87	4.97	$ 1,104
Granted	—	891	$ 14.68		
Exercised	(21)	(3,390)	$ 10.57		
Canceled and forfeited	(1)	(162)	$ 19.28		
As of March 31, 2021	207	26,073	$ 13.19	4.26	$ 1,086
Vested and expected to vest as of March 31, 2021	151	19,476	$ 8.57	3.57	$ 902
Exercisable as of March 31, 2021	151	19,476	$ 8.57	3.57	$ 902

RSU Activity

The following table summarizes the activity related to our RSUs for the three months ended March 31, 2021 (in thousands, except per share amounts):

	Number of Shares	Weighted-Average Grant-Date Fair Value per Share
Unvested and outstanding as of December 31, 2020	83,736	$ 34.17
Granted	19,108	$ 59.44
Vested	(11,091)	$ 34.75
Canceled and forfeited	(9,607)	$ 34.64
Unvested and outstanding as of March 31, 2021	82,146	$ 39.95

Stock-Based Compensation Expense

Stock-based compensation expense is allocated based on the cost center to which the award holder belongs. The following table summarizes total stock-based compensation expense by function for the three months ended March 31, 2020 and 2021 (in millions):

	Three Months Ended March 31,	
	2020	2021
Operations and support	$ 25	$ 28
Sales and marketing	14	22
Research and development	167	133
General and administrative	71	98
Total	$ 277	$ 281

As of March 31, 2021, there was $3.0 billion of unamortized compensation costs related to all unvested awards. The unamortized compensation costs are expected to be recognized over a weighted-average period of approximately 3.13 years.

The tax benefits recognized in the condensed consolidated statements of operations for stock-based compensation arrangements were not material during the three months ended March 31, 2020 and 2021, respectively.

Note 9 – Income Taxes

We compute our quarterly income tax expense/(benefit) by using a forecasted annual effective tax rate and adjust for any discrete items arising during the quarter. We recorded an income tax expense/(benefit) of $(242) million and $185 million for the three months ended March 31, 2020 and 2021, respectively. During the three months ended March 31, 2020, the income tax benefit was primarily driven by the deferred U.S. tax impact of the impairment charges related to our investments in Didi and Grab, the deferred China tax impact of the impairment charge related to our investment in Didi, and to a lesser extent, the benefit of U.S. losses and current tax on foreign earnings. During the three months ended March 31, 2021, the income tax expense was primarily driven by current tax on foreign earnings, the deferred U.S. tax impact related to our investment in Aurora upon the sale of our ATG Business, offset by a partial benefit from U.S. losses. The primary differences between the effective tax rate and the federal statutory tax rate are due to the valuation allowance on our U.S. and Netherlands' deferred tax assets, foreign tax rate differences, and deferred taxes related to our investment in Aurora upon the sale of our ATG Business. Refer to Note 16 - Divestiture for further information regarding the sale of our ATG Business.

During the three months ended March 31, 2021, the amount of gross unrecognized tax benefits increased by $112 million, of which approximately $52 million of unrecognized tax benefits, if recognized, would impact the effective tax rate. The remaining $60 million of unrecognized tax benefits would not impact the effective tax rate due to the valuation allowance against certain deferred tax assets.

We are subject to taxation in the U.S. and various state and foreign jurisdictions. We are also under routine examination by federal, various state and foreign tax authorities. We believe that adequate amounts have been reserved in these jurisdictions. To the extent we have tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the federal, state or foreign tax authorities to the extent utilized in a future period. For our major tax jurisdictions, the tax years 2002 through 2021 remain open; the major tax jurisdictions are the U.S., Brazil, Netherlands, and Australia.

Although the timing of the resolution and/or closure of audits is highly uncertain, we do not expect any material changes to our unrecognized tax benefits within the next 12 months. Given the number of years remaining subject to examination and the number of matters being examined, we are unable to estimate the full range of possible adjustments to the balance of gross unrecognized tax benefits.

In the event we experience an ownership change within the meaning of Section 382 of the Internal Revenue Code ("IRC"), our ability to utilize net operating losses, tax credits and other tax attributes may be limited. The most recent analysis of our historical ownership changes was completed through March 31, 2021. Based on the analysis, we do not anticipate a current limitation on the tax attributes.

Note 10 – Net Income (Loss) Per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of common shares outstanding for the periods presented. Diluted net loss per share is computed by giving effect to all potential weighted average dilutive common stock. The dilutive effect of outstanding awards and convertible securities is reflected in diluted net loss per share by application of the treasury stock method. Since we were in a loss position for the three months ended March 31, 2020 and 2021, basic net loss per share was the same as diluted net loss per share for the periods presented.

We take into account the effect on consolidated net loss per share of dilutive securities of entities in which we hold equity interests that are accounted for using the equity method.

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders (in millions, except share amounts which are reflected in thousands, and per share amounts):

	Three Months Ended March 31,	
	2020	2021
Basic net loss per share:		
Numerator		
Net loss including non-controlling interests	$ (2,946)	$ (122)
Add: net loss attributable to non-controlling interests, net of tax	(10)	(14)
Net loss attributable to common stockholders	$ (2,936)	$ (108)
Denominator		
Basic weighted-average common stock outstanding	1,724,367	1,858,525
Basic net loss per share attributable to common stockholders [(1)]	$ (1.70)	$ (0.06)
Diluted net loss per share:		
Numerator		
Diluted net loss attributable to common stockholders	$ (2,936)	$ (108)
Denominator		
Diluted weighted-average common stock outstanding	1,724,367	1,858,525
Diluted net loss per share attributable to common stockholders [(1)]	$ (1.70)	$ (0.06)

[(1)] Per share amounts are calculated using unrounded numbers and therefore may not recalculate.

Effective January 1, 2021, we early adopted ASU 2020-06 using the modified retrospective approach. Upon adoption, we use the if-converted method and presume share settlement for our 2025 Convertible Notes and our non-interest bearing unsecured convertible notes related to the acquisition of Careem ("Careem Notes") when calculating the dilutive effect of these notes.

The following potentially dilutive outstanding securities were excluded from the computation of diluted net loss per share because their effect would have been anti-dilutive for the periods presented, or issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the period (in thousands):

	As of March 31,	
	2020	2021
Freight Holdings contingently redeemable preferred stock	—	13,586
Convertible notes	30,387	22,013
RSUs	115,206	82,146
Stock options	31,285	26,073
Common stock subject to repurchase	109	28
RSUs to settle fixed monetary awards	248	—
Shares committed under ESPP	5,452	2,084
Warrants to purchase common stock	126	126
Total	182,813	146,056

Note 11 – Segment Information and Geographic Information

We determine our operating segments based on how the chief operating decision maker ("CODM") manages the business, allocates resources, makes operating decisions and evaluates operating performance.

As of the first quarter of 2021, our three operating and reportable segments are as follows:

Segment	Description
Mobility	Mobility products connect consumers with Drivers who provide rides in a variety of vehicles, such as cars, auto rickshaws, motorbikes, minibuses, or taxis. Mobility also includes activity related to our U4B, Financial Partnerships, Transit and Vehicle Solutions offerings.
Delivery	Delivery offerings allow consumers to search for and discover local restaurants, order a meal, and either pick-up at the restaurant or have the meal delivered. In certain markets, Delivery also includes offerings for grocery and convenience store delivery as well as select other goods.
Freight	Freight connects carriers with shippers on our platform, and gives carriers upfront, transparent pricing and the ability to book a shipment.

In January 2021, we sold our ATG Business to Aurora. Our ATG Business was included in the ATG and Other Technology Programs segment prior to this transaction. As a result of the sale, ATG and Other Technology Programs segment was no longer a reportable segment. Beginning in the first quarter of 2021, results of ATG and Other Technology Programs are included within All Other. Refer to Note 16 – Divestiture for further information regarding the sale of our ATG Business.

For information about how our reportable segments derive revenue, refer to Note 2 – Revenue. Our segment operating performance measure is segment adjusted EBITDA. The CODM does not evaluate operating segments using asset information and, accordingly, we do not report asset information by segment. Segment adjusted EBITDA is defined as revenue less the following expenses: cost of revenue, operations and support, sales and marketing, and general and administrative and research and development expenses associated with our segments. Segment adjusted EBITDA also excludes non-cash items or items that management does not believe are reflective of our ongoing core operations (as shown in the table below). The following table provides information about our segments and a reconciliation of the total segment adjusted EBITDA to loss from operations (in millions):

	Three Months Ended March 31,	
	2020	**2021**
Segment adjusted EBITDA:		
Mobility	$ 581	$ 298
Delivery	(313)	(200)
Freight	(64)	(29)
All Other [1]	(171)	(11)
Total segment adjusted EBITDA	33	58
Reconciling items:		
Corporate G&A and Platform R&D [2], [3]	(645)	(417)
Depreciation and amortization	(128)	(212)
Stock-based compensation expense	(277)	(281)
Legal, tax, and regulatory reserve changes and settlements	(19)	(551)
Goodwill and asset impairments/loss on sale of assets	(193)	(57)
Acquisition, financing and divestitures related expenses	(10)	(36)
Accelerated lease costs related to cease-use of ROU assets	—	(2)
COVID-19 response initiatives	(24)	(26)
Loss from operations	$ (1,263)	$ (1,524)

[1] Includes ATG and Other Technology Programs and historical results of New Mobility.

[2] Excluding stock-based compensation expense.

[3] Includes costs that are not directly attributable to our reportable segments. Corporate G&A also includes certain shared costs such as finance, accounting, tax, human resources, information technology and legal costs. Platform R&D also includes mapping and payment technologies and support and development of the internal technology infrastructure. Our allocation methodology is periodically evaluated and may change.

Geographic Information

Revenue by geography is based on where the trip or shipment was completed or meal or grocery order delivered. The following table sets forth revenue by geographic area for the three months ended March 31, 2020 and 2021 (in millions):

	Three Months Ended March 31,	
	2020	2021
United States	$ 1,952	$ 1,683
France	134	391
All other countries	1,162	829
Total revenue	$ 3,248	$ 2,903

Revenue grouped by offerings and geographical region is included in Note 2 – Revenue.

Note 12 – Commitments and Contingencies

Purchase Commitments

We have commitments for network and cloud services, background checks, and other items in the ordinary course of business with varying expiration terms through 2024. These amounts are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated.

As of March 31, 2021, there were no material changes to our purchase commitments disclosed in the financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2020.

Contingencies

From time to time, we are a party to various claims, non-income tax audits and litigation in the normal course of business. As of December 31, 2020 and March 31, 2021, we had recorded aggregate liabilities of $1.8 billion and $2.6 billion, respectively, of which $1.3 billion and $1.2 billion relate to non-income tax matters, respectively, in accrued and other current liabilities on the condensed consolidated balance sheets for all of our legal, regulatory and non-income tax matters that were probable and reasonably estimable.

We are currently party to various legal and regulatory matters that have arisen in the normal course of business and include, among others, alleged independent contractor misclassification claims, Fair Credit Reporting Act (“FCRA”) claims, alleged background check violations, pricing and advertising claims, unfair competition claims, intellectual property claims, employment discrimination and other employment-related claims, Telephone Consumer Protection Act (“TCPA”) claims, Americans with Disabilities Act (“ADA”) claims, data and privacy claims, securities claims, antitrust claims, challenges to regulations, and other matters. We have existing litigation, including class actions, Private Attorney General Act lawsuits, arbitration claims, and governmental administrative and audit proceedings, asserting claims by or on behalf of Drivers that Drivers are misclassified as independent contractors. In connection with the enactment of California State Assembly Bill 5 (“AB5”), we have received and expect to continue to receive - in California and in other jurisdictions - an increased number of misclassification claims. With respect to our outstanding legal and regulatory matters, based on our current knowledge, we believe that the ultimate amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on our business, financial position, results of operations, or cash flows. The outcome of such legal matters is inherently unpredictable and subject to significant uncertainties. If one or more of these matters were resolved against us for amounts in excess of management's expectations, our results of operations, financial condition or cash flows could be materially adversely affected.

Driver Classification

California Attorney General Lawsuit

In January 2020, AB5 went into effect. AB5 codifies a test to determine whether a worker is an employee under California law. The test is referred to as the “ABC” test, and was originally handed down by the California Supreme Court in Dynamex Operations v. Superior Court in 2018. Under the ABC test, workers performing services for a hiring entity are considered employees unless the hiring entity can demonstrate three things: the worker (A) is free from the hiring entity’s control, (B) performs work that is outside the usual course of the hiring entity’s business, and (C) customarily engages in the independent trade, work or type of business performed for the hiring entity.

On May 5, 2020, the California Attorney General, in conjunction with the city attorneys for San Francisco, Los Angeles and San Diego, filed a complaint in San Francisco Superior Court against Uber and Lyft, Inc. (“Lyft”). The complaint alleges drivers are misclassified, and seeks an injunction and monetary damages related to the alleged competitive advantage caused by the alleged misclassification of drivers.

On August 10, 2020, the Court issued a preliminary injunction order prohibiting us from classifying drivers as independent contractors and from violating various wage and hour laws. The injunction was stayed pending appeal. On October 22, 2020, the Court of Appeal affirmed the lower court’s ruling, and we filed a petition for review of the decision with the California Supreme

Court. The petition was based upon the passage of Proposition 22 by California voters in November 2020, and requested that the Court of Appeal opinion be vacated because AB5's application to Uber was superseded by Proposition 22.

Proposition 22 is a state ballot initiative that provides a framework for drivers that use platforms like ours to qualify as independent workers. As a result of the passage of Proposition 22, Drivers are able to maintain their status as independent contractors under California law, and we and our competitors are required to comply with the provisions of Proposition 22. Proposition 22 went into effect on December 16, 2020.

The California Supreme Court declined the petition for review on February 10, 2021. The lawsuit was returned to the trial court following the appellate proceedings on February 22, 2021. On April 12, 2021, the California Attorney General, Uber and Lyft filed a stipulation to dissolve the preliminary injunction with the trial court. On April 16, 2021, the trial court signed an order granting the stipulation, which was filed with the court clerk on April 20, 2021. Although the preliminary injunction has been dissolved, the lawsuit remains ongoing relating to claims by the California Attorney General for periods prior to enactment of Proposition 22. We intend to continue to vigorously defend ourselves. Our chances of success on the merits are still uncertain and any reasonably possible loss or range of loss cannot be estimated.

Massachusetts Attorney General Lawsuit

On July 9, 2020, the Massachusetts Attorney General filed a complaint in Suffolk County Superior Court against Uber and Lyft. The complaint alleges Drivers are employees, and are entitled to protections under the wage and labor laws. The complaint was served on July 20, 2020 and Uber filed a motion to dismiss the complaint on September 24, 2020, which was denied on March 25, 2021. Our chances of success on the merits are still uncertain and any reasonably possible loss or range of loss cannot be estimated.

Postmates Arbitrations

We have received demands or have been threatened with demands for individual arbitration on behalf of Delivery People who claim to be misclassified as independent contractors by Postmates. These claims expose us to wage and hour and related liabilities for each individual who has filed a demand. The ultimate resolution of the arbitrations is uncertain and the amount accrued for this matter is recorded within accrued and other current liabilities on the condensed consolidated balance sheets, with a corresponding increase to goodwill, based on facts and circumstances in existence as of the effective date of the acquisition.

Swiss Social Security Reclassification

Several Swiss administrative bodies have issued decisions in which they classify Drivers as employees of Uber Switzerland, Rasier Operations B.V. or of Uber B.V. for social security or regulatory purposes. We are challenging each of them before the Social Security and Administrative Tribunals. In April 2020, a ruling was made on a separate matter in Switzerland which reclassified a Driver as an employee. The ultimate resolution of the social security matters is uncertain and the amount accrued for this matter is recorded within accrued and other current liabilities on the condensed consolidated balance sheets.

Aslam, Farrar, Hoy and Mithu v. Uber B.V., Uber Britannia Ltd. and Uber London Ltd.

On October 28, 2015, a claim by 25 Drivers, including Mr. Y. Aslam and Mr. J. Farrar, was brought in the UK Employment Tribunal against us asserting that they should be classified as "workers" (a separate category between independent contractors and employees) in the UK rather than independent contractors. The tribunal ruled on October 28, 2016 that Drivers were workers whenever our app is switched on and they are ready and able to take trips based on an assessment of the app in July 2016. The Court of Appeal rejected our appeal in a majority decision on December 19, 2018. We appealed to the Supreme Court and a hearing at the Supreme Court took place in July 2020.

On February 19, 2021, the Supreme Court of the UK upheld the tribunal ruling that the Drivers using the app in 2016 were workers for UK employment law purposes. Damages include back pay including holiday pay and minimum wage. Additional claimants have also filed and each claimant will be required to bring their own separate action to an employment tribunal to determine whether they met the "worker" classification and if so, how much each claimant will be awarded.

On March 16, 2021, we announced that more than 70,000 drivers in the UK will be treated as workers, earning at least the National Living Wage when driving with Uber. They will also be paid for holiday time and all those eligible will be automatically enrolled into a pension plan. We have also initiated a settlement process with drivers in the UK to resolve historical claims relating to their classification under UK law. In addition, we expect to be subject to historical pension contributions, which requires our separate engagement with the UK pension regulator. While the ultimate resolution of these matters are uncertain, we have recorded an accrual for these matters within accrued and other current liabilities on the condensed consolidated balance sheet as of March 31, 2021.

Other Driver Classification Matters

Additionally, we have received other lawsuits and governmental inquiries in other jurisdictions, and anticipate future claims, lawsuits, arbitration proceedings, administrative actions, and government investigations and audits challenging our classification of Drivers as independent contractors and not employees. We believe that our current and historical approach to classification is supported by the law and intend to continue to defend ourselves vigorously in these matters. However, the results of litigation and arbitration are inherently unpredictable and legal proceedings related to these claims, individually or in the aggregate, could have a material impact on our business, financial condition, results of operations and cash flows. Regardless of the outcome, litigation and arbitration of these matters can have an adverse impact on us because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors.

State Unemployment Taxes

In December 2016, following an audit opened in 2014 investigating whether Drivers were independent contractors or employees, we received a Notification of Assessment from the Employment Development Department ("EDD"), State of California, for payroll tax liabilities. The notice retroactively imposed various payroll tax liabilities on us, including unemployment insurance, employment training tax, state disability insurance, and personal income tax. We have filed a petition with an administrative law judge of the California Unemployment Insurance Appeals Board appealing the assessment. In addition to the assessment, there is a risk of exposure for later years, although no formal assessment has been issued. This matter remains pending.

In 2018, the New Jersey Department of Labor ("NJDOL") opened an audit reviewing whether Drivers were independent contractors or employees for purposes of determining whether unemployment insurance regulations apply from 2014 through 2018. The NJDOL made an assessment on November 12, 2019, against both Rasier and Uber. Both assessments were calculated through November 15, 2019, but only calculated the alleged contributions, penalties, and interests owed from 2014 through 2018. The DOL provided a revised assessment on February 24, 2021. We are engaged in ongoing discussions with the NJDOL about the assessments, though the NJDOL has noticed Uber for a hearing on the merits.

Google v. Levandowski & Ron; Google v. Levandowski

On October 28, 2016, Google filed arbitration demands against each of Anthony Levandowski and Lior Ron, former employees of Google, alleging breach of their respective employment agreements with Google, fraud and other state law violations (due to soliciting Google employees and starting a new venture to compete with Google's business in contravention of their respective employment agreements). Google sought damages, injunctive relief, and restitution. On March 26, 2019, following a hearing, the arbitration panel issued an interim award, finding against each of Google's former employees and awarding $127 million against Anthony Levandowski and $1 million for which both Anthony Levandowski and Lior Ron are jointly and severally liable. In July 2019, Google submitted its request for interest, attorneys fees, and costs related to these claims. The Panel's Final Award was issued on December 6, 2019. On February 7, 2020, Ron and Google entered into a settlement agreement and mutual release to satisfy the corrected final award in the amount of approximately $10 million. Uber paid Google on behalf of Ron pursuant to an indemnification obligation. A dispute continues to exist with regard to Uber's alleged indemnification obligation to Levandowski. Whether Uber is ultimately responsible for indemnification of Levandowski depends on the exceptions and conditions set forth in the indemnification agreement. In March 2020, Levandowski pleaded guilty to criminal trade secret charges and filed for bankruptcy. Uber filed a proof of claim in the bankruptcy court, and Levandowski additionally asserted a claim against Uber alleging that Uber failed to perform its obligations under an agreement with Otto Trucking, LLC. The indemnification dispute and Levandowski's claim will proceed in the bankruptcy court. Former President Trump pardoned Levandowski from the trade secret conviction. The ultimate resolution of the matter could result in a possible loss of up to $60 million or more (depending on interest incurred) in excess of the amount accrued.

Non-Income Tax Matters

We recorded an estimated liability for contingencies related to non-income tax matters and are under audit by various domestic and foreign tax authorities with regard to such matters. The subject matter of these contingent liabilities and non-income tax audits primarily arises from our transactions with Drivers, as well as the tax treatment of certain employee benefits and related employment taxes. In jurisdictions with disputes connected to transactions with Drivers, 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 Drivers.

We are involved in a proceeding in the UK involving HMRC, the tax regulator in the UK, which is seeking to classify us as a transportation provider. Being classified as a transportation provider would result in a VAT (20%) on Gross Bookings or on the service fee that we charge Drivers, both retroactively and prospectively. HMRC is considering a number of factors including our contractual Driver, Rider and intercompany arrangements, and HMRC is also expected to consider the U.K. Supreme Court's February 19, 2021 ruling on Drivers' worker classification, in determining whether we should be classified as a provider of transportation services. HMRC may update its assessment, which we would then review and discuss with HMRC. If we do not reach a satisfactory resolution after exhausting HMRC's review and appeals process, we would still be able to argue our case anew in the U.K. Tax Court, which may require the up-front payment to the Tax Court ("pay-to-play") of any final HMRC assessment to be held in escrow. We continue to believe that we have meritorious defense in these proceedings.

Our estimated liability is inherently subjective due to the complexity and uncertainty of these matters and the judicial processes in certain jurisdictions, therefore, the final outcome could be different from the estimated liability recorded.

Other Legal and Regulatory Matters

We have been subject to various government inquiries and investigations surrounding the legality of certain of our business practices, compliance with antitrust, Foreign Corrupt Practices Act and other global regulatory requirements, labor laws, securities laws, data protection and privacy laws, and the infringement of certain intellectual property rights. We have investigated many of these matters and we are implementing a number of recommendations to our managerial, operational and compliance practices, as well as strengthening our overall governance structure. In many cases, we are unable to predict the outcomes and implications of these inquiries and investigations on our business which could be time consuming, costly to investigate and require significant management attention. Furthermore, the outcome of these inquiries and investigations could negatively impact our business, reputation, financial condition and operating results, including possible fines and penalties and requiring changes to operational activities and procedures.

Indemnifications

In the ordinary course of business, we often include standard indemnification provisions in our arrangements with third parties. Pursuant to these provisions, we may be obligated to indemnify such parties for losses or claims suffered or incurred in connection with their activities or non-compliance with certain representations and warranties made by us. In addition, we have entered into indemnification agreements with our officers, directors, and certain current and former employees, and our certificate of incorporation and bylaws contain certain indemnification obligations. It is not possible to determine the maximum potential loss under these indemnification provisions / obligations because of the unique facts and circumstances involved in each particular situation.

Note 13 – Variable Interest Entities

Variable interest entities ("VIEs") are legal entities that lack sufficient equity to finance their activities without future subordinated financial support.

Consolidated VIEs

We consolidate VIEs in which we hold a variable interest and are the primary beneficiary. We are the primary beneficiary because we have the power to direct the activities that most significantly impact the economic performance of these VIEs. As a result, we consolidate the assets and liabilities of these VIEs.

Total assets included on the condensed consolidated balance sheets for our consolidated VIEs as of December 31, 2020 and March 31, 2021 were $1.2 billion and $668 million, respectively. Total liabilities included on the condensed consolidated balance sheets for these VIEs as of December 31, 2020 and March 31, 2021 were not material.

Freight Holding

As of March 31, 2021, we own the majority of the issued and outstanding capital stock of Uber Freight Holding Corporation, our majority-owned subsidiary ("Freight Holding") and report non-controlling interest as further described in Note 14 – Non-Controlling Interests.

Divestiture of ATG Business and Aurora Investments

As of December 31, 2020, we consolidated the ATG Business' assets and liabilities and reported non-controlling interests. The common units held by us in the ATG Business were determined to be a variable interest. We determined that the ATG Business was a VIE as it lacked sufficient equity to finance its activities without future subordinated financial support. We had the power to direct the activities that most significantly impacted the economic performance of the ATG Business, and, as a result, we were the primary beneficiary of the ATG Business.

On January 19, 2021, we completed the sale of the ATG Business to Aurora. Refer to the section titled "Unconsolidated VIEs" below for additional information on Aurora. Refer to Note 16 – Divestiture for further information on the sale of the ATG Business.

Careem Qatar and Morocco

The assets and operations in Careem Qatar and Morocco (collectively "Non-Transferred Countries"), have not yet been transferred to us as of March 31, 2021. Transfer of the assets and operations of the Non-Transferred Countries will be subject to a delayed closing pending timing of regulatory approval. We have rights to all residual interests in the entities comprising the Non-Transferred Countries which is considered a variable interest. We are exposed to losses and residual returns of the entities comprising the Non-Transferred Countries through the right to all of the proceeds from either the divestiture or the eventual legal transfer upon regulatory approval of the entities comprising the Non-Transferred Countries.

Unconsolidated VIEs

We do not consolidate VIEs in which we hold a variable interest but are not the primary beneficiary because we lack the power to direct the activities that most significantly impact the entities' economic performance. Our carrying amount of assets recognized on the condensed consolidated balance sheets related to unconsolidated VIEs was $308 million and $2.2 billion as of December 31, 2020 and March 31, 2021, respectively, and represents our maximum exposure to loss associated with the unconsolidated VIEs.

Zomato

Zomato is incorporated in India with the purposes of providing food delivery services. On January 21, 2020, we acquired compulsorily convertible cumulative preference shares of Zomato in exchange for Uber's food delivery operations in India ("Uber

Eats India”), and a note receivable for reimbursement of goods and services tax. We are exposed to Zomato’s economic risks and rewards through our investment and note receivable which represent variable interests.

Lime

Neutron Holdings, Inc. (“Lime”) is incorporated in Delaware for the purpose of owning and operating a fleet of dockless e-bikes and e-scooters for short-term access use by consumers for personal transportation. On May 7, 2020, we entered into a series of transactions and agreements with Lime to divest our JUMP business and acquired ownership in Lime comprised of Lime Common Stock, Lime 1-C Preferred Stock, Lime 1-C Preferred Stock Warrants, and the Lime Convertible Note (collectively, the “2020 Lime Investments”). We are exposed to Lime’s economic risks and rewards through our ownership of the 2020 Lime Investments, which represent variable interests.

Cornershop: CS-Mexico

As of December 31, 2020, Cornershop Cayman’s (“Cornershop”) business operations in Mexico (“CS-Mexico”) were determined to be a variable interest. We were exposed to CS-Mexico’s economic risks and rewards however, we were not the primary beneficiary and we did not consolidate CS-Mexico.

In December 2020, we received approval from Mexico’s antitrust regulator to complete the CS-Mexico transaction. On January 11, 2021, Cornershop Global (“CS-Global”), an entity which held all of Cornershop business operations, except for those in Mexico, exercised a call option and acquired 100% of the outstanding equity interest in CS-Mexico. Uber owns 55% of CS-Mexico through its ownership in CS-Global. The acquisition of CS-Mexico by CS-Global triggered a reconsideration event and we reevaluated if CS-Mexico still met the definition of a VIE. As of March 31, 2021, we determined that CS-Mexico was no longer a VIE when it was acquired by CS-Global, which has sufficient equity to operate without the need for subordinated financial support.

Aurora

In January 2021, we sold our ATG Business to Aurora. After the sale, we hold equity interests in Aurora through our Aurora Investments. As of March 31, 2021, the fair value of our Aurora Investments was $1.7 billion and is included in investments on the condensed consolidated balance sheet. Refer Note 3 – Investments and Fair Value Measurement for additional information regarding the accounting for our Aurora Investments and Note 16 – Divestiture for additional information regarding the sale of our ATG Business.

Aurora is a VIE as it lacks sufficient equity to finance its activities without future subordinated financial support. We are exposed to Aurora’s economic risks and rewards through our equity interests, which represent variable interests.

Moove

On February 12, 2021 (the “Moove Closing Date”), we entered into and completed a series of agreements with Garment Investments S.L. dba Moove (“Moove”) including (i) an equity investment, through preferred shares, in which Uber acquired a 30% minority interest in Moove from its current shareholders at closing and up to approximately $185 million contingent on future performance of Moove and certain other conditions through the eighth anniversary of the agreement, (ii) a term loan of $213 million to Moove, due February 2026, and (iii) a commercial partnership agreement. Also included in the agreements is an option for us to purchase common stock of Moove at fair value, beginning two years after the Moove Close Date. Moove is a vehicle fleet operator in Spain. After this series of agreements, Moove is considered a related party.

As of March 31, 2021, our equity investment in Moove, through preferred shares, is accounted for as an investment in non-marketable equity securities included in investments on the condensed consolidated balance sheet. The term loan of $213 million is accounted for as a loan receivable, carried at amortized cost, and included in other assets on the condensed consolidated balance sheet. Refer to Note 3 – Investments and Fair Value Measurement, Assets Measured at Fair Value on a Non-Recurring Basis, for additional information regarding our non-marketable equity securities.

Moove is a VIE as it lacks sufficient equity to finance its activities without future subordinated financial support. We are exposed to Moove’s economic risks and rewards through our equity investment, the term loan and commercial partnership agreement, which represent variable interests.

Note 14 – Non-Controlling Interests

Freight Holding

As of December 31, 2020 and March 31, 2021, we owned 85% of the issued and outstanding capital stock of our subsidiary Uber Freight Holding Corporation (“Freight Holding”), or 79% on a fully-diluted basis if all shares reserved for issuance under our Freight Holding employee incentive plan were issued and outstanding. The minority stockholders of Freight Holding include Greenbriar Equity Group, L.P., who hold shares of Freight Holding’s Series A Preferred Stock, and holders of common equity awards issued under the employee equity incentive plans and employees who hold fully vested shares.

Cornershop

As of December 31, 2020 and March 31, 2021, we owned 55% of the outstanding membership interests in the issued and outstanding capital stock of CS-Global, or 52% on a fully-diluted basis. In December 2020, we received approval from Mexico's antitrust regulator to complete the CS-Mexico transaction. On January 11, 2021, CS-Global exercised a call option and acquired 100% of the outstanding equity interest in CS-Mexico, which increased their redeemable non-controlling interest. We own 55% of CS-Mexico through our ownership interest in CS-Global.

Divestiture of ATG Business to Aurora

On January 19, 2021, we completed the previously announced sale of our ATG Business to Aurora. As a result, our controlling interest and the non-controlling interests in the ATG Business were settled and ownership of the ATG Business transferred to Aurora. We derecognized the carrying value of non-controlling interests in the ATG Business of $1.1 billion, which included Toyota Motor North America, Inc. and DENSO International America, Inc. non-redeemable non-controlling interests of $701 million and SVF Yellow (USA) Corporation's (or "Softbank's") redeemable non-controlling interests of $356 million. Refer to Note 16 – Divestiture for further information.

Note 15 – Business Combinations

Careem

During the first quarter of 2020, we completed the acquisition of substantially all of the assets of Careem for approximately $3.0 billion. Dubai-based Careem provides primarily ridesharing and to a lesser extent meal delivery, and payments services to millions of users in cities across the Middle East, North Africa, and Pakistan. As of March 31, 2021, ownership of Careem's operations in Qatar and Morocco had not yet been transferred to us; however the results of operations and net assets were fully consolidated as variable interest entities.

As part of the acquisition, we agreed to issue the Careem Notes with an acquisition date fair value of $1.6 billion in different tranches with $880 million of the principal amount of the Careem Notes issued as of January 2, 2020 and settled in cash on April 1, 2020. Each tranche of the Careem Notes is due and payable 90 days once issued. The holders of the Careem Notes may elect to convert the full outstanding principal balance to common stock at a conversion price of $55 per share of Uber Technologies, Inc. at any time prior to maturity. During the first quarter of 2021, certain holders of the Careem Notes elected to convert their notes and as a result of such elections, $352 million of the principal amount of the Careem Notes matured, of which $194 million were settled in cash and $158 million were settled in equity.

The remaining amount of the Careem Notes is recognized as a commitment to issue unsecured convertible notes at fair value in accrued and other current liabilities of $302 million and in other long-term liabilities $121 million as of March 31, 2021. The discount from the Careem Notes face value to fair value will be accreted through the respective repayment dates as interest expense. The amount of accretion for the three months ended March 31, 2021 was not material.

Cornershop

During the third quarter of 2020, we acquired a 55% controlling interest in the Cornershop Global ("CS-Global"), an entity which held all of Cornershop Cayman's ("Cornershop") business operations, except for those in Mexico. Cornershop operates as an online grocery delivery platform primarily in Chile and Mexico. Uber and CS-Global also entered into a put/call arrangement over the non-controlling interest in CS-Global, providing Uber the right and obligation to acquire the remaining interest from non-controlling interest holders, exercisable in 5 years if there is no IPO or liquidation event, at a future negotiated price.

Concurrent with the CS-Global acquisition transaction, Uber, Cornershop and CS-Global entered into a put/call agreement providing CS-Global with the right through the call option (and obligation through the put option held by Cornershop) to purchase all of the interests in CS-Mexico, contingent upon the receipt of regulatory approval in Mexico ("CS-Mexico Put/Call"). Upon either the exercise of the call option (by CS-Global) or the put option (by Cornershop), CS-Global would acquire 100% of the outstanding equity interests in CS-Mexico.

In December 2020, we received approval from Mexico's antitrust regulator to complete the CS-Mexico transaction. On January 11, 2021, CS-Global exercised the call option through the CS-Mexico Put/Call agreement, and acquired 100% of the outstanding equity interest in CS-Mexico. Uber owns 55% of the CS-Mexico through its ownership in CS-Global. The acquisition of CS-Mexico was accounted for as a business combination. The acquisition date fair value of the consideration transferred for CS-Mexico was immaterial, and consisted of a combination of cash payment and equity payment in Uber common stock and the fair value of the CS-Mexico Put/Call remeasured at the acquisition date. As a result of remeasuring our prior CS-Mexico Put/Call held immediately prior to the business combination, we recognized an immaterial loss during the three months ended March 31, 2021. The loss is included in other income (expense), net in the condensed consolidated statements of operations.

Postmates

On December 1, 2020, we completed the acquisition of Postmates, Inc. ("Postmates"), an on-demand delivery platform in the U.S. by acquiring 100% ownership interest in Postmates for a total consideration of approximately $3.9 billion.

During the first quarter of 2021, we recorded a measurement period adjustment of $170 million to accrued and other current liabilities with a corresponding increase to goodwill, based on facts and circumstances in existence as of the effective date of the acquisition. Refer to Note 12 – Commitments and Contingencies for further information.

Note 16 – Divestiture

Divestiture of ATG Business to Aurora

On January 19, 2021, we completed the previously announced sale of our ATG Business, a subsidiary focused on the development and commercialization of autonomous vehicle technology, to Aurora. As a result, our controlling interest and the non-controlling interests in the ATG Business were settled, and ownership of the ATG Business transferred to Aurora.

As consideration for the sale, Aurora issued Series U-1 preferred shares to the third party investors of the ATG Business to settle their ATG Series A Stated Liquidation Preference of $1.1 billion, which had previously been recorded as redeemable and non-redeemable non-controlling interests on our condensed consolidated balance sheet prior to this transaction. We received the residual consideration from the sale as the only common unit holder of the ATG Business in the form of Aurora common shares valued at $1.3 billion, representing 22% of fully-diluted (25% undiluted) ownership interest of Aurora. Concurrently, we invested $400 million in Aurora in exchange for Aurora Series U-2 preferred shares, representing 4% of fully-diluted (5% undiluted) ownership interest of Aurora. Refer to Note 3 – Investments and Fair Value Measurement for additional information.

We do not consolidate Aurora under either the VIE or the voting interest model. For further information, refer to Note 13 – Variable Interest Entities.

We entered into a commercial agreement with Aurora pursuant to which the parties will collaborate with best efforts to launch and commercialize self-driving vehicles on our ridesharing network. We also allowed unvested RSUs for Uber stock held by employees of the ATG Business that transferred to Aurora to continue to vest over the next 12 months contingent upon the employee remaining at Aurora. As a result, we recognized liabilities of $315 million as consideration for these future obligations to Aurora.

The sale of the ATG Business did not represent a strategic shift that would have had a major effect on our operations and financial results, and therefore does not qualify for reporting as a discontinued operation. The resulting gain on disposal was recorded in other income (expense), net in the condensed consolidated statement of operations.

After the sale of the ATG Business, Aurora is considered a related party.

The following table presents the gain on sale of the ATG Business (in millions):

		Three Months Ended March 31, 2021
Common shares received	$	1,277
Derecognition of ATG Business' non-controlling interests		1,057
Liability recognized for future obligations		(315)
Net consideration received for sale of the ATG Business		2,019
Carrying value of net assets transferred		(375)
Gain on the sale of the ATG Business	$	1,644

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements included in our 2020 Annual Report on Form 10-K. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. You should review the sections titled "Special Note Regarding Forward-Looking Statements" for a discussion of forward-looking statements and Part II, Item 1A, "Risk Factors" for a discussion of factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis and elsewhere in this Quarterly Report on Form 10-Q.

Overview

We are a technology platform that uses a massive network, leading technology, operational excellence and product expertise to power movement from point A to point B. We develop and operate proprietary technology applications supporting a variety of offerings on our platform. We connect consumers with providers of ride services, merchants and food delivery services as well as public transportation networks. We use this same network, technology, operational excellence and product expertise to connect shippers with carriers in the freight industry. We are also developing technologies that provide new solutions to solve everyday problems.

COVID-19

In March 2020, the World Health Organization declared the outbreak of the coronavirus disease ("COVID-19") a pandemic. The COVID-19 pandemic has rapidly changed market and economic conditions globally, impacting Drivers, Delivery People, Merchants, consumers and business partners, as well as our business, results of operations, financial position and cash flows. Various governmental restrictions, including the declaration of a federal National Emergency, multiple cities' and states' declarations of states of emergency, school and business closings, quarantines, "shelter at home" orders, restrictions on travel, limitations on social or public gatherings, and other social distancing measures have, and may continue to have, an adverse impact on our business and operations, including, for example, by reducing the global demand for Mobility rides.

COVID-19 Response Initiatives

We continue to prioritize the health and safety of our consumers, Drivers and Merchants and the communities we serve. As one of the world's largest platforms for work, we continue to believe that we will play an important role in the economic recovery of cities around the globe. We are focused on navigating the challenges presented by COVID-19 through preserving our liquidity and managing our cash flow by taking preemptive action to enhance our ability to meet our short-term liquidity needs. The pandemic has reduced the demand for our Mobility offering globally. We have responded to the COVID-19 pandemic by launching new, or expanding existing, services or features on an expedited basis, particularly those related to delivery of food and other goods.

To comply with social distancing guidelines of national, state and local governments, we have temporarily suspended UberPOOL, our shared Mobility offering, in most markets, and implemented "leave at door" delivery options for Delivery offerings. Additionally, we have asked that all employees who are able to do so work remotely.

In addition, to support those whose earning opportunities have been depressed as a result of the COVID-19 pandemic, as well as communities hit hard during this unprecedented period, we announced and implemented several initiatives during the first quarter of 2020, including a financial assistance program, for Drivers who are impacted by the pandemic, as well as personal protective equipment disbursement. As vaccination rates increase in the United States, we are observing that consumer demand for Mobility is recovering faster than driver availability, and consumer demand for Delivery continues to exceed courier availability. We recently announced that we are increasing investments in driver incentives to improve driver availability in the near-term.

While we continue to assess the impact from the COVID-19 outbreak, we are unable to accurately predict the full impact of COVID-19 on our business, results of operations, financial position and cash flows due to numerous uncertainties, including the severity of the disease, the duration of the outbreak, any future waves or resurgences of the virus, variants of the virus, the administration, adoption and efficacy of vaccines in the United States and internationally, additional actions that may be taken by governmental authorities, the further impact on the business of Drivers, Merchants, consumers, and business partners, and other factors identified in Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q.

Driver Classification Developments

The classification of Drivers is currently being challenged in courts, by legislators and by government agencies in the United States and abroad. We are involved in numerous legal proceedings globally, including putative class and collective class action lawsuits, demands for arbitration, charges and claims before administrative agencies, and investigations or audits by labor, social security, and tax authorities that claim that Drivers should be treated as our employees (or as workers or quasi-employees where those statuses exist), rather than as independent contractors. Of particular note are proceedings in California, where on May 5, 2020, the

California Attorney General, in conjunction with the city attorneys for San Francisco, Los Angeles and San Diego, filed a complaint in San Francisco Superior Court (the "Court") against Uber and Lyft, alleging that drivers are misclassified, and sought an injunction and monetary damages related to the alleged competitive advantage caused by the alleged misclassification of drivers.

On August 10, 2020, the Court issued a preliminary injunction order prohibiting us from classifying Drivers as independent contractors and from violating various wage and hour laws. Following a stay of the injunction and our unsuccessful appeal of the injunction to a Court of Appeal, we were ordered to comply with the preliminary injunction. In November 2020, California voters approved Proposition 22, a state ballot initiative that provides a framework for drivers that use platforms like ours for independent work. Proposition 22 went into effect in December 2020 and we expect that Drivers will be able to maintain their status as independent contractors under California law and that we and our competitors will be required to comply with the provisions of Proposition 22. Although we do not expect that the California Attorney General's preliminary injunction will go into effect, litigation asserting that Assembly Bill 5 requires Drivers in California to be classified as employees, including the California Attorney General's suit, remains pending, and we may face liability relating to periods before the effective date of Proposition 22.

To comply with Proposition 22, we have incurred and expect to incur additional expenses, including expenses associated with a guaranteed minimum earnings floor for Drivers, insurance for injury protection and subsidies for health care. We do not expect these changes will have a material impact on our business, results of operations, financial position, or cash flows.

Also of note, on October 28, 2015, a claim by 25 Drivers, including Mr. Y. Aslam and Mr. J. Farrar, was brought in the UK Employment Tribunal against us asserting that they should be classified as "workers" (a separate category between independent contractors and employees) in the UK rather than independent contractors. The tribunal ruled on October 28, 2016 that the Drivers were workers whenever our app was switched on and they were ready and able to take trips, based on an assessment of the app in July 2016. The Court of Appeal rejected our appeal in a majority decision on December 19, 2018. We appealed to the Supreme Court and a hearing at the Supreme Court took place in July 2020.

On February 19, 2021, the Supreme Court of the UK upheld the tribunal ruling. Subsequently, we initiated a historical claims settlement process to UK drivers. Damages may include back pay including holiday pay and minimum wage. Additional claimants have also filed and each claimant will be required to bring their own separate action to an employment tribunal to determine whether they met the "worker" classification and if so, how much each claimant will be awarded.

On March 16, 2021, we announced that more than 70,000 drivers in the UK will be treated as workers, earning at least the National Living Wage when driving with Uber. They will also be paid for holiday time and all those eligible will be automatically enrolled into a pension plan. We have also initiated a settlement process with drivers in the UK to resolve historical claims relating to their classification under UK law. In addition, we expect to be subject to historical pension contributions, which requires our separate engagement with the UK pension regulator.

If, as a result of legislation or judicial decisions, we are required to classify Drivers as employees, workers or quasi-employees where those statuses exist, we would incur significant additional expenses for compensating Drivers, including expenses associated with the application of wage and hour laws (including minimum wage, overtime, and meal and rest period requirements), employee benefits, social security contributions, taxes (direct and indirect), and potential penalties. Additionally, we may not have adequate Driver supply as Drivers may opt out of our platform given the loss of flexibility under an employment model, and we may not be able to hire a majority of the Drivers currently using our platform. Any of these events could negatively impact our business, result of operations, financial position, and cash flows.

For a discussion of risk factors related to how misclassification challenges may impact our business, result of operations, financial position and operating condition and cash flows, see the risk factor titled "-Our business would be adversely affected if Drivers were classified as employees, workers or quasi-employees" included in Part II, Item 1A, "Risk Factors", and Note 12 – Commitments and Contingencies in the notes to the condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

In addition, if we are required to classify Drivers as employees, this may impact our current financial statement presentation including revenue, cost of revenue, incentives and promotions as further described in our significant and critical accounting policies in the section titled "Critical Accounting Policies and Estimates" and Note 1 in the section titled "Notes to the Consolidated Financial Statements" included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Financial and Operational Highlights

(In millions, except percentages)	Three Months Ended March 31,			
	2020	2021	% Change	% Change (Constant Currency [1])
Monthly Active Platform Consumers ("MAPCs") [2]	103	98	(5)%	
Trips [2]	1,661	1,447	(13)%	
Gross Bookings [2]	$ 15,776	$ 19,536	24 %	22 %
Revenue	$ 3,248	$ 2,903	(11)%	(11) %
Revenue Excluding the UK Accrual [1]	$ 3,248	$ 3,503	8 %	6 %
Net loss attributable to Uber Technologies, Inc. [3]	$ (2,936)	$ (108)	96 %	
Mobility Adjusted EBITDA	$ 581	$ 298	(49)%	
Delivery Adjusted EBITDA	$ (313)	$ (200)	36 %	
Adjusted EBITDA [1], [2]	$ (612)	$ (359)	41 %	

[1] See the section titled "Reconciliations of Non-GAAP Financial Measures" for more information and reconciliations to the most directly comparable GAAP financial measure.

[2] See the section titled "Certain Key Metrics and Non-GAAP Financial Measures" for more information.

[3] Net loss attributable to Uber Technologies, Inc. included stock-based compensation expense of $277 million and $281 million in the first quarter of 2020 and 2021, respectively.

Highlights for the First Quarter 2021

In the first quarter of 2021, we continued to show signs of the business recovering from the impacts of COVID-19. Our MAPCs were 98 million, adding 5 million, or growing 5%, quarter-over-quarter.

Overall Gross Bookings increased to $19.5 billion in the first quarter of 2021, or 22% on a constant currency basis, compared to the same period in 2020. Delivery Gross Bookings grew 157% year-over-year, on a constant currency basis, outpacing Delivery Trip growth, as we saw a 29% increase in basket sizes globally driven by stay-at-home order demand related to COVID-19. Mobility Gross Bookings declined 36% year-over-year, on a constant currency basis, but improving from the fourth quarter of 2020 year-over-year decline of 47%, on a constant currency basis.

Revenue was $2.9 billion, down 11%, with a Take Rate of 14.9%. Revenue was reduced by a $600 million accrual made for the resolution of historical claims in the UK relating to the classification of drivers. Revenue excluding the UK accrual increased to $3.5 billion, up 8%, or 6% on a constant currency basis, compared to the same period in 2020, with a revenue take rate excluding the UK accrual of 17.9%. Revenue excluding the UK accrual is a Non-GAAP measure. Refer to the section titled "Reconciliations of Non-GAAP Financial Measures" for more information and reconciliations to the most directly comparable GAAP financial measure.

Net loss attributable to Uber Technologies, Inc. was $108 million, which included $281 million of stock-based compensation expense. Net loss benefited from a $1.6 billion pre-tax gain from the sale of our ATG Business, partially offset by a $600 million accrual made for the resolution of historical claims in the UK relating to the classification of drivers.

Adjusted EBITDA loss was $359 million, with Mobility Adjusted EBITDA profit of $298 million, despite Mobility Gross Bookings decline of 36%, on a constant currency basis. Additionally, Delivery Adjusted EBITDA margin as a percentage of Delivery revenue improved to (11.5)% from (59.4)%, compared the same period in 2020.

We ended the quarter with $5.7 billion in unrestricted cash, cash equivalents, and short-term investments.

Other Developments for the First Quarter 2021

Divestiture of ATG Business to Aurora

On January 19, 2021, we completed the previously announced sale of Apparate USA LLC ("Apparate" or the "ATG Business"), a subsidiary focused on the development and commercialization of autonomous vehicle technology, to Aurora Innovation, Inc. ("Aurora"). As a result, our controlling interest and the non-controlling interests in the ATG Business were settled, and ownership of the ATG Business transferred to Aurora. For additional information, see Note 16 – Divestiture in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Components of Results of Operations

Revenue

We generate substantially all of our revenue from fees paid by Drivers and Merchants for use of our platform. We have concluded that we are an agent in these arrangements as we arrange for other parties to provide the service to the end-user. Under this model, revenue is net of Driver and Merchant earnings and Driver incentives. We act as an agent in these transactions by connecting consumers to Drivers and Merchants to facilitate a Trip, meal or grocery delivery service.

For additional discussion related to our revenue, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates - Revenue Recognition," "Note 1 - Description of Business and Summary of Significant Accounting Policies - Revenue Recognition," and "Note 2 - Revenue" to our audited consolidated financial statements included in our Annual Report Form 10-K for the year ended December 31, 2020 and Note 2 – Revenue in this Quarterly Report in Form 10-Q.

Cost of Revenue, Exclusive of Depreciation and Amortization

Cost of revenue, exclusive of depreciation and amortization, primarily consists of certain insurance costs related to our Mobility and Delivery offerings, credit card processing fees, bank fees, data center and networking expenses, mobile device and service costs, costs incurred for certain Delivery transactions where we are primarily responsible for delivery services and pay Delivery People for services provided, costs incurred with carriers for Uber Freight transportation services, amounts related to fare chargebacks and other credit card losses.

We expect that cost of revenue, exclusive of depreciation and amortization, will fluctuate on an absolute dollar basis for the foreseeable future in line with Trip volume changes on the platform. As Trips increase or decrease, we expect related changes for insurance costs, credit card processing fees, hosting and co-located data center expenses, maps license fees, and other cost of revenue, exclusive of depreciation and amortization.

Operations and Support

Operations and support expenses primarily consist of compensation expenses, including stock-based compensation, for employees that support operations in cities, including the general managers, Driver operations, platform user support representatives and community managers. Also included is the cost of customer support, Driver background checks and the allocation of certain corporate costs.

As our business recovers from the impacts of COVID-19 and Trip volume increases, we would expect operations and support expenses to increase on an absolute dollar basis for the foreseeable future, but decrease as a percentage of revenue as we become more efficient in supporting platform users.

Sales and Marketing

Sales and marketing expenses primarily consist of compensation costs, including stock-based compensation to sales and marketing employees, advertising costs, product marketing costs and discounts, loyalty programs, promotions, refunds, and credits provided to end-users who are not customers, and the allocation of certain corporate costs. We expense advertising and other promotional expenditures as incurred.

As our business recovers from the impacts of COVID-19, we would anticipate sales and marketing expenses to increase on an absolute dollar basis for the foreseeable future but vary from period to period as a percentage of revenue due to timing of marketing campaigns.

Research and Development

Research and development expenses primarily consist of compensation costs, including stock-based compensation, for employees in engineering, design and product development. Expenses includes ATG and Other Technology Programs development expenses, as well as expenses associated with ongoing improvements to, and maintenance of, existing products and services, and allocation of certain corporate costs. We expense substantially all research and development expenses as incurred.

We expect research and development expenses to increase and vary from period to period as a percentage of revenue as we continue to invest in research and development activities relating to ongoing improvements to and maintenance of our platform offerings and other research and development programs, offset by a decrease in investments in our ATG and Other Technology Programs subsequent to the sale of our ATG Business.

General and Administrative

General and administrative expenses primarily consist of compensation costs, including stock-based compensation, for executive management and administrative employees, including finance and accounting, human resources, policy and communications, legal, and certain impairment charges, as well as allocation of certain corporate costs, occupancy, and general corporate insurance costs. General and administrative expenses also include certain legal settlements.

As our business recovers from the impacts of COVID-19 and Trip volume increases, we expect that general and administrative expenses will increase on an absolute dollar basis for the foreseeable future, but decrease as a percentage of revenue as we find efficiencies in our internal support functions.

Depreciation and Amortization

Depreciation and amortization expenses primarily consist of depreciation on buildings, site improvements, computer and network equipment, software, leasehold improvements, leased vehicles, furniture and fixtures, and amortization of intangible assets. Depreciation includes expenses associated with buildings, site improvements, computer and network equipment, leased vehicles, and furniture, fixtures, as well as leasehold improvements. Amortization includes expenses associated with our capitalized internal-use software and acquired intangible assets.

As our business recovers from the impacts of COVID-19, we would anticipate depreciation and amortization expenses to increase as we continue to build out our network infrastructure and building locations.

Interest Expense

Interest expense consists primarily of interest expense associated with our outstanding debt, including accretion of debt discount.

Other Income (Expense), Net

Other income (expense), net primarily includes the following items:

- Interest income, which consists primarily of interest earned on our cash and cash equivalents and restricted cash and cash equivalents.
- Foreign currency exchange gains (losses), net, which consist primarily of remeasurement of transactions and monetary assets and liabilities denominated in currencies other than the functional currency at the end of the period.
- Gain on business divestitures.
- Unrealized gain (loss) on debt and equity securities, net, which consists primarily of gains (losses) from fair value adjustments relating to our non-marketable securities.
- Impairment of debt and equity securities.

Provision for (Benefit from) Income Taxes

We are subject to income taxes in the United States and foreign jurisdictions in which we do business. These 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 will vary depending on the relative proportion of foreign to domestic income, use of foreign tax credits, changes in the valuation of our deferred tax assets, and liabilities and changes in tax laws.

Equity Method Investments

Equity method investments primarily includes the results of our share of income or loss from our Yandex.Taxi joint venture.

Results of Operations

The following table summarizes our condensed consolidated statements of operations for each of the periods presented (in millions):

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021
Revenue	$ 3,248	$ 2,903
Costs and expenses:		
Cost of revenue, exclusive of depreciation and amortization shown separately below	1,491	1,710
Operations and support	503	423
Sales and marketing	885	1,103
Research and development	645	515
General and administrative	859	464
Depreciation and amortization	128	212
Total costs and expenses	4,511	4,427
Loss from operations	(1,263)	(1,524)
Interest expense	(118)	(115)
Other income (expense), net	(1,795)	1,710
Income (loss) before income taxes and loss from equity method investments	(3,176)	71
Provision for (benefit from) income taxes	(242)	185
Loss from equity method investments	(12)	(8)
Net loss including non-controlling interests	(2,946)	(122)
Less: net loss attributable to non-controlling interests, net of tax	(10)	(14)
Net loss attributable to Uber Technologies, Inc.	$ (2,936)	$ (108)

The following table sets forth the components of our condensed consolidated statements of operations for each of the periods presented as a percentage of revenue [(1)]:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021
Revenue	100 %	100 %
Costs and expenses:		
Cost of revenue, exclusive of depreciation and amortization shown separately below	46 %	59 %
Operations and support	15 %	15 %
Sales and marketing	27 %	38 %
Research and development	20 %	18 %
General and administrative	26 %	16 %
Depreciation and amortization	4 %	7 %
Total costs and expenses	139 %	152 %
Loss from operations	(39)%	(52)%
Interest expense	(4)%	(4)%
Other income (expense), net	(55)%	59 %
Income (loss) before income taxes and loss from equity method investments	(98)%	2 %
Provision for (benefit from) income taxes	(7)%	6 %
Loss from equity method investments	— %	— %
Net loss including non-controlling interests	(91)%	(4)%
Less: net loss attributable to non-controlling interests, net of tax	— %	— %
Net loss attributable to Uber Technologies, Inc.	(90)%	(4)%

[(1)] Totals of percentage of revenues may not foot due to rounding.

The following discussion and analysis is for the three months ended March 31, 2021 compared to same period in 2020.

Revenue

(In millions, except percentages)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% Change
Revenue	$ 3,248	$ 2,903	(11) %

Revenue decreased $345 million, or 11%, primarily attributable to a $600 million accrual made for the resolution of historical claims in the UK relating to the classification of drivers. Revenue excluding the UK accrual increased to $3.5 billion, up 8%, primarily attributable to an increase in Gross Bookings of 22%, on a constant currency basis. The increase in Gross Bookings was primarily driven by an increase in Delivery Gross Bookings growth of 157%, on a constant currency basis, due to an increase in food delivery orders and higher basket sizes as a result of stay-at-home order demand related to COVID-19, as well as continued expansion across U.S. and international markets. The increase was partially offset by a decline in Mobility Gross Bookings of 36%, on a constant currency basis, due to adverse impacts of COVID-19.

Cost of Revenue, Exclusive of Depreciation and Amortization

(In millions, except percentages)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% Change
Cost of revenue, exclusive of depreciation and amortization	$ 1,491	$ 1,710	15 %
Percentage of revenue	46 %	59 %	

Cost of revenue, exclusive of depreciation and amortization, increased $219 million, or 15%, mainly due to $378 million increase in Delivery People payments and incentives in certain markets and a $77 million increase in Freight carrier payments. These increases were partially offset by a $226 million decrease in insurance costs.

Operations and Support

(In millions, except percentages)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% Change
Operations and support	$ 503	$ 423	(16) %
Percentage of revenue	15 %	15 %	

Operations and support expenses decreased $80 million, or 16%, primarily attributable to a $75 million decrease in employee headcount costs from cost reduction actions in 2020.

Sales and Marketing

(In millions, except percentages)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% Change
Sales and marketing	$ 885	$ 1,103	25 %
Percentage of revenue	27 %	38 %	

Sales and marketing expenses increased $218 million, or 25%, primarily attributable to a $125 million increase in consumer advertising expenses as well as an increase in consumer discounts, rider facing loyalty expense, promotions, credits and refunds of $75 million to $585 million compared to $510 million in the same period in 2020.

Research and Development

(In millions, except percentages)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% Change
Research and development	$ 645	$ 515	(20) %
Percentage of revenue	20 %	18 %	

Research and development expenses decreased $130 million, or 20%, primarily attributable to a $115 million decrease in employee headcount costs as well as a $34 million decrease in stock-based compensation expense. These decreases were primarily due to the sale of JUMP in the second quarter of 2020 as well as the sale of our ATG Business in the first quarter of 2021.

General and Administrative

(In millions, except percentages)	Three Months Ended March 31, 2020	2021	% Change
General and administrative	$ 859	$ 464	(46) %
Percentage of revenue	26 %	16 %	

General and administrative expenses decreased $395 million, or 46%, primarily attributable to $193 million in impairment charges related to our New Mobility reporting unit recorded during the first quarter of 2020 primarily related to COVID-19 impacts on certain markets, a net $68 million decrease in legal, tax, and regulatory reserve changes and settlements, and a $59 million decrease in employee headcount costs.

Depreciation and Amortization

(In millions, except percentages)	Three Months Ended March 31, 2020	2021	% Change
Depreciation and amortization	$ 128	$ 212	66 %
Percentage of revenue	4 %	7 %	

Depreciation and amortization expenses increased $84 million, or 66%, primarily attributable to an increase in amortization of capital lease servers and new internally developed software costs, as well as additional amortization expenses related to newly acquired Postmates and Cornershop intangible assets, partially offset by a decrease in amortization of Careem intangible assets that fully amortized in 2020.

Interest Expense

(In millions, except percentages)	Three Months Ended March 31, 2020	2021	% Change
Interest expense	$ (118)	$ (115)	(3) %
Percentage of revenue	(4)%	(4)%	

Interest expense decreased by an immaterial amount.

Other Income (Expense), Net

(In millions, except percentages)	Three Months Ended March 31, 2020	2021	% Change
Interest income	$ 38	$ 5	(87)%
Foreign currency exchange gains (losses), net	(28)	(25)	11 %
Gain on business divestitures	154	1,684	**
Unrealized gain (loss) on debt and equity securities, net	(114)	63	155 %
Impairment of debt and equity securities	(1,863)	—	**
Other, net	18	(17)	(194)%
Other income (expense), net	$ (1,795)	$ 1,710	195 %
Percentage of revenue	(55)%	59 %	

** Percentage not meaningful.

Interest income decreased by $33 million, or 87%, primarily due to lower cash balances and market interest rates.

Gain on business divestitures increased by $1.5 billion primarily related to a $1.6 billion gain on the sale of our ATG Business to Aurora. For additional information, refer to Note 16 – Divestiture in the notes to the condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Impairment of debt and equity securities decreased by $1.9 billion primarily due to an impairment charge of $1.9 billion, primarily related to our investment in Didi, and a $173 million allowance for credit loss recorded on our investment in Grab recognized in the first quarter of 2020.

Provision for (Benefit from) Income Taxes

(In millions, except percentages)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% Change
Provision for (benefit from) income taxes	$ (242)	$ 185	(176)%
Effective tax rate	8 %	261 %	

Income tax expense increased by $427 million, primarily driven by current tax on foreign earnings, the deferred U.S. tax impact related to our investment in Aurora upon the sale of our ATG Business, offset by a partial benefit of U.S. losses in the first quarter of 2021, and the tax impact from the impairment charge related to our investment in Didi in the first quarter of 2020.

Loss from Equity Method Investments

(In millions, except percentages)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% Change
Loss from equity method investments	$ (12)	$ (8)	33 %
Percentage of revenue	— %	— %	

Loss from equity method investments decreased by $4 million, or 33%, due to our portion of the net loss from our Yandex.Taxi joint venture.

Segment Results of Operations

We operate our business as three operating and reportable segments: Mobility, Delivery and Freight. For additional information about our segments, see Note 11 – Segment Information and Geographic Information in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Revenue

(In millions, except percentages)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2021	% Change
Mobility	$ 2,467	$ 853	(65)%
Delivery	527	1,741	230 %
Freight	199	301	51 %
All Other (1)	55	8	**
Total Revenue	$ 3,248	$ 2,903	(11)%

(1) Includes ATG and Other Technology Programs and historical results of New Mobility. Refer to Note 11 – Segment Information and Geographic Information and Note 16 – Divestiture for further information.

** Percentage not meaningful.

Segment Adjusted EBITDA

Segment Adjusted EBITDA is defined as revenue less the following expenses: cost of revenue, exclusive of depreciation and amortization, operations and support, sales and marketing, and general and administrative and research and development expenses associated with our segments. Segment adjusted EBITDA also excludes non-cash items, certain transactions that are not indicative of ongoing segment operating performance and / or items that management does not believe are reflective of our ongoing core operations. For additional information, see Note 11 – Segment Information and Geographic Information in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

(In millions, except percentages)	Three Months Ended March 31, 2020	2021	% Change
Mobility	$ 581	$ 298	(49)%
Delivery	(313)	(200)	36 %
Freight	(64)	(29)	55 %
All Other [(1)]	(171)	(11)	94 %
Corporate G&A and Platform R&D [(2), (3)]	(645)	(417)	35 %
Adjusted EBITDA [(4)]	$ (612)	$ (359)	41 %

(1) Includes ATG and Other Technology Programs and historical results of New Mobility. Refer to Note 11 – Segment Information and Geographic Information and Note 16 – Divestiture for further information regarding the sale of our ATG Business.

(2) Excluding stock-based compensation expense.

(3) Includes costs that are not directly attributable to our reportable segments. Corporate G&A also includes certain shared costs such as finance, accounting, tax, human resources, information technology and legal costs. Platform R&D also includes mapping and payment technologies and support and development of the internal technology infrastructure. Our allocation methodology is periodically evaluated and may change.

(4) See the section titled "Reconciliations of Non-GAAP Financial Measures" for more information and reconciliations to the most directly comparable GAAP financial measure.

Mobility Segment

For the three months ended March 31, 2021 compared to the same period in 2020, Mobility revenue decreased $1.6 billion, or 65%, and Mobility adjusted EBITDA profit decreased $283 million, or 49%.

Mobility revenue decreased primarily attributable to a $600 million accrual made for the resolution of historical claims in the UK relating to the classification of drivers as well as a decrease in Mobility Gross Bookings due to adverse impacts from the COVID-19 pandemic. Mobility Take Rate was 12.6%, down from 22.7% compared to the same period in 2020. Mobility Take Rate, excluding the UK accrual was 21.5%, down 120 basis points compared to the same period in 2020.

Mobility adjusted EBITDA profit decreased primarily attributable to a decrease in Mobility revenue, partially offset by a $280 million decrease in insurance expense as a result of a decrease in miles driven, a $105 million decrease in consumer promotions, and a $91 million decrease in credit card processing costs.

Delivery Segment

For the three months ended March 31, 2021 compared to the same period in 2020, Delivery revenue increased $1.2 billion, or 230%, and Delivery adjusted EBITDA loss decreased $113 million, or 36%.

Delivery revenue increased primarily attributable to an increase in Delivery Gross Bookings of 157%, on a constant currency basis, driven by an increase in food delivery orders and higher basket sizes as a result of stay-at-home demand related to COVID-19, combined with continued expansion across U.S. and international markets. Take Rate improved to 14.0% from 11.3% compared to the same period in 2020 driven by a decrease in incentive spend combined with an overall improvement in basket sizes. Additionally, we saw an increase in Delivery revenue and Take Rate resulting from an increase in certain Delivery People payments and incentives that are recorded in cost of revenue, where we are primarily responsible for delivery services and pay Delivery People for services provided.

Delivery adjusted EBITDA loss decreased primarily attributable to an increase in Delivery revenue, partially offset by a $589 million increase in cost of revenue as well as a $318 million increase in consumer promotions, brand marketing, and employee headcount costs.

Freight Segment

For the three months ended March 31, 2021 compared to the same period in 2020, Freight revenue increased $102 million, or 51%, and Freight adjusted EBITDA loss decreased $35 million, or 55%.

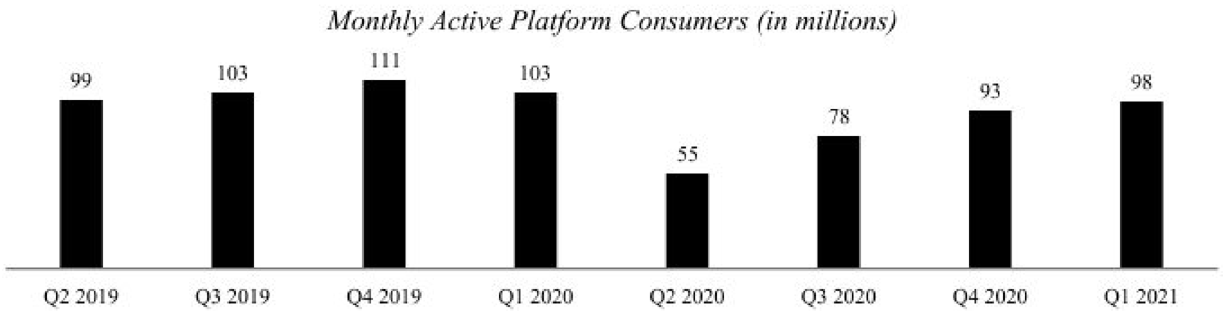
Freight revenue increased primarily attributable to growth in the number of shippers and carriers on the network combined with an increase in volumes with our top shippers.

Freight adjusted EBITDA loss decreased attributable to a $20 million improvement in gross profit and, to a lesser extent, a decrease in employee headcount costs.

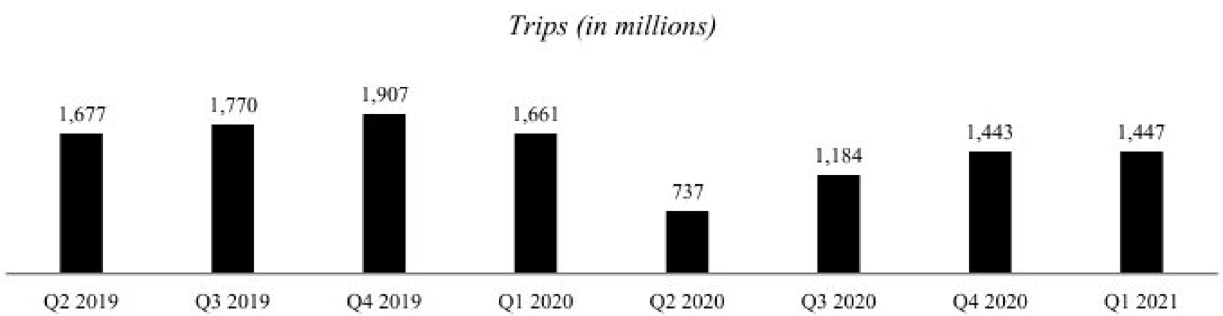
Certain Key Metrics and Non-GAAP Financial Measures

Adjusted EBITDA, revenue excluding the UK accrual, and Mobility revenue excluding the UK accrual, Adjusted EBITDA margin as a percentage of revenue, as well as, revenue growth rates in constant currency are non-GAAP financial measures. For more information about how we use these non-GAAP financial measures in our business, the limitations of these measures, and reconciliations of these measures to the most directly comparable GAAP financial measures, see the section titled "Reconciliations of Non-GAAP Financial Measures."

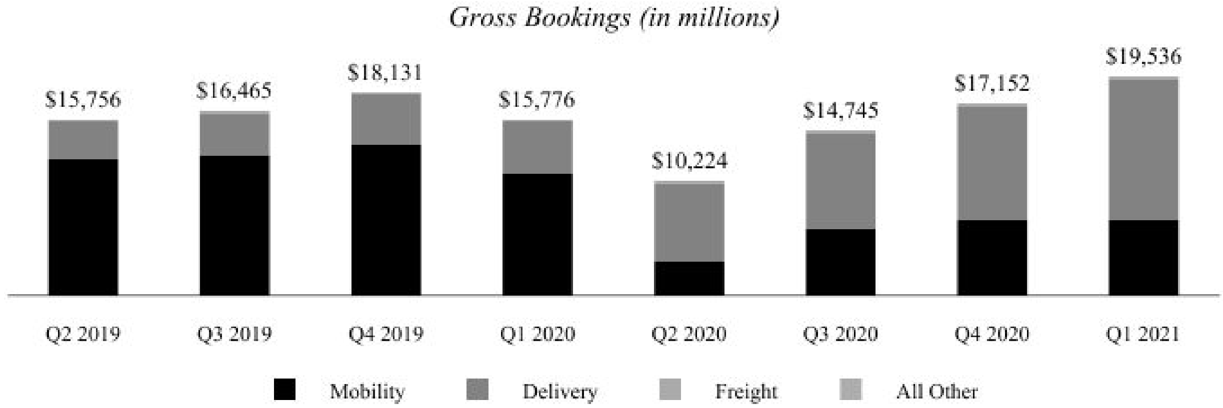
Monthly Active Platform Consumers. MAPCs is the number of unique consumers who completed a Mobility or New Mobility ride or received a Delivery order on our platform at least once in a given month, averaged over each month in the quarter. While a unique consumer can use multiple product offerings on our platform in a given month, that unique consumer is counted as only one MAPC. We use MAPCs to assess the adoption of our platform and frequency of transactions, which are key factors in our penetration of the countries in which we operate.



Trips. We define Trips as the number of completed consumer Mobility or New Mobility rides and Delivery orders in a given period. For example, an UberPOOL ride with three paying consumers represents three unique Trips, whereas an UberX ride with three passengers represents one Trip. We believe that Trips are a useful metric to measure the scale and usage of our platform.



Gross Bookings. We define Gross Bookings as the total dollar value, including any applicable taxes, tolls, and fees, of Mobility and New Mobility rides, Delivery meal or grocery deliveries, and amounts paid by Freight shippers, in each case without any adjustment for consumer discounts and refunds, Driver and Merchant earnings, and Driver incentives. Gross Bookings do not include tips earned by Drivers. Gross Bookings are an indication of the scale of our current platform, which ultimately impacts revenue.



	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Mobility	$ 12,188	$ 12,554	$ 13,512	$ 10,874	$ 3,046	$ 5,905	$ 6,789	$ 6,773
Delivery	3,386	3,658	4,374	4,683	6,961	8,550	10,050	12,461
Freight	167	223	219	198	212	290	313	302
All Other [(1)]	15	30	26	21	5	—	—	—

[(1)] Includes ATG and Other Technology Programs and historical results of New Mobility. Refer to Note 11 – Segment Information and Geographic Information and Note 16 – Divestiture for further information regarding the sale of our ATG Business.

Take Rate is an operating metric and defined as revenue as a percentage of Gross Bookings. Take Rate excluding the UK accrual is defined as revenue excluding the UK accrual as a percentage of Gross Bookings. Mobility Take Rate excluding the UK accrual is defined as Mobility revenue excluding the UK accrual as a percentage of Gross Bookings.

Adjusted EBITDA. See the section titled "Reconciliations of Non-GAAP Financial Measures" for our definition and a reconciliation of net loss attributable to Uber Technologies, Inc. to Adjusted EBITDA.

	Three Months Ended March 31,		
(In millions, except percentages)	2020	2021	% Change
Adjusted EBITDA	$ (612)	$ (359)	41 %

Adjusted EBITDA loss decreased $253 million, or 41%, primarily attributable to a decrease of $228 million in Corporate G&A and Platform R&D costs, the favorable impact of $160 million in our other business offerings driven by the sale of our ATG Business in January 2021 as well as a $113 million improvement in Delivery Adjusted EBITDA loss. These impacts were partially offset by a $283 million decrease in Mobility Adjusted EBITDA.

Reconciliations of Non-GAAP Financial Measures

We collect and analyze operating and financial data to evaluate the health of our business and assess our performance. In addition to revenue, net income (loss), loss from operations, and other results under GAAP, we use Adjusted EBITDA, revenue excluding the UK accrual, and Mobility revenue excluding the UK accrual, Adjusted EBITDA margin as a percentage of revenue, as well as, revenue growth rates in constant currency, which are described below, to evaluate our business. We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our recurring core business operating results.

We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business. Accordingly, we believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and board of directors. Our calculation of these non-GAAP financial measures may differ from similarly-titled non-GAAP measures, if any, reported by our peer companies. These non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss), excluding (i) income (loss) from discontinued operations, net of income taxes, (ii) net income (loss) attributable to non-controlling interests, net of tax, (iii) provision for (benefit from) income taxes, (iv) income (loss) from equity method investments, (v) interest expense, (vi) other income (expense), net, (vii) depreciation and amortization, (viii) stock-based compensation expense, (ix) certain legal, tax, and regulatory reserve changes and settlements, (x) goodwill and asset impairments/loss on sale of assets, (xi) acquisition, financing and divestitures related expenses, (xii) restructuring and related charges and (xiii) other items not indicative of our ongoing operating performance, including COVID-19 response initiatives related payments for financial assistance to Drivers personally impacted by COVID-19, the cost of personal protective equipment distributed to Drivers, Driver reimbursement for their cost of purchasing personal protective equipment, the costs related to free rides and food deliveries to healthcare workers, seniors, and others in need as well as charitable donations.

We have included Adjusted EBITDA in this Quarterly Report on Form 10-Q because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans, and make strategic decisions, including those relating to operating expenses. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team and board of directors. In addition, it provides a useful measure for period-to-period comparisons of our business, as it removes the effect of certain non-cash expenses and certain variable charges. To help our board, management and investors assess the impact of COVID-19 on our results of operations, we are excluding the impacts of COVID-19 response initiatives related payments for financial assistance to Drivers personally impacted by COVID-19, the cost of personal protective equipment distributed to Drivers, Driver reimbursement for their cost of purchasing personal protective equipment, the costs related to free rides and food deliveries to healthcare workers, seniors, and others in need as well as charitable donations from Adjusted EBITDA. Our board and management find the exclusion of the impact of these COVID-19 response initiatives from Adjusted EBITDA to be useful because it allows us and our investors to assess the impact of these response initiatives on our results of operations.

COVID-19 Response Initiatives

To support those whose earning opportunities have been depressed as a result of COVID-19, as well as communities hit hard by the pandemic, we have announced and implemented several initiatives, including, in particular, payments for financial assistance to Drivers personally impacted by COVID-19, the cost of personal protective equipment distributed to Drivers, Driver reimbursement for their cost of purchasing personal protective equipment, the costs related to free rides and food deliveries to healthcare workers, seniors, and others in need as well as charitable donations. The payments for financial assistance to Drivers personally impacted by COVID-19 and Driver reimbursement for their cost of purchasing personal protective equipment are recorded as a reduction to revenue. The cost of personal protective equipment distributed to Drivers, the costs related to free rides and food deliveries to healthcare workers, seniors, and others in need as well as charitable donations are recorded as an expense in our costs and expenses.

Limitations of Non-GAAP Financial Measures and Adjusted EBITDA Reconciliation

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 GAAP. These limitations include the following:

- 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 capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA excludes stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy;
- Adjusted EBITDA excludes certain restructuring and related charges, part of which may be settled in cash;
- Adjusted EBITDA excludes other items not indicative of our ongoing operating performance, including COVID-19 response initiatives related payments for financial assistance to Drivers personally impacted by COVID-19, the cost of personal protective equipment distributed to Drivers, Driver reimbursement for their cost of purchasing personal protective equipment, the costs related to free rides and food deliveries to healthcare workers, seniors, and others in need as well as charitable donations;
- Adjusted EBITDA does not reflect period-to-period changes in taxes, income tax expense or the cash necessary to pay income taxes;
- Adjusted EBITDA does not reflect the components of other income (expense), net, which primarily includes: interest income; foreign currency exchange gains (losses), net; gain (loss) on business divestitures, net; unrealized gain (loss) on debt and equity securities, net; impairment of debt and equity securities; and other; and

- Adjusted EBITDA excludes certain legal, tax, and regulatory reserve changes and settlements that may reduce cash available to us.

The following table presents a reconciliation of net loss attributable to Uber Technologies, Inc., the most directly comparable GAAP financial measure, to Adjusted EBITDA for each of the periods indicated:

	Three Months Ended March 31,	
(In millions)	**2020**	**2021**
Adjusted EBITDA reconciliation:		
Net loss attributable to Uber Technologies, Inc.	$ (2,936)	$ (108)
Add (deduct):		
Net loss attributable to non-controlling interests, net of tax	(10)	(14)
Provision for (benefit from) income taxes	(242)	185
Loss from equity method investments	12	8
Interest expense	118	115
Other (income) expense, net	1,795	(1,710)
Depreciation and amortization	128	212
Stock-based compensation expense	277	281
Legal, tax, and regulatory reserve changes and settlements	19	551
Goodwill and asset impairments/loss on sale of assets	193	57
Acquisition, financing and divestitures related expenses	10	36
Accelerated lease costs related to cease-use of ROU assets	—	2
COVID-19 response initiatives	24	26
Adjusted EBITDA	$ (612)	$ (359)

Adjusted EBITDA Margin as a Percentage of Revenue

We define Adjusted EBITDA margin as a percentage of revenue as Adjusted EBITDA divided by revenue. Segment Adjusted EBITDA margin as a percentage of revenue is segment Adjusted EBITDA divided by segment revenue.

Constant Currency

We compare the percent change in our current period results from the corresponding prior period using constant currency disclosure. We present constant currency growth rate information to provide a framework for assessing how our underlying revenue performed excluding the effect of foreign currency rate fluctuations. We calculate constant currency by translating our current period financial results using the corresponding prior period's monthly exchange rates for our transacted currencies other than the U.S. dollar.

Revenue Excluding the UK Accrual

We define revenue excluding the UK accrual, and Mobility revenue excluding the UK accrual, as revenue, and Mobility revenue, excluding a $600 million accrual made in the first quarter of 2021 for the resolution of historical claims in the UK relating to the classification of drivers.

Limitations of Non-GAAP Financial Measures and Revenue Excluding the UK Accrual Reconciliations

Revenue excluding the UK accrual, and Mobility revenue excluding the UK accrual, have limitations as a financial measure, should be considered as supplemental in nature, and are not meant as substitutes for revenue prepared in accordance with GAAP. The following tables present reconciliations of revenue excluding the UK accrual, and Mobility revenue excluding the UK accrual, to the most directly comparable GAAP financial measure for each of the periods indicated:

	Three Months Ended March 31,	
(In millions)	**2020**	**2021**
Revenue excluding the UK accrual reconciliation:		
Revenue	$ 3,248	$ 2,903
Add:		
UK accrual	—	600
Revenue excluding the UK accrual	$ 3,248	$ 3,503

	Three Months Ended March 31,	
(In millions)	2020	2021
Mobility revenue excluding the UK accrual reconciliation:		
Mobility revenue	$ 2,467	$ 853
Add:		
UK accrual	—	600
Mobility revenue excluding the UK accrual	$ 2,467	$ 1,453

Liquidity and Capital Resources

(In millions)	Three Months Ended March 31, 2020	2021
Net cash used in operating activities	$ (463)	$ (611)
Net cash used in investing activities	(1,856)	(250)
Net cash used in financing activities	(63)	(226)

Operating Activities

Net cash used in operating activities was $611 million for the three months ended March 31, 2021, primarily consisting of $122 million of net loss, adjusted for certain non-cash items, which primarily included $1.7 billion gain on business divestitures and $281 million of stock-based compensation expense as well as a $412 million decrease in cash consumed by working capital primarily driven by an increase in our accrued expenses and other current liabilities.

Net cash used in operating activities was $463 million for the three months ended March 31, 2020, primarily consisting of $2.9 billion of net loss, adjusted for certain non-cash items, which primarily included $1.9 billion in impairment of debt and equity securities and $277 million of stock-based compensation expense as well as a $192 million decrease in cash consumed by working capital primarily driven by an increase in our accrued expenses and other liabilities.

Investing Activities

Net cash used in investing activities was $250 million for the three months ended March 31, 2021, primarily consisting of $803 million in purchases of non-marketable equity securities, $336 million in purchases of marketable securities and $216 million in purchases of a note receivable, partially offset by proceeds from maturities and sales of marketable securities of $696 million and $500 million in proceeds from the sale of non-marketable equity securities.

Net cash used in investing activities was $1.9 billion for the three months ended March 31, 2020, primarily consisting of $1.3 billion in acquisition of business, net of cash acquired, $493 million in purchases of marketable securities and $198 million in purchases of property and equipment, partially offset by proceeds from maturities and sales of marketable securities of $100 million.

Financing Activities

Net cash used in financing activities was $226 million for the three months ended March 31, 2021, primarily consisting of $194 million of principal repayment on Careem Notes.

Net cash used in financing activities was $63 million for the three months ended March 31, 2020, primarily consisting of $60 million of principal payments on financing leases.

Other Information

As of March 31, 2021, $1.8 billion of our $4.8 billion in cash and cash equivalents was held by our foreign subsidiaries. Cash held outside the United States may be repatriated, subject to certain limitations, and would be available to be used to fund our domestic operations. However, repatriation of funds may result in immaterial tax liabilities. We believe that our existing cash balance in the United States is sufficient to fund our working capital needs in the United States. We are in compliance with our debt and line of credit covenants as of March 31, 2021, including by meeting our reporting obligations. We also believe that our sources of funding and our available line of credit will be sufficient to satisfy our currently anticipated cash requirements including capital expenditures, working capital requirements, potential acquisitions, potential prepayments of contested indirect tax assessments (“pay-to-play”), and other liquidity requirements through at least the next 12 months. We intend to continue to evaluate and may, in certain circumstances, take preemptive action to preserve liquidity during the COVID-19 pandemic. As the circumstances around the COVID-19 pandemic remain uncertain, we continue to actively monitor the pandemic's impact to us worldwide including our financial position, liquidity, results of operations and cash flows.

Off-Balance Sheet Arrangements

As of March 31, 2021, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenue, or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and accompanying notes have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the amounts reported amounts of assets, liabilities, revenue and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

For additional information about our critical accounting policies and estimates, see the disclosure included in our Annual Report on Form 10-K as well as Note 1 – Description of Business and Summary of Significant Accounting Policies in the notes to the condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Contractual Obligations

As of January 2, 2020, we committed to issue convertible notes in connection with the acquisition of Careem which remains in effect as of March 31, 2021. Refer to Note 15 – Business Combinations in the notes to the condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

As of March 31, 2021, there have been no other material changes outside the ordinary course of business to the contractual obligations, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

Recent Accounting Pronouncements

See Note 1 – Description of Business and Summary of Significant Accounting Policies, in the notes to the condensed consolidated financial statements included elsewhere in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate risk, investment risk, and foreign currency risk as follows:

Interest Rate Risk

Our exposures to market risk for changes in interest rates relate primarily to our 2025 Refinanced Term Loan and 2027 Refinanced Term Loan Facilities. The 2025 and 2027 Refinanced Term Loan Facilities represent floating rate notes and are carried at amortized cost. Therefore, fluctuations in interest rates will impact our consolidated financial statements. A rising interest rate environment will increase the amount of interest paid on these loans. A hypothetical 100 basis point increase or decrease in interest rates would not have a material effect on our financial results.

The fair value of our fixed rate notes will generally fluctuate with movements of interest rates, increasing in periods of declining rates of interest and declining in periods of increasing rates of interest. A hypothetical 100 basis point increase in interest rates would have decreased the fair value of our notes by $260 million as of March 31, 2021.

Investment Risk

Our investment policy objective aims to preserve capital and meet liquidity requirements without significantly increasing risk. We had cash and cash equivalents including restricted cash and cash equivalents totaling $7.4 billion and $6.6 billion as of December 31, 2020 and March 31, 2021, respectively. Marketable debt securities classified as short-term investments totaled $819 million as of March 31, 2021. Our cash, cash equivalents, and marketable debt securities primarily consist of money market funds, cash deposits, U.S. government securities, U.S. government agency securities, and investment-grade corporate debt securities. We do not enter into investments for trading or speculative purposes. Our investments in fixed rate securities carry a degree of interest rate risk. Changes in rates would primarily impact interest income due to the relatively short-term nature of our investments. A hypothetical 100 basis point change in interest rates would not have a material effect on our financial results or the fair value of our marketable debt securities portfolio.

We have significant risk related to the carrying amounts of investments in other companies, including our minority-owned affiliates, compared to their fair value, as all of our investments are currently in illiquid private company stock which are inherently difficult to value given the lack of publicly available information. As of March 31, 2021, the carrying value of our investments was $12.9 billion, including equity method investments.

Foreign Currency Risk

We transact business globally in multiple currencies. 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. We are exposed to foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar. Accordingly, changes in exchange rates may negatively affect our future revenue and other operating results as expressed in U.S. dollars. Our foreign currency risk is partially mitigated as our revenue recognized in currencies other than the U.S. dollar is diversified across geographic regions and we incur expenses in the same currencies in such regions.

We have experienced and will continue to experience fluctuations in our net income/(loss) as a result of transaction gains or (losses) related to remeasurement of our asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. Foreign currency rates may also impact the value of our equity method investment in our Yandex.Taxi joint venture. At this time, we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our Securities Exchange Act of 1934, as amended (the "Exchange Act") reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. As required by Rule 13a-15(b) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as specified above. However, our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are a party to various legal actions and government investigations, and similar or other actions could be brought against us in the future. The most significant of these matters are described below.

Legal Proceedings Described in Note 12 – Commitments and Contingencies to Our Unaudited Condensed Consolidated Financial Statements

Note 12 – Commitments and Contingencies to our condensed consolidated financial statements for the quarter ended March 31, 2021 contained in this Quarterly Report on Form 10-Q includes information on legal proceedings that constitute material contingencies for financial reporting purposes that could have a material adverse effect on our consolidated financial position or liquidity if they were resolved in a manner that is adverse to us. This item should be read in conjunction with Note 12 for information regarding the following material legal proceedings, which information is incorporated into this item by reference:

- Driver Classification
- State Unemployment Taxes
- Google v. Levandowski & Ron; Google v. Levandowski

Legal Proceedings That Are Not Described in Note 12 – Commitments and Contingencies to Our Unaudited Condensed Consolidated Financial Statements

In addition to the matters that are identified in Note 12 – Commitments and Contingencies to our condensed consolidated financial statements for the quarter ended March 31, 2021 contained in this Quarterly Report on Form 10-Q, and incorporated into this item by reference, the following matters also constitute material pending legal proceedings, other than ordinary course litigation incidental to our business, to which we are or any of our subsidiaries is a party.

Australia Class Actions

In May 2019, an Australian law firm filed a class action in the Supreme Court of Victoria, Australia, against us and certain of our subsidiaries, on behalf of certain participants in the taxi, hire-car, and limousine industries. The plaintiff alleges that the Uber entities conspired to injure the group members during the period 2014 to 2017 by either directly breaching transport legislation or commissioning offenses against transport legislation by UberX Drivers in Australia. The claim alleges, in effect, that these operations caused loss and damage to the class representative and class members, including lost income and decreased value of certain taxi licenses. In March, April and October 2020, the same Australian law firm filed four additional class action lawsuits alleging the same claim. We deny these allegations and intend to vigorously defend against the lawsuit.

Other Legal Proceedings

While it is not possible to determine the outcome of the legal actions, investigations, and proceedings brought against us, we believe that, except for the matters described above, the resolution of all such matters will not have a material adverse effect on our consolidated financial position or liquidity, but could be material to our consolidated results of operations in any one accounting period. We are currently involved in, and may in the future be involved in, legal proceedings, litigation, claims, and government investigations in the ordinary course of business. In addition, the nature of our business exposes us to claims related to the classification of Drivers and the compliance of our business with applicable law. This risk is enhanced in certain jurisdictions outside the United States where we may be less protected under local laws than we are in the United States. Although the results of the legal proceedings, claims, and government investigations in which we are involved cannot be predicted with certainty, we do not believe that the final outcome of these matters is reasonably likely to have a material adverse effect on our business, financial condition, or operating results. Regardless of final outcomes, however, any such legal proceedings, claims, and government investigations may nonetheless impose a significant burden on management and employees and may come with costly defense costs or unfavorable preliminary and interim rulings.

ITEM 1A. RISK FACTORS

Certain factors may have a material adverse effect on our business, financial condition, and results of operations. You should carefully consider the following risks, together with all of the other information contained in this Quarterly Report on Form 10-Q, including the sections titled "Special Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q. Any of the following risks could have an adverse effect on our business, financial condition, operating results, or prospects and could cause the trading price of our common stock to decline, which would cause you to lose all or part of your investment. Our business, financial condition, operating results, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material.

Risk Factor Summary

The following are some of these risks, any of which could have an adverse effect on our business financial condition, operating results, or prospects.

- The COVID-19 pandemic and the impact of actions to mitigate the pandemic has adversely affected and may continue to adversely affect parts of our business.
- Our business would be adversely affected if Drivers were classified as employees, workers or quasi-employees instead of independent contractors.
- The mobility, delivery, and logistics industries are highly competitive, with well-established and low-cost alternatives that have been available for decades, low barriers to entry, low switching costs, and well-capitalized competitors in nearly every major geographic region.
- To remain competitive in certain markets, we have in the past lowered, and may continue to lower, fares or service fees, and we have in the past offered, and may continue to offer, significant Driver incentives and consumer discounts and promotions.
- We have incurred significant losses since inception, including in the United States and other major markets. We expect our operating expenses to increase significantly in the foreseeable future, and we may not achieve profitability.
- If we are unable to attract or maintain a critical mass of Drivers, consumers, merchants, shippers, and carriers, whether as a result of competition or other factors, our platform will become less appealing to platform users.
- Our workplace culture and forward-leaning approach created operational, compliance, and cultural challenges and our efforts to address these challenges may not be successful.
- Maintaining and enhancing our brand and reputation is critical to our business prospects. We have previously received significant media coverage and negative publicity regarding our brand and reputation, and a failure to rehabilitate our brand and reputation will cause our business to suffer.
- If we are unable to optimize our organizational structure or effectively manage our growth, our financial performance and future prospects will be adversely affected.
- Platform users may engage in, or be subject to, criminal, violent, inappropriate, or dangerous activity that results in major safety incidents, which may harm our ability to attract and retain Drivers, consumers, merchants, shippers, and carriers.

- We are making substantial investments in new offerings and technologies, and may increase such investments in the future. These new ventures are inherently risky, and we may never realize any expected benefits from them.
- We generate a significant percentage of our Gross Bookings from trips in large metropolitan areas, and these operations may be negatively affected by economic, social, weather, and regulatory conditions or other circumstances, including COVID-19.
- We may fail to offer autonomous vehicle technologies on our platform, fail to offer such technologies on our platform before our competitors, or such technologies may fail to perform as expected, may be inferior to those of our competitors, or may be perceived as less safe than those of our competitors or non-autonomous vehicles.
- Our business depends on retaining and attracting high-quality personnel, and continued attrition, future attrition, or unsuccessful succession planning could adversely affect our business.
- We may experience security or data privacy breaches or other unauthorized or improper access to, use of, alteration of or destruction of our proprietary or confidential data, employee data, or platform user data.
- Cyberattacks, computer malware, viruses, spamming, and phishing attacks could harm our reputation, business, and operating results.
- We rely on third parties maintaining open marketplaces to distribute our platform and to provide the software we use in certain of our products and offerings. If such third parties interfere with the distribution of our products or offerings or with our use of such software, our business would be adversely affected.
- We will require additional capital to support the growth of our business, and this capital might not be available on reasonable terms or at all.
- If we are unable to successfully identify, acquire and integrate suitable businesses, our operating results and prospects could be harmed, and any businesses we acquire may not perform as expected or be effectively integrated.
- We may continue to be blocked from or limited in providing or operating our products and offerings in certain jurisdictions, and may be required to modify our business model in those jurisdictions as a result.
- Our business is subject to numerous legal and regulatory risks that could have an adverse impact on our business and future prospects.
- Our business is subject to extensive government regulation and oversight relating to the provision of payment and financial services.
- We face risks related to our collection, use, transfer, disclosure, and other processing of data, which could result in investigations, inquiries, litigation, fines, legislative and regulatory action, and negative press about our privacy and data protection practices.
- If we are unable to protect our intellectual property, or if third parties are successful in claiming that we are misappropriating the intellectual property of others, we may incur significant expense and our business may be adversely affected.
- The market price of our common stock has been, and may continue to be, volatile or may decline steeply or suddenly regardless of our operating performance, and we may not be able to meet investor or analyst expectations. You may not be able to resell your shares at or above the price you paid and may lose all or part of your investment.

Risks Related to Our Business

General Economic Risks

The novel coronavirus ("COVID-19") pandemic and the impact of actions to mitigate the pandemic has adversely impacted and could continue to adversely impact our business, financial condition and results of operations.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. In an attempt to limit the spread of the virus, various governmental restrictions, including the declaration of a federal National Emergency, multiple cities' and states' declarations of states of emergency, school and business closings, quarantines, "shelter at home" orders, restrictions on travel, limitations on social or public gatherings, and other social distancing measures have, and may continue to have, an adverse impact on our business and operations, including, for example, by reducing the demand for our Mobility offerings globally, and affecting travel behavior and demand. In addition, certain U.S. jurisdictions have issued emergency orders that require us to cap fees charged to merchants on Delivery. Furthermore, to support social distancing, we temporarily suspended UberPOOL, our shared rides offering, globally, for approximately one year, and UberPOOL continues to be temporarily suspended in many regions.

Furthermore, as a result of the COVID-19 pandemic, we asked that all employees who are able to do so work remotely, and while we have since re-opened certain offices, it is possible that continued widespread remote work arrangements could have a negative impact on our operations, the execution of our business plans, and productivity and availability of key personnel and other employees necessary to conduct our business, and of third-party service providers who perform critical services for us, or otherwise cause operational failures due to changes in our normal business practices necessitated by the outbreak and related governmental actions. If a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in privacy, cybersecurity and fraud risks, and our understanding of applicable legal and regulatory requirements, as well as the latest guidance from regulatory authorities in connection with the COVID-19 pandemic, may be subject to legal or regulatory challenge, particularly as regulatory guidance evolves in response to future developments.

In addition, in response to the economic challenges and uncertainty resulting from the COVID-19 pandemic and its impact on our business, in May 2020 we announced reductions in workforce of approximately 6,700 full-time employee roles.

We have responded to the COVID-19 pandemic by launching new, or expanding existing, services, features, or health and safety requirements on an expedited basis, particularly those relating to delivery of food and other goods. Our understanding of applicable privacy, consumer protection and other legal and regulatory requirements, as well as the latest guidance from regulatory authorities in connection with the COVID-19 pandemic, may be subject to legal or regulatory challenge, particularly as regulatory guidance evolves in response to future developments. In addition, our launch of new, or expanding existing, services, features, or health and safety requirements in response to COVID-19 may heighten other risks described in this "Risk Factors" section, including our classification of Drivers. These challenges could result in fines or other enforcement measures that could adversely impact our financial results or operations.

The COVID-19 pandemic has adversely affected our near-term financial results and may adversely impact our long-term financial results, which has required and may continue to require significant actions in response, including but not limited to, additional reductions in workforce and certain changes to pricing models of our offerings, all in an effort to mitigate such impacts. In light of the evolving nature of COVID-19 and the uncertainty it has produced around the world, we do not believe it is possible to predict with precision the pandemic's cumulative and ultimate impact on our future business operations, liquidity, financial condition, and results of operations. The extent of the impact of the pandemic on our business and financial results will depend largely on future developments, including the duration of the spread of the outbreak and any future "waves" or resurgences of the outbreak or variants of the virus, both globally and within the United States, the administration, adoption and efficacy of vaccines in the United States and internationally, the impact on capital and financial markets, foreign currencies exchange, governmental or regulatory orders that impact our business and whether the impacts may result in permanent changes to our end-users' behaviors, all of which are highly uncertain and cannot be predicted. Moreover, even after shelter at home orders and travel advisories are lifted, demand for our Mobility offering may remain weak for a significant length of time and we cannot predict when and if our Mobility offering will return to pre-COVID-19 demand levels.

In addition, we cannot predict the impact the COVID-19 pandemic will have on our business partners and third-party vendors, and we may be adversely impacted as a result of the adverse impact our business partners and third-party vendors suffer. Additionally, concerns over the economic impact of the COVID-19 pandemic have caused extreme volatility in financial markets, which has and may continue to adversely impact our stock price and our ability to access capital markets. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section. Any of the foregoing factors, or other cascading effects of the pandemic that are not currently foreseeable, could adversely impact our business, financial performance and condition, and results of operations.

Operational Risks

Our business would be adversely affected if Drivers were classified as employees, workers or quasi-employees.

The classification of Drivers is currently being challenged in courts, by legislators and by government agencies in the United States and abroad. We are involved in numerous legal proceedings globally, including putative class and collective class action lawsuits, demands for arbitration, charges and claims before administrative agencies, and investigations or audits by labor, social security, and tax authorities that claim that Drivers should be treated as our employees (or as workers or quasi-employees where those statuses exist), rather than as independent contractors. We believe that Drivers are independent contractors because, among other things, they can choose whether, when, and where to provide services on our platform, are free to provide services on our competitors' platforms, and provide a vehicle to perform services on our platform. Nevertheless, we may not be successful in defending the classification of Drivers in some or all jurisdictions. Furthermore, the costs associated with defending, settling, or resolving pending and future lawsuits (including demands for arbitration) relating to the classification of Drivers have been and may continue to be material to our business. For example, in 2020, we paid $20 million (pursuant to a settlement agreement entered into in 2019) to settle class actions in which Drivers who contracted with us in California and Massachusetts but with whom we had not entered into arbitration agreements, sought damages against us based on misclassification, among other claims.

In addition, more than 100,000 Drivers in the United States who have entered into arbitration agreements with us have filed (or expressed an intention to file) arbitration demands against us that assert similar classification claims. We have resolved the classification claims of a majority of these Drivers under individual settlement agreements, pursuant to which we have paid approximately $155 million as of December 31, 2020. Furthermore, we are involved in numerous legal proceedings regarding the enforceability of arbitration agreements entered into with Drivers. If we are not successful in such proceedings, this could negatively impact the enforceability of arbitration agreements in other legal proceedings, which could have an adverse consequence on our business and financial condition.

Changes to foreign, state, and local laws governing the definition or classification of independent contractors, or judicial decisions regarding independent contractor classification, could require classification of Drivers as employees (or workers or quasi-employees where those statuses exist) and/or representation of Drivers by labor unions. For example, California's Assembly Bill 5 codified application of what has been commonly referred to as the "ABC Test" to the entire California Labor Code, California Wage Orders, and the Unemployment Insurance Code and became effective as of January 1, 2020. Government authorities and private plaintiffs have brought litigation asserting that Assembly Bill 5 requires Drivers in California to be classified as employees. For example, in May 2020, the California Attorney General, in conjunction with the city attorneys for San Francisco, Los Angeles and San Diego, filed a complaint in San Francisco Superior Court against Uber and Lyft, alleging that drivers are misclassified, and sought an injunction and monetary damages related to the alleged competitive advantage caused by the alleged misclassification of drivers. On August 10, 2020, following a hearing on the matter, the San Francisco Superior Court issued a preliminary injunction enjoining Uber and Lyft from classifying drivers as independent contractors during the pendency of the lawsuit. We appealed the decision and sought a stay of the preliminary injunction. On August 20, 2020, the California Court of Appeal granted an emergency stay of the injunction while an expedited appeal of the preliminary injunction decision is considered. On October 22, 2020, the California Court of Appeal affirmed the lower court's ruling and held that we must comply with the preliminary injunction order no later than 30 days after the case is returned to the trial court. We filed a Petition for Review to the California Supreme Court on December 1, 2020, which was denied. On April 12, 2021, the parties filed a stipulation to dissolve the injunction, which was granted on April 16, 2021.

In November 2020, California voters approved Proposition 22, a California state ballot initiative that provides a framework for drivers that use platforms like ours for independent work. Proposition 22 went into effect in December 2020 and we expect that Drivers will be able to maintain their status as independent contractors under California law and that we and our competitors will be required to comply with the provisions of Proposition 22. Although our stipulation to dissolve the California Attorney General's preliminary injunction was granted in April 2021, that litigation remains pending, and we also may face liability relating to periods before the effective date of Proposition 22. In addition, in January 2021, a petition was filed with the California Supreme Court by several drivers and a labor union alleging that Proposition 22 is unconstitutional, which was denied. The same drivers and labor union have since filed a similar challenge in California Superior Court, and it is possible that other legal challenges to Proposition 22 could be filed.

We face similar challenges in other jurisdictions. For example, in July 2020, the Massachusetts Attorney General filed a complaint against Uber and Lyft, alleging that drivers are misclassified, and seeking an injunction. If we do not prevail in current litigation or similar actions that may be brought in the future, we may be required to treat Drivers as employees and/or make other changes to our business model in certain jurisdictions. If, as a result of legislation or judicial decisions, we are required to classify Drivers as employees, we would incur significant additional expenses for compensating Drivers, including expenses associated with the application of wage and hour laws (including minimum wage, overtime, and meal and rest period requirements), employee benefits, social security contributions, taxes (direct and indirect), and potential penalties. In this case, we anticipate significant price increases for Riders to offset these additional costs; however, we believe that the financial impact to Uber would be moderated by the likelihood of all competitors raising prices. Additionally, we may not have adequate Driver supply as Drivers may opt out of our platform given the loss of flexibility under an employment model, and we may not be able to hire a majority of the Drivers currently using our platform. Further, any such reclassification would require us to fundamentally change our business model, and consequently have an adverse effect on our business, results of operations, financial position and cash flows.

In addition, reclassification of Drivers as employees, workers or quasi-employees where those statuses exist, could lead to groups of Drivers becoming represented by labor unions and similar organizations. If a significant number of Drivers were to become unionized and collective bargaining agreement terms were to deviate significantly from our business model, our business, financial condition, operating results and cash flows could be materially adversely affected. In addition, a labor dispute involving Drivers may harm our reputation, disrupt our operations and reduce our net revenues, and the resolution of labor disputes may increase our costs.

In addition, if we are required to classify Drivers as employees, workers or quasi-employees, this may impact our current financial statement presentation including revenue, cost of revenue, incentives and promotions as further described in our significant and critical accounting policies in the section titled "Critical Accounting Policies and Estimates" included in Part I, Item 2 of this Quarterly Report on Form 10-Q and Note 1 in the section titled "Notes to the Consolidated Financial Statements" included in Part I, Item 1 of this Quarterly Report on Form 10-Q as well as our Annual Report on Form 10-K for the year ended December

31, 2020.

We cannot predict whether legislation similar to Assembly Bill 5 may be enacted elsewhere. Another example of a recent judicial decision relating to Driver classification is the Aslam, Farrar, Hoy and Mithu v. Uber B.V., et al. ruling by the Employment Appeal Tribunal in the United Kingdom, subsequently upheld by the UK Supreme Court, that found that those Drivers were workers (rather than self-employed). Subsequent to the UK Supreme Court's ruling, we announced that we will treat all UK drivers as "workers" under UK labor law, going forward. Pursuant to this change, drivers that use our platform will earn at least the National Living Wage for time spent actively working, be paid holiday pay, and eligible drivers will be enrolled into a pension plan. Other examples of judicial decisions include a decision by the French Supreme Court that a driver for a third-party meal delivery service was under a "subordinate relationship" of the service, indicating an employment relationship, a decision by the French Supreme Court that reclassified an UberX Driver as an employee, decisions by several Swiss governmental bodies ruling that Drivers should be classified as employees for Swiss social security or regulatory purposes and a recent announcement by the Spanish government of a new regulation of food delivery platforms that presumes employment status.

The mobility, delivery, and logistics industries are highly competitive, with well-established and low-cost alternatives that have been available for decades, low barriers to entry, low switching costs, and well-capitalized competitors in nearly every major geographic region. If we are unable to compete effectively in these industries, our business and financial prospects would be adversely impacted.

Our platform provides offerings in the mobility, delivery, and logistics industries. We compete on a global basis, and the markets in which we compete are highly fragmented. We face significant competition in each of the mobility and delivery industries globally and in the logistics industry in the United States and Canada from existing, well-established, and low-cost alternatives, and in the future we expect to face competition from new market entrants given the low barriers to entry that characterize these industries. In addition, within each of these markets, the cost to switch between products is low. Consumers have a propensity to shift to the lowest-cost or highest-quality provider; Drivers have a propensity to shift to the platform with the highest earnings potential; restaurants and other merchants have a propensity to shift to the delivery platform that offers the lowest service fee for their meals and other goods and provides the highest volume of orders; and shippers and carriers have a propensity to shift to the platform with the best price and most convenient service for hauling shipments.

Further, while we work to expand globally and introduce new products and offerings across a range of industries, many of our competitors remain focused on a limited number of products or on a narrow geographic scope, allowing them to develop specialized expertise and employ resources in a more targeted manner than we do. As we and our competitors introduce new products and offerings, and as existing products evolve, we expect to become subject to additional competition. In addition, our competitors may adopt certain of our product features, or may adopt innovations that Drivers, consumers, merchants, shippers, and carriers value more highly than ours, which would render our products less attractive or reduce our ability to differentiate our products. Increased competition could result in, among other things, a reduction of the revenue we generate from the use of our platform, the number of platform users, the frequency of use of our platform, and our margins.

We face competition in each of our offerings, including:

- *Mobility*. Our Mobility offering competes with personal vehicle ownership and usage, which accounts for the majority of passenger miles in the markets that we serve, and traditional transportation services, including taxicab companies and taxi-hailing services, livery and other car services. In addition, public transportation can be a superior substitute to our Mobility offering and in many cases, offers a faster and lower-cost travel option in many cities. We also compete with other ridesharing companies, including certain of our minority-owned affiliates, for Drivers and riders, including Lyft, OLA, Didi, Bolt, and our Yandex.Taxi joint venture.
- *Delivery*. Our Delivery offering competes with numerous companies in the meal, grocery and other delivery space in various regions for Drivers, consumers, and merchants, including GrubHub, DoorDash, Deliveroo, Glovo, Instacart, Rappi, iFood, Delivery Hero, Just Eat Takeaway, and Amazon. Our Delivery offering also competes with restaurants, including those that offer their own delivery and/or take-away (such as Domino's), meal kit delivery services, grocery delivery services, and traditional grocers.
- *Freight*. Our Freight offering competes with global and North American freight brokers such as C.H. Robinson, Total Quality Logistics, XPO Logistics, Convoy, Echo Global Logistics, Coyote, Transfix, DHL, and NEXT Trucking.

In May 2020, we divested certain assets of our dockless e-bikes and scooters business to Lime and concurrently entered into a commercial partnership with Lime. In January 2021, we completed the sale of Apparate USA LLC, our subsidiary focused on the development and commercialization of autonomous vehicles technologies, to Aurora Innovation, Inc. ("Aurora") and made a $400 million cash investment in Aurora and entered into a collaboration agreement with Aurora pursuant to which the parties will collaborate with respect to the launch and commercialization of self-driving vehicles on our ridesharing network (the "ATG Transactions").

Many of our competitors are well-capitalized and offer discounted services, Driver incentives, consumer discounts and promotions, innovative products and offerings, and alternative pricing models, which may be more attractive to consumers than those that we offer. Further, some of our current or potential competitors have, and may in the future continue to have, greater resources and access to larger Driver, consumer, merchant, shipper, or carrier bases in a particular geographic market. In addition, our competitors in certain geographic markets enjoy substantial competitive advantages such as greater brand recognition, longer operating histories, larger marketing budgets, better localized knowledge, and more supportive regulatory regimes. As a result, such competitors may be able to respond more quickly and effectively than us in such markets to new or changing opportunities, technologies, consumer preferences, regulations, or standards, which may render our products or offerings less attractive. In addition, future competitors may share in the effective benefit of any regulatory or governmental approvals and litigation victories we may achieve, without having to incur the costs we have incurred to obtain such benefits.

We are contractually restricted from competing with our minority-owned affiliates with respect to certain aspects of our business, including in China through August 2023, Russia/CIS through February 2025, Southeast Asia through the later of March 2023 or one year after we dispose of all interests in Grab, India with respect to meal delivery through January 2023, the United States, Canada, Australia, New Zealand and certain parts of Europe with respect to e-bikes and e-scooters through May 2023, the European Economic Area (the "EEA") with respect to digital freight forwarding through April 2023, and the United States with respect to electric vertical take-off and landing aircraft through January 2023, while none of our minority-owned affiliates are restricted from competing with us anywhere in the world. Didi currently competes with us in certain countries in Latin America and in Australia. In addition, our Yandex.Taxi joint venture currently competes with us in certain countries in Europe and Africa. As Didi and our other minority-owned affiliates continue to expand their businesses, they may in the future compete with us in additional geographic markets. In addition, we are contractually restricted from competing with some of our majority-owned affiliates with respect to certain aspects of our business, including competing against Uber Freight with respect to freight brokerage, and competing against Cornershop with respect to online grocery delivery.

Additionally, if we are unable to obtain regulatory approval of our acquisitions, we may not ultimately consummate the transaction in such jurisdictions where antitrust approval is not obtained. Further, in all or such jurisdictions where antitrust approval has not been granted, we may be required to divest all or part of our or the target company's operations. Any such divestiture could bring additional competition to these markets.

For all of these reasons, we may not be able to compete successfully against our current and future competitors. Our inability to compete effectively would have an adverse effect on, or otherwise harm, our business, financial condition, and operating results.

To remain competitive in certain markets, we have in the past lowered, are currently lowering, and may continue to lower, fares or service fees, and we have in the past offered, and may continue to offer, significant Driver incentives and consumer discounts and promotions, which has adversely affected and may continue to adversely affect our financial performance.

To remain competitive in certain markets and generate network scale and liquidity, we have in the past lowered, and expect in the future to continue to lower, fares or service fees, and we have offered and expect to continue to offer significant Driver incentives and consumer discounts and promotions. At times, in certain geographic markets, we have offered, and expect to continue to offer, Driver incentives that cause the total amount of the fare that a Driver retains, combined with the Driver incentives a Driver receives from us, to increase, at times meeting or exceeding the amount of Gross Bookings we generate for a given Trip. In certain geographic markets and regions, we do not have a leading category position, which may result in us choosing to further increase the amount of Driver incentives and consumer discounts and promotions that we offer in those geographic markets and regions. We cannot assure you that offering such Driver incentives and consumer discounts and promotions will be successful. Driver incentives, consumer discounts, promotions, and reductions in fares and our service fee have negatively affected, and will continue to negatively affect, our financial performance. Additionally, we rely on pricing models to calculate consumer fares and Driver earnings, which have been modified over time and will likely in the future be modified, and pricing models at times vary based upon jurisdiction. We cannot assure you that our pricing models or strategies will be successful in attracting consumers and Drivers. For example, recent changes we have made in California to the information that Drivers see in the application, as well as pricing and offer structure changes, have adversely impacted usage of the application. If we are unable to successfully manage these and similar kinds of changes in the future, our business may be adversely impacted.

The markets in which we compete have attracted significant investments from a wide range of funding sources, and we anticipate that many of our competitors will continue to be highly capitalized. Moreover, certain of our stockholders, including SoftBank (a large stockholder), have made substantial investments in certain of our competitors and may increase such investments, make new investments in other competitors, or enter into strategic transactions with competitors in the future. These investments or strategic transactions, along with other competitive advantages discussed above, may allow our competitors to compete more effectively against us and continue to lower their prices, offer Driver incentives or consumer discounts and promotions, or otherwise attract Drivers, consumers, merchants, shippers, and carriers to their platform and away from ours. Such competitive pressures may lead us to maintain or lower fares or service fees or maintain or increase our Driver incentives and consumer discounts and promotions. Ridesharing and other categories in which we compete are nascent, and we cannot guarantee that they will stabilize at a competitive equilibrium that will allow us to achieve profitability.

We have incurred significant losses since inception, including in the United States and other major markets. We expect our operating expenses to increase significantly in the foreseeable future, and we may not achieve profitability.

We have incurred significant losses since inception. We incurred operating losses of $8.6 billion and $4.9 billion in the years ended December 31, 2019 and 2020, and as of March 31, 2021, we had an accumulated deficit of $23.2 billion. We will need to generate and sustain increased revenue levels and decrease proportionate expenses in future periods to achieve profitability in many of our largest markets, including in the United States, and even if we do, we may not be able to maintain or increase profitability. We anticipate that we will continue to incur losses in the near term as a result of expected substantial increases in our operating expenses, as we continue to invest in order to: increase the number of Drivers, consumers, merchants, shippers, and carriers using our platform through incentives, discounts, and promotions; expand within existing or into new markets; increase our research and development expenses; expand marketing channels and operations; hire additional employees; and add new products and offerings to our platform. These efforts may prove more expensive than we anticipate, and we may not succeed in increasing our revenue sufficiently to offset these expenses. Many of our efforts to generate revenue are new and unproven, and any failure to adequately increase revenue or contain the related costs could prevent us from attaining or increasing profitability. In addition, we sometimes introduce new products that we expect to add value to our overall platform and network but which we expect will generate lower Gross Bookings per Trip or a lower Take Rate. Further, we charge a lower service fee to certain of our largest chain restaurant partners on our Delivery offering to grow the number of Delivery consumers, which may at times result in a negative take rate with respect to those transactions after considering amounts collected from consumers and paid to Drivers. As we expand our offerings to additional cities, our offerings in these cities may be less profitable than the markets in which we currently operate. As such, we may not be able to achieve or maintain profitability in the near term, in accordance with our expectations, or at all. Additionally, we may not realize the operating efficiencies we expect to achieve as a result of our acquisition of Careem and Postmates, and may continue to incur significant operating losses in the United States, Middle East, North Africa, and Pakistan in the future. Even if we do experience operating efficiencies, our operating results may not improve, at least in the near term.

If we are unable to attract or maintain a critical mass of Drivers, consumers, merchants, shippers, and carriers, whether as a result of competition or other factors, our platform will become less appealing to platform users, and our financial results would be adversely impacted.

Our success in a given geographic market significantly depends on our ability to maintain or increase our network scale and liquidity in that geographic market by attracting Drivers, consumers, merchants, shippers, and carriers to our platform. If Drivers choose not to offer their services through our platform, or elect to offer them through a competitor's platform, we may lack a sufficient supply of Drivers to attract consumers and merchants to our platform. We have experienced and expect to continue to experience Driver supply constraints in most geographic markets in which we operate, and such supply constraints have been and may continue to be impacted by concerns regarding the outbreak of COVID-19. To the extent that we experience Driver supply constraints in a given market, we may need to increase or may not be able to reduce the Driver incentives that we offer without adversely affecting the liquidity network effect that we experience in that market. Similarly, if carriers choose not to offer their services through our platform or elect to use other freight brokers, we may lack a sufficient supply of carriers in specific geographic markets to attract shippers to our platform. Furthermore, if restaurants choose to partner with other meal delivery services in a specific geographic market, or if merchants choose to engage exclusively with our competitors, other merchant marketing websites, or other delivery services, we may lack a sufficient variety and supply of restaurant options, or lack access to the most popular restaurants, such that our Delivery offering will become less appealing to consumers and restaurants. A significant amount of our Delivery Gross Bookings come from a limited number of large restaurant groups, and this concentration increases the risk of fluctuations in our operating results and our sensitivity to any material adverse developments experienced by our significant restaurant partners. If platform users choose to use other ridesharing, meal delivery, or logistics services, we may lack sufficient opportunities for Drivers to earn a fare, carriers to book a shipment, or restaurants to provide a meal, which may reduce the perceived utility of our platform. An insufficient supply of platform users would decrease our network liquidity and adversely affect our revenue and financial results. Although we may benefit from having larger network scale and liquidity than some competitors, those network effects may not result in competitive advantages or may be overcome by smaller competitors. Maintaining a balance between supply and demand for rides in any given area at any given time and our ability to execute operationally may be more important to service quality than the absolute size of the network. If our service quality diminishes or our competitors' products achieve greater market adoption, our competitors may be able to grow at a quicker rate than we do and may diminish our network effect.

Our number of platform users may decline materially or fluctuate as a result of many factors, including, among other things, dissatisfaction with the operation of our platform, the price of fares, meals, and shipments (including a reduction in incentives), dissatisfaction with the quality of service provided by the Drivers and merchants on our platform, quality of platform user support, dissatisfaction with the restaurant selection on Delivery, negative publicity related to our brand, including as a result of safety incidents and corporate reporting related to safety, perceived political or geopolitical affiliations, a pandemic or an outbreak of disease or similar public health concern, such as the current COVID-19 pandemic, or fear of such an event, treatment of Drivers, perception of a toxic work culture, perception that our culture has not fundamentally changed, dissatisfaction with changes we make to our products and offerings, or dissatisfaction with our products and offerings in general. In addition, if we are unable to provide high-quality support to platform users or respond to reported incidents, including safety incidents, in a timely and acceptable manner, our ability to attract and retain platform users could be adversely affected. If Drivers, consumers, merchants, shippers, and carriers do not establish or maintain active accounts with us, if a social media or other campaign encouraging users to cease use of our platform takes hold, if we fail to provide high-quality support, or if we cannot otherwise attract and retain a large number of Drivers, consumers, merchants, shippers, and carriers, our revenue would decline, and our business would suffer.

The number of Drivers and merchants on our platform could decline or fluctuate as a result of a number of factors, including Drivers ceasing to provide their services through our platform, passage or enforcement of local laws limiting our products and offerings, the low switching costs between competitor platforms or services, and dissatisfaction with our brand or reputation, pricing models (including potential reductions in incentives), ability to prevent safety incidents, or other aspects of our business. While we aim to provide an earnings opportunity comparable to that available in retail, wholesale, or merchant services or other similar work, we continue to experience dissatisfaction with our platform from a significant number of Drivers. In particular, as we aim to reduce Driver incentives to improve our financial performance, we expect Driver dissatisfaction will generally increase.

Often, we are forced to make tradeoffs between the satisfaction of various platform users, as a change that one category of users views as positive will likely be viewed as negative to another category of users. We also take certain measures to protect against fraud, help increase safety, and prevent privacy and security breaches, including terminating access to our platform for users with low ratings or reported incidents, and imposing certain qualifications for Drivers and merchants, which may damage our relationships with platform users or discourage or diminish their use of our platform. Further, we are investing in our autonomous vehicle strategy, which may add to Driver dissatisfaction over time, as it may reduce the need for Drivers. Driver dissatisfaction has in the past resulted in protests by Drivers in various regions, including India, the United Kingdom, and the United States. Such protests have resulted, and any future protests may result, in interruptions to our business. Continued Driver dissatisfaction may also result in a decline in our number of platform users, which would reduce our network liquidity, and which in turn may cause a further decline in platform usage. Any decline in the number of Drivers, consumers, merchants, shippers, or carriers using our platform would reduce the value of our network and would harm our future operating results.

In addition, changes in Driver qualification and background-check requirements may increase our costs and reduce our ability to onboard additional Drivers to our platform. Our Driver qualification and background check process varies by jurisdiction, and there have been allegations, including from regulators, legislators, prosecutors, taxicab owners, and consumers, that our background check process is insufficient or inadequate. With respect to Drivers who are only eligible to make deliveries through Delivery, our qualification and background check standards are generally less extensive than the standards for Drivers who are eligible to provide rides through our Mobility products. Legislators and regulators may pass laws or adopt regulations in the future requiring Drivers to undergo a materially different type of qualification, screening, or background check process, or that limit our ability to access information used in the background check process in an efficient manner, which could be costly and time-consuming. Required changes in the qualification, screening, and background check process (including any changes to such processes of Careem or Postmates) could also reduce the number of Drivers in those markets or extend the time required to recruit new Drivers to our platform, which would adversely impact our business and growth. Furthermore, we rely on a single background-check provider in certain jurisdictions, and we may not be able to arrange for adequate background checks from a different provider on commercially reasonable terms or at all. The failure of this provider to provide background checks on a timely basis would result in our inability to onboard new Drivers or retain existing Drivers undergoing periodic background checks that are required to continue using our platform.

Our workplace culture and forward-leaning approach created operational, compliance, and cultural challenges, and a failure to address these challenges would adversely impact our business, financial condition, operating results, and prospects.

Our workplace culture and forward-leaning approach created significant operational and cultural challenges that have in the past harmed, and may in the future continue to harm, our business results and financial condition. Our focus on aggressive growth and intense competition, and our prior failure to prioritize compliance, has led to increased regulatory scrutiny globally. Changes in our company's cultural norms and composition of our leadership team, together with our ongoing commitment to address and resolve our historical cultural and compliance problems and promote transparency and collaboration, may not be successful, and regulators may continue to perceive us negatively, which would adversely impact our business, financial condition, operating results, and prospects.

Our workplace culture also created a lack of transparency internally, which has resulted in siloed teams that lack coordination and knowledge sharing, causing misalignment and inefficiencies in operational and strategic objectives. Although we have embraced a culture of enhanced transparency under our new management, these efforts may not be successful. Furthermore, many of our regional operations are not centrally managed, such that key policies may not be adequately communicated or managed to achieve consistent business objectives across functions and regions. Although we have reorganized some of our teams to address such issues, such reorganizations may not be successful in aligning operational or strategic objectives across our company.

Maintaining and enhancing our brand and reputation is critical to our business prospects. We have previously received significant media coverage and negative publicity regarding our brand and reputation, and failure to rehabilitate our brand and reputation will cause our business to suffer.

Maintaining and enhancing our brand and reputation is critical to our ability to attract new employees and platform users, to preserve and deepen the engagement of our existing employees and platform users, and to mitigate legislative or regulatory scrutiny, litigation, government investigations, and adverse platform user sentiment.

We have previously received a high degree of negative media coverage around the world, which has adversely affected our brand and reputation and fueled distrust of our company. Previous negative publicity, particularly as a result of cultural issues in 2017, has adversely affected our brand and reputation, which makes it difficult for us to attract and retain platform users, reduces confidence in and use of our products and offerings, invites legislative and regulatory scrutiny, and results in litigation and governmental investigations. Concurrently with and after these events, our competitors raised additional capital, increased their investments in certain markets, and improved their category positions and market shares, and may continue to do so.

In 2019, we released a safety report, which provides the public with data related to reports of sexual assaults and other critical safety incidents claimed to have occurred on our platform in the United States. The continuing public responses to this safety report or any future safety reports or similar public reporting of safety incidents claimed to have occurred on our platform, which may include disclosure of reports provided to regulators and other government authorities, may continue to result in positive and negative media coverage and increased regulatory scrutiny and could adversely affect our reputation with platform users. Further unfavorable media coverage and negative publicity could adversely impact our financial results and future prospects. As our platform continues to scale and becomes increasingly interconnected, resulting in increased media coverage and public awareness of our brand, future damage to our brand and reputation could have an amplified effect on our various platform offerings. Additionally, with respect to our acquisition of Careem and our acquisition of Postmates, the Careem and Postmates brands and each of its apps will continue to operate in parallel with our brand and apps, and any damage or reputational harm to the Careem or Postmates brand could adversely impact our brand and reputation.

Our brand and reputation might also be harmed by events outside of our control. For example, we have licensed our brand to Didi in China, to our Yandex.Taxi joint venture in Russia/CIS, and to Zomato in India, and while we have certain contractual protections in place governing the use of our brand by these companies, we do not control these businesses, we are not able to anticipate their actions, and consumers may not be aware that these service providers are not controlled by us. Furthermore, if Drivers, merchants, or carriers provide diminished quality of service, are involved in incidents regarding safety or privacy, engage in malfeasance, or otherwise violate the law, we may receive unfavorable press coverage and our reputation and business may be harmed. As a result, any of these third parties could take actions that result in harm to our brand, reputation, and consequently our business.

While we have taken significant steps to rehabilitate our brand and reputation, the successful rehabilitation of our brand will depend largely on maintaining a good reputation, minimizing the number of safety incidents, improving our culture and workplace practices, improving our compliance programs, maintaining a high quality of service and ethical behavior, and continuing our marketing and public relations efforts. Our brand promotion, reputation building, and media strategies have involved significant costs and may not be successful. We anticipate that other competitors and potential competitors will expand their offerings, which will make maintaining and enhancing our reputation and brand increasingly more difficult and expensive. If we fail to successfully rehabilitate our brand in the current or future competitive environment or if events occur in the future which negatively affect public perception of our company, our brand and reputation would be further damaged and our business may suffer.

Our workforce and operations have grown substantially since our inception and we have implemented several reductions in workforce in 2019 and 2020. If we are unable to optimize our organizational structure or effectively manage our growth or any reductions in workforce, our financial performance and future prospects will be adversely affected.

Since our inception, we have experienced rapid growth in the United States and internationally. This expansion increases the complexity of our business and has placed, and will continue to place, significant strain on our management, personnel, operations, systems, technical performance, financial resources, and internal financial control and reporting functions. We may not be able to manage our growth effectively, which could damage our reputation and negatively affect our operating results.

As our operations have expanded, we have grown from 159 employees as of December 31, 2012 to approximately 22,200 global employees as of March 31, 2021, of whom approximately 13,300 were located outside the United States. We expect the total number of our employees located outside the United States to increase as we expand globally. Properly managing our growth will require us to continue to hire, train, and manage qualified employees and staff, including engineers, operations personnel, financial and accounting staff, and sales and marketing staff, and to improve and maintain our technology. If our new hires perform poorly, if we are unsuccessful in hiring, training, managing, and integrating new employees and staff, or if we are not successful in retaining our existing employees and staff, our business may be harmed. Moreover, in order to optimize our organizational structure, we have implemented several reductions in workforce and restructurings, including in response to the COVID-19 pandemic and its impact on our business, and may in the future implement other reductions in workforce. Any reduction in workforce or restructuring may yield unintended consequences and costs, such as attrition beyond the intended reduction in workforce, the distraction of employees, or reduced employee morale and could adversely affect our reputation as an employer, which could make it more difficult for us to hire new employees in the future and increase the risk that we may not achieve the anticipated benefits from the reduction in workforce. Properly managing our growth or any reductions in workforce will require us to establish consistent policies across regions and functions, and a failure to do so could likewise harm our business.

Our failure to upgrade our technology or network infrastructure effectively to support our growth could result in unanticipated system disruptions, slow response times, or poor experiences for Drivers, consumers, merchants, shippers, and carriers. To manage the growth of our operations and personnel and improve the technology that supports our business operations, as well as our financial and management systems, disclosure controls and procedures, and internal controls over financial reporting, we will be required to commit substantial financial, operational, and technical resources. In particular, we will need to improve our transaction processing and reporting, operational, and financial systems, procedures, and controls. For example, due to our significant growth, especially with respect to our high-growth emerging offerings like Delivery and Freight, we face challenges in timely and appropriately designing controls in response to evolving risks of material misstatement. These improvements are and will be particularly challenging when we acquire new businesses with different systems, such as Careem, Routematch, Cornershop and Postmates. Our current and planned personnel, systems, procedures, and controls may not be adequate to support our future operations. If we are unable to expand our operations and hire additional qualified personnel in an efficient manner, or if our operational technology is insufficient to reliably service Drivers, consumers, merchants, shippers, or carriers, platform user satisfaction will be adversely affected and may cause platform users to switch to our competitors' platforms, which would adversely affect our business, financial condition, and operating results.

Our organizational structure is complex and will continue to grow as we add additional Drivers, consumers, merchants, carriers, shippers, employees, products and offerings, and technologies, and as we continue to expand globally. We will need to improve our operational, financial, and management controls as well as our reporting systems and procedures to support the growth of our organizational structure. We will require capital and management resources to grow and mature in these areas. If we are unable to effectively manage the growth of our business, the quality of our platform may suffer, and we may be unable to address competitive challenges, which would adversely affect our overall business, operations, and financial condition.

If platform users engage in, or are subject to, criminal, violent, inappropriate, or dangerous activity that results in major safety incidents, our ability to attract and retain Drivers, consumers, merchants, shippers, and carriers may be harmed, which could have an adverse impact on our reputation, business, financial condition, and operating results.

We are not able to control or predict the actions of platform users and third parties, either during their use of our platform or otherwise, and we may be unable to protect or provide a safe environment for Drivers and consumers as a result of certain actions by Drivers, consumers, merchants, carriers, and third parties. Such actions may result in injuries, property damage, or loss of life for consumers and third parties, or business interruption, brand and reputational damage, or significant liabilities for us. Although we administer certain qualification processes for users of our platform, including background checks on Drivers through third-party service providers, these qualification processes and background checks may not expose all potentially relevant information and are limited in certain jurisdictions according to national and local laws, and our third-party service providers may fail to conduct such background checks adequately or disclose information that could be relevant to a determination of eligibility. Further, the qualification and background check standards for Delivery People are generally less extensive than those conducted for Mobility Drivers. In addition, we do not independently test Drivers' driving skills. Consequently, we expect to continue to receive complaints from riders and other consumers, as well as actual or threatened legal action against us related to Driver conduct. We have also faced civil litigation alleging, among other things, inadequate Driver qualification processes and background checks, and general misrepresentations regarding the safety of our platform.

If Drivers or carriers, or individuals impersonating Drivers or carriers, engage in criminal activity, misconduct, or inappropriate conduct or use our platform as a conduit for criminal activity, consumers and shippers may not consider our products and offerings safe, and we may receive negative press coverage as a result of our business relationship with such Driver or carrier, which would adversely impact our brand, reputation, and business. There have been numerous incidents and allegations worldwide of Drivers, or individuals impersonating Drivers, sexually assaulting, abusing, kidnapping and/or fatally injuring consumers, or otherwise engaging in criminal activity while using our platform or claiming to use our platform. Furthermore, if consumers engage in criminal activity or misconduct while using our platform, Drivers and merchants may be unwilling to continue using our platform. In addition, certain regions where we operate have high rates of violent crime, which has impacted Drivers and consumers in those regions. For example, in Latin America, there have been numerous and increasing reports of Drivers and consumers being victimized by violent crime, such as armed robbery, violent assault, and rape, while taking or providing a trip on our platform. If other criminal, inappropriate, or other negative incidents occur due to the conduct of platform users or third parties, our ability to attract platform users may be harmed, and our business and financial results could be adversely affected.

Public reporting or disclosure of reported safety information, including information about safety incidents reportedly occurring on or related to our platform, whether generated by us or third parties such as media or regulators, may adversely impact our business and financial results.

Further, we may be subject to claims of significant liability based on traffic accidents, deaths, injuries, or other incidents that are caused by Drivers, consumers, or third parties while using our platform, or even when Drivers, consumers, or third parties are not actively using our platform. On a smaller scale, we may face litigation related to claims by Drivers for the actions of consumers or third parties. Our auto liability and general liability insurance policies may not cover all potential claims to which we are exposed, and may not be adequate to indemnify us for all liability. These incidents may subject us to liability and negative publicity, which would increase our operating costs and adversely affect our business, operating results, and future prospects. Even if these claims do not result in liability, we will incur significant costs in investigating and defending against them. As we expand our products and offerings, such as Freight, this insurance risk will grow.

We are making substantial investments in new offerings and technologies, and may increase such investments in the future. These new ventures are inherently risky, and we may never realize any expected benefits from them.

We have made substantial investments to develop new offerings and technologies, and we intend to continue investing significant resources in developing new technologies, tools, features, services, products and offerings. For example, through our majority investment in Cornershop, a provider of online grocery delivery in Mexico and Chile, we expanded our Delivery offering to grocery delivery. Additionally, in February 2021, we entered into a definitive agreement to acquire The Drizly Group, Inc., which operates an on-demand alcohol marketplace in North America, in order to further expand our Delivery offering to alcohol. We also plan to invest significant resources to develop and expand new offerings and technologies in the markets in which Careem and Postmates operate. If we do not spend our development budget efficiently or effectively on commercially successful and innovative technologies, we may not realize the expected benefits of our strategy. Our new initiatives also have a high degree of risk, as each involves nascent industries and unproven business strategies and technologies with which we have limited or no prior development or operating experience. Because such offerings and technologies are new, they will likely involve claims and liabilities (including, but not limited to, personal injury claims), expenses, regulatory challenges, and other risks, some of which we do not currently anticipate.

There can be no assurance that consumer demand for such initiatives will exist or be sustained at the levels that we anticipate, or that any of these initiatives will gain sufficient traction or market acceptance to generate sufficient revenue to offset any new expenses or liabilities associated with these new investments. It is also possible that products and offerings developed by others will render our products and offerings noncompetitive or obsolete. Further, our development efforts with respect to new products, offerings and technologies could distract management from current operations, and will divert capital and other resources from our more established products, offerings and technologies. Even if we are successful in developing new products, offerings or technologies, regulatory authorities may subject us to new rules or restrictions in response to our innovations that could increase our expenses or prevent us from successfully commercializing new products, offerings or technologies. If we do not realize the expected benefits of our investments, our business, financial condition, operating results, and prospects may be harmed.

Our business is substantially dependent on operations outside the United States, including those in markets in which we have limited experience, and if we are unable to manage the risks presented by our business model internationally, our financial results and future prospects will be adversely impacted.

As of March 31, 2021, we operated in approximately 71 countries, and markets outside the United States accounted for approximately 79% of all Trips. We have limited experience operating in many jurisdictions outside of the United States and have made, and expect to continue to make, significant investments to expand our international operations and compete with local competitors. For example, in January 2020, we completed our acquisition of Careem in jurisdictions where we have received regulatory approval, and in October 2019, we announced a majority investment in Cornershop, a provider of online grocery delivery in Mexico and Chile, and closed such investment as to Chile in July 2020 and as to Mexico in January 2021. Such investments may not be successful and may negatively affect our operating results.

Conducting our business internationally, particularly in countries in which we have limited experience, subjects us to risks that we do not face to the same degree in the United States. These risks include, among others:

- operational and compliance challenges caused by distance, language, and cultural differences;
- the resources required to localize our business, which requires the translation of our mobile app and website into foreign languages and the adaptation of our operations to local practices, laws, and regulations and any changes in such practices, laws, and regulations;
- laws and regulations more restrictive than those in the United States, including laws governing competition, pricing, payment methods, Internet activities, transportation services (such as taxis and vehicles for hire), transportation network companies (such as ridesharing), logistics services, payment processing and payment gateways, real estate tenancy laws, tax and social security laws, employment and labor laws, driver screening and background checks,

licensing regulations, email messaging, privacy, location services, collection, use, processing, or sharing of personal information, ownership of intellectual property, and other activities important to our business;

- competition with companies or other services (such as taxis or vehicles for hire) that understand local markets better than we do, that have pre-existing relationships with potential platform users in those markets, or that are favored by government or regulatory authorities in those markets;
- differing levels of social acceptance of our brand, products, and offerings;
- differing levels of technological compatibility with our platform;
- exposure to business cultures in which improper business practices may be prevalent;
- legal uncertainty regarding our liability for the actions of platform users and third parties, including uncertainty resulting from unique local laws or a lack of clear legal precedent;
- difficulties in managing, growing, and staffing international operations, including in countries in which foreign employees may become part of labor unions, employee representative bodies, or collective bargaining agreements, and challenges relating to work stoppages or slowdowns;
- fluctuations in currency exchange rates;
- managing operations in markets in which cash transactions are favored over credit or debit cards;
- regulations governing the control of local currencies that impact our ability to collect fares on behalf of Drivers and remit those funds to Drivers in the same currencies, as well as higher levels of credit risk and payment fraud;
- adverse tax consequences, including the complexities of foreign value added tax systems, and restrictions on the repatriation of earnings;
- increased financial accounting and reporting burdens, and complexities associated with implementing and maintaining adequate internal controls;
- difficulties in implementing and maintaining the financial systems and processes needed to enable compliance across multiple offerings and jurisdictions;
- import and export restrictions and changes in trade regulation;
- political, social, and economic instability abroad, terrorist attacks and security concerns in general, and societal crime conditions that can directly impact platform users;
- public health concerns or emergencies, such as the current COVID-19 pandemic and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate; and
- reduced or varied protection for intellectual property rights in some markets.

These risks could adversely affect our international operations, which could in turn adversely affect our business, financial condition, and operating results.

We have limited influence over our minority-owned affiliates, which subjects us to substantial risks, including potential loss of value.

Our growth strategy has included the restructuring of our business and assets in certain jurisdictions by partnering with and investing in local ridesharing and meal delivery companies to participate in those markets rather than operate in those markets independently. As a result, a significant portion of our assets includes minority ownership positions in each of Didi, Grab, our Yandex.Taxi joint venture, Lime and Zomato. Each of Didi, Grab and our Yandex.Taxi joint venture operates ridesharing, meal delivery, and related logistics businesses in their primary markets in China, Southeast Asia, and Russia/CIS, respectively, Lime operates an e-bikes and e-scooters in the United States, Canada and parts of Europe, Asia, Latin America, Australia and New Zealand, and Zomato operates a meal delivery business in India.

Our ownership in these entities involves significant risks that are outside our control. We are not represented on the management team or board of directors of Didi or Zomato, and therefore we do not participate in the day-to-day management of Didi or Zomato or the actions taken by the board of directors of Didi and Zomato. We are not represented on the management teams of Grab or our Yandex.Taxi joint venture, and therefore do not participate in the day-to-day management of Grab or our Yandex.Taxi joint venture. Although we are represented on each of the boards of directors of Grab, our Yandex.Taxi joint venture and Lime, we do not have a controlling influence on those boards, other than with respect to certain approval rights over material corporate actions. As a result, the boards of directors or management teams of these companies may make decisions or take actions with which we disagree or that may be harmful to the value of our ownership in these companies. Additionally, these companies have expanded their offerings, and we expect them to continue to expand their offerings in the future, to compete with us in various markets throughout the world such as in certain countries in Latin America and in Australia where we compete with Didi and certain countries in Europe where we compete with our Yandex.Taxi joint venture. While this could enhance the value of our ownership interest in these companies, our business, financial condition, operating results, and prospects would be adversely affected by such expansion into markets in which we operate. Further, in January 2021, we completed the ATG Transactions, which resulted in our ATG business merging with Aurora, an entity in which we are not represented on the management team and in which we do not have a controlling influence on the board.

Any material decline in the business of these entities would adversely affect the value of our assets and our financial results. Furthermore, the value of these assets is based in part on the market valuations of these entities, and weakened financial markets have adversely affected, and may in the future adversely affect such valuations. These positions could expose us to risks, litigation, and unknown liabilities because, among other things, these companies have limited operating histories in an evolving industry and may have less predictable operating results; are privately owned and, as a result, limited public information is available and we may not learn all the material information regarding these businesses; are domiciled and operate in countries with particular economic, tax, political, legal, safety, regulatory and public health risks, including the extent of the impact of the COVID-19 pandemic on their business; depend on the management talents and efforts of a small group of individuals, and, as a result, the death, disability, resignation, or termination of one or more of these individuals could have an adverse effect on the relevant company's operations; and will likely require substantial additional capital to support their operations and expansion and to maintain their competitive positions. Any of these risks could materially affect the value of our assets, which could have an adverse effect on our business, financial condition, operating results, or the trading price of our common stock.

Further, we are contractually limited in our ability to sell or transfer these assets. While we are not prohibited from transferring our shares in Didi or Grab, the transferability of such shares are subject to both a right of first refusal and a co-sale right in favor of certain shareholders of each of Didi and Grab. There is currently no public market for any of these securities, and there may be no market in the future if and when we decide to sell such assets. Furthermore, we may be required to sell these assets at a time at which we would not be able to realize what we believe to be the long-term value of these assets. For example, if we were deemed an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"), we may be required to sell some or all of such assets so that we would not be subject to the requirements of the Investment Company Act. Additionally, we may have to pay significant taxes upon the sale or transfer of these assets. Accordingly, we may never realize the value of these assets relative to the contributions we made to these businesses.

We may experience significant fluctuations in our operating results. If we are unable to achieve or sustain profitability, our prospects would be adversely affected and investors may lose some or all of the value of their investment.

Our operating results may vary significantly and are not necessarily an indication of future performance. These fluctuations may be a result of a variety of factors, some of which are beyond our control, such as the current COVID-19 pandemic. In addition, we experience seasonal fluctuations in our financial results. For Mobility, we typically generate higher revenue in our fourth quarter compared to other quarters due in part to fourth quarter holiday and business demand, and typically generate lower revenue in our third quarter compared to other quarters due in part to less usage of our platform during peak vacation season in certain cities, such as Paris. We have typically experienced lower quarter-over-quarter growth in Mobility in the first quarter. In 2020, we experienced less seasonality as a result of the COVID-19 pandemic and related restrictions, which altered typical travel patterns. For Delivery, we expect to experience seasonal increases in our revenue in the first and fourth quarters compared to the second and third quarters, although the historical growth of Delivery has masked these seasonal fluctuations; however, in 2020, we experienced less seasonality as a result of the COVID-19 pandemic and related restrictions, which accelerated the growth of Delivery in 2020 as cities imposed dining restrictions and shelter in place orders. Our growth has made, and may in the future make, seasonal fluctuations difficult to detect. We expect these seasonal trends to become more pronounced over time as our growth slows. Other seasonal trends may develop or these existing seasonal trends may become more extreme, which would contribute to fluctuations in our operating results. In addition to seasonality, our operating results may fluctuate as a result of factors including our ability to attract and retain new platform users, increased competition in the markets in which we operate, our ability to expand our operations in new and existing markets, our ability to maintain an adequate growth rate and effectively manage that growth, our ability to keep pace with technological changes in the industries in which we operate, changes in governmental or other regulations affecting our business, harm to our brand or reputation, and other risks described elsewhere in this Quarterly Report on Form 10-Q. As such, we may not accurately forecast our operating results. We base our expense levels and investment plans on estimates, which has become more challenging in light of the COVID-19 pandemic. 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 we are unable to achieve sustained profits, our prospects would be adversely affected and investors may lose some or all of the value of their investment.

If our growth slows more significantly than we currently expect, we may not be able to achieve profitability, which would adversely affect our financial results and future prospects.

Our Gross Bookings and revenue growth rates (in particular with respect to our ridesharing products) have slowed in recent periods, and we expect that they will continue to slow in the future. We believe that our growth depends on a number of factors, including the duration and severity of the COVID-19 pandemic and our ability to:

- grow supply and demand on our platform;
- increase existing platform users' activity on our platform;
- continue to introduce our platform to new markets;
- provide high-quality support to Drivers, consumers, merchants, shippers, and carriers;
- expand our business and increase our market share and category position;
- compete with the products and offerings of, and pricing and incentives offered by, our competitors;
- develop new products, offerings, and technologies;
- identify and acquire or invest in businesses, products, offerings, or technologies that we believe could complement or expand our platform;
- penetrate suburban and rural areas and increase the number of rides taken on our platform outside metropolitan areas;
- reduce the costs of our Mobility offering to better compete with personal vehicle ownership and usage and other low-cost alternatives like public transportation, which in many cases can be faster or cheaper than any other form of transportation;
- maintain existing local regulations in key markets where we operate;
- enter or expand operations in some of the key countries in which we are currently limited by local regulations, such as Argentina, Germany, Italy, Japan, South Korea, and Spain; and
- increase positive perception of our brand.

We may not successfully accomplish any of these objectives. In addition, circumstances that have accelerated the growth of our Delivery offering stemming from continued stay-at-home order demand related to COVID-19 may not continue in the future. A softening of Driver, consumer, merchant, shipper, or carrier demand, whether caused by changes in the preferences of such parties, failure to maintain our brand, changes in the U.S. or global economies, licensing fees in various jurisdictions, competition, or other factors, may result in decreased revenue or growth and our financial results and future prospects would be adversely impacted. We expect to continue to incur significant expenses, and if we cannot increase our revenue at a faster rate than the increase in our expenses, we will not achieve profitability.

We generate a significant percentage of our Gross Bookings from trips in large metropolitan areas and trips to and from airports. If our operations in large metropolitan areas or ability to provide trips to and from airports are negatively affected, our financial results and future prospects would be adversely impacted.

In 2020, we derived 22% of our Mobility Gross Bookings from five metropolitan areas—Chicago, Los Angeles, and New York City in the United States, Sao Paulo in Brazil, and London in the United Kingdom. We experience greater competition in large metropolitan areas than we do in other markets in which we operate, which has led us to offer significant Driver incentives and consumer discounts and promotions in these large metropolitan areas. As a result of our geographic concentration, our business and financial results are susceptible to economic, social, weather, and regulatory conditions or other circumstances in each of these large metropolitan areas. Outbreaks of contagious diseases or other viruses, such as COVID-19, could lead to a sustained decline in the desirability of living, working and congregating in metropolitan areas in which we operate. Any short-term or long-term shifts in the travel patterns of consumers away from metropolitan areas, due to health concerns regarding epidemics or pandemics such as COVID-19, could have an adverse impact on our Mobility Gross Bookings from these areas. An economic downturn, increased competition, or regulatory obstacles in any of these key metropolitan areas would adversely affect our business, financial condition, and operating results to a much greater degree than would the occurrence of such events in other areas. In addition, any changes to local laws or regulations within these key metropolitan areas that affect our ability to operate or increase our operating expenses in these markets would have an adverse effect on our business. Furthermore, if we are unable to renew existing licenses or do not receive new licenses in key metropolitan areas where we operate or such licenses are terminated, any inability to operate in such metropolitan area, as well as the publicity concerning any such termination or non-renewal, could adversely affect our business, financial condition, and operating results.

In addition, in August 2018, New York City approved regulations for the local for-hire market (which includes our ridesharing products), including a cap on the number of new vehicle licenses issued to drivers who offer for-hire services. In December 2018, New York City implemented a per-mile and per-minute minimum trip payment formula, designed to establish a minimum pay standard, for drivers providing for-hire services in New York City, such as those provided by Drivers on our platform. These minimum rates took effect in February 2019. Since implementation, these regulations have had an adverse impact on our financial performance in New York City and may continue to do so in the future. In August 2019, New York City issued a regulation to limit how much time drivers providing ride-hailing services can spend cruising streets in busy areas of Manhattan without passengers. In December 2019, a New York state judge struck down this regulation, which was to come into effect in February 2020. New York City is appealing this ruling. Additionally, in November 2019, a ballot measure to impose a surcharge on ridesharing trips in San Francisco was approved by voters in San Francisco. This surcharge took effect on January 1, 2020. In addition, other jurisdictions such as Seattle have in the past considered or may consider regulations that would implement minimum wage requirements or permit drivers to negotiate for minimum wages while providing services on our platform. Further, we expect that we will continue to face challenges in penetrating lower-density suburban and rural areas, where our network is smaller and less liquid, the cost of personal vehicle ownership is lower, and personal vehicle ownership is more convenient. If we are not successful in penetrating suburban and rural areas, or if we are unable to operate in certain key metropolitan areas in the future, our ability to serve what we consider to be our total addressable market would be limited, and our business, financial condition, and operating results would suffer.

In 2020, we generated 9% of our Mobility Gross Bookings from trips that either started or were completed at an airport. As a result of this concentration, our operating results are susceptible to existing regulations and regulatory changes that impact the ability of drivers using our platform to provide trips to and from airports. In addition, as a result of the COVID-19 pandemic, travel behavior has changed and airline travel has slowed, reducing the demand for Mobility to and from airports. Sustained declines in air travel due to COVID-19, or other travel-related health concerns, could continue to suppress demand for airport-related Mobility and reduce our Mobility Gross Bookings from airport trips. Certain airports currently regulate ridesharing within airport boundaries, including by mandating that ridesharing service providers obtain airport-specific licenses, and some airports, particularly those outside the United States, have banned ridesharing operations altogether. Despite such bans, some Drivers continue to provide Mobility services, including trips to and from airports, despite lacking the requisite permits. Such actions may result in the imposition of fines or sanctions, including further bans on our ability to operate within airport boundaries, against us or Drivers. Additional bans on our airport operations, or any permitting requirements or instances of non-compliance by Drivers, would significantly disrupt our operations. In addition, if drop-offs or pick-ups of riders become inconvenient because of airport rules or regulations, or more expensive because of airport-imposed fees, the number of Drivers or consumers could decrease, which would adversely affect our business, financial condition, and operating results. While we have entered into agreements with most major U.S. airports as well as certain airports outside the United States to allow the use of our platform within airport boundaries, we cannot guarantee that we will be able to renew such agreements on favorable terms if at all, and we may not be successful in negotiating similar agreements with airports in all jurisdictions.

If we fail to offer autonomous vehicle technologies on our platform or fail to offer such technologies on our platform before our competitors, or if such technologies fail to perform as expected, are inferior to those of our competitors, or are perceived as less safe than those of our competitors or non-autonomous vehicles, our financial performance and prospects would be adversely impacted.

We have invested, and we may continue to invest, substantial amounts in companies with whom we partner to offer autonomous vehicle technologies on our platform. In January 2021, we completed the ATG Transactions, which resulted in the merger of our ATG business with Aurora, and included a $400 million investment in the combined company and a commercial agreement pursuant to which we will collaborate with respect to the launch and commercialization of self-driving vehicles on our ridesharing network. We believe that autonomous vehicle technologies may have the ability to meaningfully impact the industries in which we compete and that autonomous vehicles present substantial opportunities. Several companies other than Aurora, including Waymo, Cruise Automation, Tesla, Apple, Zoox (which Amazon has acquired), Aptiv, and Nuro, are developing autonomous vehicle technologies, either alone or through collaborations with car manufacturers, and we expect that they will use such technology to further compete with us in the mobility, delivery, or logistics industries. Waymo has already introduced a commercialized ridehailing fleet of autonomous vehicles, and it is possible that our competitors could introduce autonomous vehicle offerings earlier than we will be able to offer autonomous vehicles on our platform through our commercial agreement with Aurora or other partners. In the event that our competitors bring autonomous vehicles to market before we are able to offer autonomous vehicles on our platform, or their technology is or is perceived to be superior to the technology of parties with which we partner to offer autonomous vehicles on our platform, they may be able to leverage such technology to compete more effectively with us, which would adversely impact our financial performance and our prospects. For example, use of autonomous vehicles could substantially reduce the cost of providing ridesharing, delivery, or logistics services, which could allow competitors to offer such services at a substantially lower price as compared to the price available to consumers on our platform. If a significant number of consumers choose to use our competitors' offerings over ours, our financial performance and prospects would be adversely impacted.

Autonomous vehicle technologies involve significant risks and liabilities. Collisions, including fatal collisions, have happened. Failures of autonomous vehicle technologies that we may offer on our platform or crashes involving autonomous vehicles using the technology of our partners, could generate substantial liability for us, create negative publicity about us, or result in regulatory scrutiny, all of which would have an adverse effect on our reputation, brand, business, prospects, and operating results.

Federal and state government regulations specifically designed to govern autonomous vehicle operation, testing and/or manufacture are developing. These regulations could include requirements that delay or limit our ability to offer autonomous vehicles on our platform. If regulations of this nature are implemented, we may not be able to offer autonomous vehicle technologies on our platform in the manner we expect, or at all. Further, if we or parties with which we partner to offer autonomous vehicle technologies are unable to comply with existing or new regulations or laws applicable to autonomous vehicles, we and our partners could become subject to substantial fines or penalties.

Our business depends on retaining and attracting high-quality personnel, and continued attrition, future attrition, or unsuccessful succession planning could adversely affect our business.

Our success depends in large part on our ability to attract and retain high-quality management, operations, engineering, and other personnel who are in high demand, are often subject to competing employment offers, and are attractive recruiting targets for our competitors. Challenges related to our culture and workplace practices and negative publicity we experience have in the past led to significant attrition and made it more difficult to attract high-quality employees. After over a year of our employees working from home in light of the COVID-19 pandemic, we recently announced our “return to office” plan, which includes shifting to a hybrid model where employees can work from home up to two days a week, commencing in the third quarter of 2021. A hybrid model may create challenges, including challenges maintaining our corporate culture, increasing attrition or limiting our ability to attract employees if individuals prefer to continue working full time at home or in the office. Future challenges related to our culture and workplace practices or additional negative publicity could lead to further attrition and difficulty attracting high-quality employees.

Future leadership transitions and management changes may cause uncertainty in, or a disruption to, our business, and may increase the likelihood of senior management or other employee turnover. The loss of qualified executives and employees, or an inability to attract, retain, and motivate high-quality executives and employees required for the planned expansion of our business, may harm our operating results and impair our ability to grow.

In addition, we depend on the continued services and performance of our key personnel, including our Chief Executive Officer Dara Khosrowshahi. We have entered into an employment agreement with Mr. Khosrowshahi, which is at-will and has no specific duration. Recently hired executives may view our business differently than members of our prior management team and, over time, may make changes to our personnel and their responsibilities as well as our strategic focus, operations, or business plans. We may not be able to properly manage any such shift in focus, and any changes to our business may ultimately prove unsuccessful.

In addition, our failure to put in place adequate succession plans for senior and key management roles or the failure of key employees to successfully transition into new roles, for example, as a result of reductions in workforce and organizational changes that we recently implemented, could have an adverse effect on our business and operating results. The unexpected or abrupt departure of one or more of our key personnel and the failure to effectively transfer knowledge and effect smooth key personnel transitions has had and may in the future have an adverse effect on our business resulting from the loss of such person’s skills, knowledge of our business, and years of industry experience. If we cannot effectively manage leadership transitions and management changes in the future, our reputation and future business prospects could be adversely affected.

To attract and retain key personnel, we use equity incentives, among other measures. These measures may not be sufficient to attract and retain the personnel we require to operate our business effectively. Further, the equity incentives we currently use to attract, retain, and motivate employees may not be as effective as in the past, particularly if the value of the underlying stock does not increase commensurate with expectations or consistent with our historical stock price growth. If we are unable to attract and retain high-quality management and operating personnel, our business, financial condition, and operating results could be adversely affected.

The impact of economic conditions, including the resulting effect on discretionary consumer spending, may harm our business and operating results.

Our performance is subject to 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, unemployment, consumer debt, reductions in net worth, residential real estate and mortgage markets, taxation, energy prices, interest rates, consumer confidence, and other macroeconomic factors. Consumer preferences tend to shift to lower-cost alternatives during recessionary periods and other periods in which disposable income is adversely affected. In such circumstances, consumers may choose to use one of our lower price-point products over a higher Gross Bookings per Trip offering, may choose to forgo our offerings for lower-cost personal vehicle or public transportation alternatives, or may reduce total miles traveled as economic activity decreases. Such a shift in consumer behavior may reduce our network liquidity and may harm our business, financial condition, and operating results. Likewise, small businesses that do not have substantial resources, including many of the merchants in our network, tend to be more adversely affected by poor economic conditions than large businesses. Further, because spending for food purchases from merchants is generally considered discretionary, any decline in consumer spending may have a disproportionate effect on our Delivery offering. If spending at many of the merchants in our network declines, or if a significant number of these merchants go out of business, consumers may be less likely to use our products and offerings, which could harm our business and operating results. Alternatively, if economic conditions improve, it could lead to Drivers obtaining additional or alternative opportunities for work, which could negatively impact the number of Drivers on our platform, and thereby reduce our network liquidity.

Increases in fuel, food, labor, energy, and other costs could adversely affect our operating results.

Factors such as inflation, increased fuel prices, and increased vehicle purchase, rental, or maintenance costs may increase the costs incurred by Drivers and carriers when providing services on our platform. Similarly, factors such as inflation, increased food costs, increased labor and employee benefit costs, increased rental costs, and increased energy costs may increase merchant operating costs, particularly in certain international markets, such as Egypt. Many of the factors affecting Driver, merchant, and carrier costs are beyond the control of these parties. In many cases, these increased costs may cause Drivers and carriers to spend less time providing services on our platform or to seek alternative sources of income. Likewise, these increased costs may cause merchants to pass costs on to consumers by increasing prices, which would likely cause order volume to decline, may cause merchants to cease operations altogether, or may cause carriers to pass costs on to shippers, which may cause shipments on our platform to decline. A decreased supply of Drivers, consumers, merchants, shippers, or carriers on our platform would decrease our network liquidity, which could harm our business and operating results.

If we experience security or privacy breaches or other unauthorized or improper access to, use of, disclosure of, alteration of or destruction of our proprietary or confidential data, employee data, or platform user data, we may face loss of revenue, harm to our brand, business disruption, and significant liabilities.

We collect, use, and process a variety of personal data, such as email addresses, mobile phone numbers, profile photos, location information, drivers' license numbers and Social Security numbers of Drivers, consumer payment card information, and Driver and merchant bank account information. As such, we are an attractive target of data security attacks by third parties. Any failure to prevent or mitigate security breaches or improper access to, or use, acquisition, disclosure, alteration or destruction of, any such data could result in significant liability and a material loss of revenue resulting from the adverse impact on our reputation and brand, a diminished ability to retain or attract new platform users, and disruption to our business. We rely on third-party service providers to host or otherwise process some of our data and that of platform users, and any failure by such third party to prevent or mitigate security breaches or improper access to, or use, acquisition, disclosure, alteration, or destruction of, such information could have similar adverse consequences for us.

Because the techniques used to obtain unauthorized access, disable or degrade services, or sabotage systems change frequently and are often unrecognizable until launched against a target, we may be unable to anticipate these techniques and implement adequate preventative measures. Our servers and platform may be vulnerable to computer viruses or physical or electronic break-ins that our security measures may not detect. Individuals able to circumvent our security measures may misappropriate confidential, proprietary, or personal information held by or on behalf of us, disrupt our operations, damage our computers, or otherwise damage our business. In addition, we may need to expend significant resources to protect against security breaches or mitigate the impact of any such breaches, including potential liability that may not be limited to the amounts covered by our insurance.

Security breaches could also expose us to liability under various laws and regulations across jurisdictions and increase the risk of litigation and governmental investigation. We have been subject to security and privacy incidents in the past and may be again in the future. For example, in May 2014, we experienced a data security incident in which an outside actor gained access to certain personal information belonging to Drivers through an access key written into code that an employee had unintentionally posted publicly on a code-sharing website used by software developers (the "2014 Breach"). In October and November of 2016, outside actors downloaded the personal data of approximately 57 million Drivers and consumers worldwide (the "2016 Breach"). The accessed data included the names, email addresses, mobile phone numbers, and drivers' license numbers of approximately 600,000 Drivers, among other information. For further information on this incident, see the risk factors titled "—We currently are subject to a number of inquiries, investigations, and requests for information from the DOJ, state Attorney General ("AG") offices, and other U.S. and foreign government agencies, the adverse outcomes of which could harm our business" and "—We face risks related to our collection, use, transfer, disclosure, and other processing of data, which could result in investigations, inquiries, litigation, fines, legislative, and regulatory action, and negative press about our privacy and data protection practices," below. As we expand our operations, we may also assume liabilities for breaches experienced by the companies we acquire. For example, in April 2018, Careem publicly disclosed and notified relevant regulatory authorities that it had been subject to a data security breach that allowed access to certain personal information of riders and drivers on its platform, as of January 14, 2018. If Careem becomes subject to liability as a result of this or other data security breaches, or if we fail to remediate this or any other data security breach that

Careem or we experience, we may face harm to our brand, business disruption, and significant liabilities.

If we are unable to successfully introduce new or upgraded products, offerings, or features for Drivers, consumers, merchants, shippers, and carriers, we may fail to retain and attract such users to our platform and our operating results would be adversely affected.

To continue to retain and attract Drivers, consumers, merchants, shippers, and carriers to our platform, we will need to continue to invest in the development of new products, offerings, and features that add value for Drivers, consumers, merchants, shippers, and carriers and that differentiate us from our competitors. For example, in 2018, we redesigned our Driver application with features that better anticipate Driver needs, such as improved real-time communication and updates on the availability of riders and consumers and the pricing of fares and deliveries, and we acquired orderTalk to better integrate Delivery with restaurant point-of-sale systems. In addition, in January 2020, we introduced a number of product changes in California intended to, among other things, provide Drivers with more information about rider destinations, trip distance, and expected fares, display prices more clearly, and allow users to select preferred Drivers, all of which are intended to further strengthen the independence of Drivers in California and protect their ability to work flexibly when using the Uber platform.

Developing and delivering these new or upgraded products, offerings, and features is costly, and the success of such new products, offerings, and features depends on several factors, including the timely completion, introduction, and market acceptance of such products, offerings, and features. Moreover, any such new or upgraded products, offerings, or features may not work as intended or may not provide intended value to platform users. For example, some product changes in California have resulted in, and may continue to result in, reduced demand for rides and reduced supply of Drivers on our platform, Driver dissatisfaction, and adverse impacts on the operation of our platform. If we are unable to continue to develop new or upgraded products, offerings, and features, or if platform users do not perceive value in such new or upgraded products, offerings, and features, platform users may choose not to use our platform, which would adversely affect our operating results.

We track certain operational metrics and our category position with internal systems and tools, and our equity stakes in minority-owned affiliates with information provided by such minority-owned affiliates, and do not independently verify such metrics. Certain of our operational metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We track certain operational metrics, including key metrics such as MAPCs, Trips, Gross Bookings, and our category position, with internal systems and tools, and our equity stakes in minority-owned affiliates with information provided by such minority-owned affiliates, that are not independently verified by any third party and 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 have 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, or our estimates of our category position. 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 products are used across large populations globally. For example, we believe that there are consumers who have multiple accounts, even though we prohibit that in our Terms of Service and implement measures to detect and prevent that behavior. In addition, 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 operating metrics or our estimates of our category position or our equity stakes in our minority-owned affiliates are not accurate representations of our business, or if investors do not perceive our operating metrics or estimates of our category position or equity stakes in our minority-owned affiliates to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, and our operating and financial results could be adversely affected.

In certain jurisdictions, we allow consumers to pay for rides and meal or grocery deliveries using cash, which raises numerous regulatory, operational, and safety concerns. If we do not successfully manage those concerns, we could become subject to adverse regulatory actions and suffer reputational harm or other adverse financial and accounting consequences.

In certain jurisdictions, including India, Brazil, and Mexico, as well as certain other countries in Latin America, Europe, the Middle East, and Africa, we allow consumers to use cash to pay Drivers the entire fare of rides and cost of meal deliveries (including our service fee from such rides and meal or grocery deliveries). In 2020, cash-paid trips accounted for approximately 9% of our global Gross Bookings. This percentage may increase in the future, particularly in the markets in which Careem operates. The use of cash in connection with our technology raises numerous regulatory, operational, and safety concerns. For example, many jurisdictions have specific regulations regarding the use of cash for ridesharing and certain jurisdictions prohibit the use of cash for ridesharing. Failure to comply with these regulations could result in the imposition of significant fines and penalties and could result in a regulator requiring that we suspend operations in those jurisdictions. In addition to these regulatory concerns, the use of cash with our Mobility products and Delivery offering can increase safety and security risks for Drivers and riders, including potential robbery, assault, violent or fatal attacks, and other criminal acts. In certain jurisdictions such as Brazil, serious safety incidents resulting in robberies and violent, fatal attacks on Drivers while using our platform have been reported. If we are not able to adequately address any of these concerns, we could suffer significant reputational harm, which could adversely impact our business.

In addition, establishing the proper infrastructure to ensure that we receive the correct service fee on cash trips is complex, and has in the past meant and may continue to mean that we cannot collect the entire service fee for certain of our cash-based trips. We have created systems for Drivers to collect and deposit the cash received for cash-based trips and deliveries, as well as systems for us to collect, deposit, and properly account for the cash received, some of which are not always effective, convenient, or widely-adopted by Drivers. Creating, maintaining, and improving these systems requires significant effort and resources, and we cannot guarantee these systems will be effective in collecting amounts due to us. Further, operating a business that uses cash raises compliance risks with respect to a variety of rules and regulations, including anti-money laundering laws. If Drivers fail to pay us under the terms of our agreements or if our collection systems fail, we may be adversely affected by both the inability to collect amounts due and the cost of enforcing the terms of our contracts, including litigation. Such collection failure and enforcement costs, along with any costs associated with a failure to comply with applicable rules and regulations, could, in the aggregate, impact our financial performance.

Loss or material modification of our credit card acceptance privileges could have an adverse effect on our business and operating results.

In 2020, 74% of our Gross Bookings were paid by either credit card or debit card. As such, the loss of our credit card acceptance privileges would significantly limit our business model. We are required by our payment processors to comply with payment card network operating rules, including the Payment Card Industry (“PCI”) and Data Security Standard (the “Standard”). The Standard is a comprehensive set of requirements for enhancing payment account data security developed by the PCI Security Standards Council to help facilitate the broad adoption of consistent data security measures. Our failure to comply with the Standard and other network operating rules could result in fines or restrictions on our ability to accept payment cards. Under certain circumstances specified in the payment card network rules, we may be required to submit to periodic audits, self-assessments, or other assessments of our compliance with the Standard. Such activities may reveal that we have failed to comply with the Standard. If an audit, self- assessment, or other test determines 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. In addition, even if we comply with the Standard, there is no assurance that we will be protected from a security breach. Moreover, the payment card networks could adopt new operating rules or interpret existing rules that we or our processors might find difficult or even impossible to follow, or costly to implement. In addition to violations of network rules, including the Standard, any failure to maintain good relationships with the payment card networks could impact our ability to receive incentives from them, could increase our costs, or could otherwise harm our business. The loss of our credit card acceptance privileges for any one of these reasons, or the significant modification of the terms under which we obtain credit card acceptance privileges, may have an adverse effect on our business, revenue, and operating results.

Cyberattacks, computer malware, viruses, spamming, and phishing attacks could harm our reputation, business, and operating results.

We rely heavily on information technology systems across our operations. Our information technology systems, including mobile and online platforms and mobile payment systems, administrative functions such as human resources, payroll, accounting, and internal and external communications, and the information technology systems of our third-party business partners and service providers, contain proprietary or confidential information related to business and personal data, including sensitive personal data, entrusted to us by platform users, employees, and job candidates. Cyberattacks, computer malware, viruses, spamming, and phishing attacks have become more prevalent, have occurred on our systems in the past, and may occur on our systems in the future. Cyberthreats are constantly evolving and employing more sophisticated attack techniques. Our detection capabilities may not be sufficient to prevent or detect a sophisticated cyberattacker, such as a nation state using a zero day exploit or unknown malware. Breaches of our facilities, network, or data security could disrupt the security of our systems and platforms, impair our ability to protect data, compromise confidential or technical business information harming our reputation or competitive position, result in theft or misuse of our intellectual property or other assets, require us to allocate more resources to improve technologies, or otherwise adversely affect our reputation, business and operating results.

Various other factors may also cause system failures, including power outages, catastrophic events, inadequate or ineffective redundancy, issues with upgrading or creating new systems or platforms, flaws in third-party software or services, errors by our employees or third-party service providers, or breaches in the security of these systems or platforms. For example, third parties may attempt to fraudulently induce employees or platform users to disclose information to gain access to our data or the data of platform users. If our incident response, disaster recovery, and business continuity plans do not resolve these issues in an effective manner, they could result in adverse impacts to our business operations and our financial results. Because of our prominence, the number of platform users, and the types and volume of personal data on our systems, we may be a particularly attractive target for such attacks. Although we have developed, and continue to develop, systems and processes that are designed to protect our data and that of platform users, and to prevent data loss, undesirable activities on our platform, and security breaches, we cannot guarantee that such measures will provide absolute security. Our efforts on this front may be unsuccessful as a result of, for example, software bugs or other technical malfunctions; employee, contractor, or vendor error or malfeasance; government surveillance; or other threats that evolve, and we may incur significant costs in protecting against or remediating cyber-attacks. Any actual or perceived failure to maintain the performance, reliability, security, and availability of our products, offerings, and technical infrastructure to the satisfaction of platform users and certain regulators would likely harm our reputation and result in loss of revenue from the adverse impact to our reputation and brand, disruption to our business, and our decreased ability to attract and retain Drivers, consumers, merchants, shippers, and carriers.

Our platform is highly technical, and any undetected errors could adversely affect our business.

Our platform is a complex system composed of many interoperating components and incorporates software that is highly complex. Our business is dependent upon our ability to prevent system interruption on our platform. Our software, including open source software that is incorporated into our code, may now or in the future contain undetected errors, bugs, or vulnerabilities. Some errors in our software code may only be discovered after the code has been released. Bugs in our software, third-party software including open source software that is incorporated into our code, misconfigurations of our systems, and unintended interactions between systems could result in our failure to comply with certain federal, state, or foreign reporting obligations, or could cause downtime that would impact the availability of our service to platform users. We have from time to time found defects or errors in our system and may discover additional defects in the future that could result in platform unavailability or system disruption. In addition, we have experienced outages on our platform due to circumstances within our control, such as outages due to software limitations. We rely on co-located data centers for the operation of our platform. If our co-located data centers fail, our platform users may experience down time. If sustained or repeated, any of these outages could reduce the attractiveness of our platform to platform users. For example, as a result of an error with one of our routine maintenance releases in February 2018, we experienced an outage on our platform for 28 minutes, resulting in Drivers, consumers, merchants, shippers, and carriers being unable to log on to our platform in major cities, including Las Vegas, Atlanta, New York, and Washington D.C. In addition, our release of new software in the past has inadvertently caused, and may in the future cause, interruptions in the availability or functionality of our platform. Any errors, bugs, or vulnerabilities discovered in our code or systems after release could result in an interruption in the availability of our platform or a negative experience for Drivers, consumers, merchants, shippers, and carriers, and could also result in negative publicity and unfavorable media coverage, damage to our reputation, loss of platform users, loss of revenue or liability for damages, regulatory inquiries, or other proceedings, any of which could adversely affect our business and financial results. In addition, our growing use of artificial intelligence (“AI”) (including machine learning) in our offerings presents additional risks. AI algorithms may be flawed and datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair the acceptance of AI solutions or subject us to lawsuits and regulatory investigations. These deficiencies could undermine the decisions, predictions or analysis AI applications produce, or lead to unintentional bias and discrimination, subjecting us to competitive harm, legal liability, and brand or reputational harm.

Dependencies on Third Parties

The successful operation of our business depends upon the performance and reliability of Internet, mobile, and other infrastructures that are not under our control.

Our business depends on the performance and reliability of Internet, mobile, and other infrastructures that are not under our control. Disruptions in Internet infrastructure or GPS signals or the failure of telecommunications network operators to provide us with the bandwidth we need to provide our products and offerings have interfered, and could continue to interfere with the speed and availability of our platform. If our platform is unavailable when platform users attempt to access it, or if our platform does not load as quickly as platform users expect, platform users may not return to our platform as often in the future, or at all, and may use our competitors’ products or offerings more often. In addition, we have no control over the costs of the services provided by national telecommunications operators. If mobile Internet access fees or other charges to Internet users increase, consumer traffic may decrease, which may in turn cause our revenue to significantly decrease.

Our business depends on the efficient and uninterrupted operation of mobile communications systems. The occurrence of an unanticipated problem, such as a power outage, telecommunications delay or failure, security breach, or computer virus could result in delays or interruptions to our products, offerings, and platform, as well as business interruptions for us and platform users. Furthermore, foreign governments may leverage their ability to shut down directed services, and local governments may shut down our platform at the routing level. Any of these events could damage our reputation, significantly disrupt our operations, and subject us to liability, which could adversely affect our business, financial condition, and operating results. We have invested significant resources to develop new products to mitigate the impact of potential interruptions to mobile communications systems, which can be used by consumers in territories where mobile communications systems are less efficient. However, these products may ultimately be unsuccessful.

We rely on third parties maintaining open marketplaces to distribute our platform and to provide the software we use in certain of our products and offerings. If such third parties interfere with the distribution of our products or offerings or with our use of such software, our business would be adversely affected.

Our platform relies on third parties maintaining open marketplaces, including the Apple App Store and Google Play, which make applications available for download. We cannot assure you that the marketplaces through which we distribute our platform will maintain their current structures or that such marketplaces will not charge us fees to list our applications for download. For example, Apple Inc. announced that in 2021, it will require that iOS apps obtain users' permission to track their activities across third-party apps and websites. If iOS users do not grant us such permission, our ability to target those users for advertisements and to measure the effectiveness of such advertisements may be adversely affected, which could decrease the effectiveness of our advertising, and increase our costs to acquire and engage users on our platform. We rely upon certain third parties to provide software for our products and offerings, including Google Maps for the mapping function that is critical to the functionality of our platform. We do not believe that an alternative mapping solution exists that can provide the global functionality that we require to offer our platform in all of the markets in which we operate. We do not control all mapping functions employed by our platform or Drivers using our platform, and it is possible that such mapping functions may not be reliable. If such third parties cease to provide access to the third-party software that we and Drivers use, do not provide access to such software on terms that we believe to be attractive or reasonable, or do not provide us with the most current version of such software, we may be required to seek comparable software from other sources, which may be more expensive or inferior, or may not be available at all, any of which would adversely affect our business.

Our business depends upon the interoperability of our platform across devices, operating systems, and third-party applications that we do not control.

One of the most important features of our platform is its broad interoperability with a range of devices, operating systems, and third-party applications. Our platform is accessible from the web and from devices running various operating systems such as iOS and Android. We depend on the accessibility of our platform across these third-party operating systems and applications that we do not control. Moreover, third-party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with that of other third parties following development changes. The loss of interoperability, whether due to actions of third parties or otherwise, could adversely affect our business.

We rely on third parties for elements of the payment processing infrastructure underlying our platform. If these third-party elements become unavailable or unavailable on favorable terms, our business could be adversely affected.

The convenient payment mechanisms provided by our platform are key factors contributing to the development of our business. We rely on third parties for elements of our payment-processing infrastructure to remit payments to Drivers, merchants, and carriers using our platform, and these third parties may refuse to renew our agreements with them on commercially reasonable terms or at all. If these companies become unwilling or unable to provide these services to us on acceptable terms or at all, our business may be disrupted. For certain payment methods, including credit and debit cards, we generally pay interchange fees and other processing and gateway fees, and such fees result in significant costs. In addition, online payment providers are under continued pressure to pay increased fees to banks to process funds, and there is no assurance that such online payment providers will not pass any increased costs on to merchant partners, including us. If these fees increase over time, our operating costs will increase, which could adversely affect our business, financial condition, and operating results.

In addition, system failures have at times prevented us from making payments to Drivers in accordance with our typical timelines and processes, and have caused substantial Driver dissatisfaction and generated a significant number of Driver complaints. Future failures of the payment processing infrastructure underlying our platform could cause Drivers to lose trust in our payment operations and could cause them to instead use our competitors' platforms. If the quality or convenience of our payment processing infrastructure declines as a result of these limitations or for any other reason, the attractiveness of our business to Drivers, merchants, and carriers could be adversely affected. 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 platform users.

We currently rely on a small number of third-party service providers to host a significant portion of our platform, and any interruptions or delays in services from these third parties could impair the delivery of our products and offerings and harm our business.

We use a combination of third-party cloud computing services and co-located data centers in the United States and abroad. We do not control the physical operation of any of the co-located data centers we use or the operations of our third-party service providers. These third-party operations and co-located data centers may experience break-ins, computer viruses, denial-of-service attacks, sabotage, acts of vandalism, and other misconduct. These facilities may also be vulnerable to damage or interruption from power loss, telecommunications failures, fires, floods, earthquakes, hurricanes, tornadoes, and similar events. Our systems do not provide complete redundancy of data storage or processing, and as a result, the occurrence of any such event, a decision by our third-party service providers to close our co-located data centers without adequate notice, or other unanticipated problems may result in our inability to serve data reliably or require us to migrate our data to either a new on-premise data center or cloud computing service. This could be time consuming and costly and may result in the loss of data, any of which could significantly interrupt the provision of our products and offerings and harm our reputation and brand. We may not be able to easily switch to another cloud or data center provider in the event of any disruptions or interference to the services we use, and even if we do, other cloud and data center providers are subject to the same risks. Additionally, our co-located data center facility agreements are of limited durations, and our co-located data center facilities have no obligation to renew their agreements with us on commercially reasonable terms or at all. If we are unable to renew our agreements with these facilities on commercially reasonable terms, we may experience delays in the provision of our products and offerings until an agreement with another co-located data center is arranged. Interruptions in the delivery of our products and offerings may reduce our revenue, cause Drivers, merchants, and carriers to stop offering their services through our platform, and reduce use of our platform by consumers and shippers. Our business and operating results may be harmed if current and potential Drivers, consumers, merchants, shippers, and carriers believe our platform is unreliable. In addition, if we are unable to scale our data storage and computational capacity sufficiently or on commercially reasonable terms, our ability to innovate and introduce new products on our platform may be delayed or compromised, which would have an adverse effect on our growth and business.

Our use of third-party open source software could adversely affect our ability to offer our products and offerings and subjects us to possible litigation.

We use third-party open source software in connection with the development of our platform. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and their compliance with the terms of the applicable open source license. We may be subject to suits by parties claiming ownership of what we believe to be open source software, or claiming non-compliance with the applicable open source licensing terms. Some open source licenses require end-users who distribute or make available across a network software and services that include open source software to make available all or part of such software, which in some circumstances could include valuable proprietary code. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable proprietary source code, we have not run a complete open source license review and may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the applicable terms of such license, including claims for infringement of intellectual property rights or for breach of contract. 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. If we were to receive a claim of non-compliance with the terms of any of our open source licenses, we may be required to publicly release certain portions of our proprietary source code or expend substantial time and resources to re-engineer some or all of our software.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open-source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. Additionally, because any software source code that we make available under an open source license or that we contribute to existing open source projects becomes publicly available, our ability to protect our intellectual property rights in such software source code may be limited or lost entirely, and we would be unable to prevent our competitors or others from using such contributed software source code. Any of the foregoing could be harmful to our business, financial condition, or operating results and could help our competitors develop products and offerings that are similar to or better than ours.

Financing and Transactional Risks

We will require additional capital to support the growth of our business, and this capital might not be available on reasonable terms or at all.

To continue to effectively compete, we will require additional funds to support the growth of our business and allow us to invest in new products, offerings, and markets. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders may suffer significant dilution, and any new equity securities we issue may have rights, preferences, and privileges superior to those of existing stockholders. Certain of our existing debt instruments contain, and any debt financing we secure in the future could contain, restrictive covenants relating to our ability to incur additional indebtedness and other financial and operational matters that make it more difficult for us to obtain additional capital with which to pursue business opportunities. For example, our existing debt instruments contain significant restrictions on our ability to incur additional secured indebtedness. We may not be able to obtain additional financing on favorable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when required, our ability to continue to support our business growth and to respond to business challenges and competition may be significantly limited.

We have incurred a significant amount of debt and may in the future incur additional indebtedness. Our payment obligations under such indebtedness may limit the funds available to us, and the terms of our debt agreements may restrict our flexibility in operating our business.

As of March 31, 2021, we had total outstanding indebtedness of $8.0 billion aggregate principal amount. In addition, approximately $348 million of Careem Convertible Notes remain subject to future issuance to Careem stockholders. Subject to the limitations in the terms of our existing and future indebtedness, we and our subsidiaries may incur additional debt, secure existing or future debt, or refinance our debt. In particular, we may need to incur additional debt to finance the purchase of autonomous vehicles, and such financing may not be available to us on attractive terms or at all.

We may be required to use a substantial portion of our cash flows from operations to pay interest and principal on our indebtedness. Such payments will reduce the funds available to us for working capital, capital expenditures, and other corporate purposes and limit our ability to obtain additional financing for working capital, capital expenditures, expansion plans, and other investments, which may in turn limit our ability to implement our business strategy, heighten our vulnerability to downturns in our business, the industry, or in the general economy, limit our flexibility in planning for, or reacting to, changes in our business and the industry, and prevent us from taking advantage of business opportunities as they arise. We cannot assure you that our business will generate sufficient cash flow from operations or that future financing will be available to us in amounts sufficient to enable us to make required and timely payments on our indebtedness, or to fund our operations. To date, we have used a substantial amount of cash for operating activities, and we cannot assure you when we will begin to generate cash from operating activities in amounts sufficient to cover our debt service obligations.

In addition, under certain of our existing debt instruments, we and certain of our subsidiaries are subject to limitations regarding our business and operations, including limitations on incurring additional indebtedness and liens, limitations on certain consolidations, mergers, and sales of assets, and restrictions on the payment of dividends or distributions. Any debt financing secured by us in the future could involve additional restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital to pursue business opportunities, including potential acquisitions or divestitures. Any default under our debt arrangements could require that we repay our loans immediately, and may limit our ability to obtain additional financing, which in turn may have an adverse effect on our cash flows and liquidity.

In addition, we are exposed to interest rate risk related to some of our indebtedness, which is discussed in greater detail under the section titled “Management's Discussion and Analysis of Financial Condition and Results of Operations - Quantitative and Qualitative Disclosures About Market Risk - Interest Rate Risk.”

We may have exposure to materially greater than anticipated tax liabilities.

The tax laws applicable to our global business activities are subject to uncertainty and can be interpreted differently by different companies. For example, we may become subject to sales tax rates in certain jurisdictions that are significantly greater than the rates we currently pay in those jurisdictions. Like many other multinational corporations, we are subject to tax in multiple U.S. and foreign jurisdictions and have structured our operations to reduce our effective tax rate. Currently, certain jurisdictions are investigating our compliance with tax rules. If it is determined that we are not compliant with such rules, we could owe additional taxes.

Certain jurisdictions, including Australia, Kingdom of Saudi Arabia, the UK and other countries, require that we pay any assessed taxes prior to being allowed to contest or litigate the applicability of tax assessments in those jurisdictions. These amounts could materially adversely impact our liquidity while those matters are being litigated. This prepayment of contested taxes is referred to as “pay-to-play.” Payment of these amounts is not an admission that we believe we are subject to such taxes; even when such payments are made, we continue to defend our positions vigorously. If we prevail in the proceedings for which a pay-to-play payment was made, the jurisdiction collecting the payment will be required to repay such amounts and also may be required to pay interest.

Additionally, the taxing authorities of the jurisdictions in which we operate have in the past, and may in the future, examine or challenge our methodologies for valuing developed technology, which could increase our worldwide effective tax rate and harm our financial position and operating results. Furthermore, our future income taxes 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, changes in the valuation of our deferred tax assets and liabilities, or changes in tax laws, regulations, or accounting principles. We are subject to regular review and audit by both U.S. federal and state tax authorities, as well as foreign tax authorities, and currently face numerous audits in the United States and abroad. Any adverse outcome of such reviews and audits could have an adverse effect on our financial position and operating results. In addition, the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by our management, and we have engaged in many transactions for which the ultimate tax determination remains uncertain. The ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made. 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 could impact our financial position. 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 otherwise 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 could adversely affect our financial results.

Changes in global and U.S. tax legislation may adversely affect our financial condition, operating results, and cash flows.

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. U.S. tax legislation enacted in 2017, and modified in 2020, has significantly changed the U.S. federal income taxation of U.S. corporations, including reducing the U.S. corporate income tax rate, revising the rules governing net operating losses effective for tax years beginning after December 31, 2017, providing a transition of U.S. international taxation from a worldwide tax system to a modified territorial system, imposing a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017, and imposing new limitations on the deductibility of interest. Many of these changes were effective immediately, without any transition periods or grandfathering for existing transactions. The legislation is unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the U.S. Treasury and U.S. Internal Revenue Service (the "IRS"), any of which could lessen or increase certain adverse impacts of the legislation. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities.

We are unable to predict what global or U.S. tax reforms may be proposed or enacted in the future or what effects such future changes would have on our business. Any such changes in tax legislation, regulations, policies or practices in the jurisdictions in which we operate could increase the estimated tax liability that we have expensed to date and paid or accrued on our balance sheet; affect our financial position, future operating results, cash flows, and effective tax rates where we have operations; reduce post-tax returns to our stockholders; and increase the complexity, burden, and cost of tax compliance. We are subject to potential changes in relevant tax, accounting, and other laws, regulations, and interpretations, including changes to tax laws applicable to corporate multinationals. We could become subject to digital services taxes in one or more jurisdictions where we operate. The governments of countries in which we operate and other governmental bodies could make unprecedented assertions about how taxation is determined in their jurisdictions that are contrary to the way in which we have interpreted and historically applied the rules and regulations described above in our income tax returns filed in such jurisdictions. New laws could significantly increase our tax obligations in the countries in which we do business or require us to change the manner in which we operate our business. As a result of the large and expanding scale of our international business activities, many of these changes to the taxation of our activities could increase our worldwide effective tax rate and harm our financial position, operating results, and cash flows.

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

As of December 31, 2020, we had net operating loss carryforwards for U.S. federal income tax purposes and state income tax purposes of $13.6 billion and $11.1 billion, respectively, available to offset future taxable income. If not utilized, the federal net operating loss carryforward amounts generated prior to January 1, 2018 will begin to expire in 2031, and the state net operating loss carryforward amounts will begin to expire in 2021. As of December 31, 2020, we also had foreign net operating loss carryforwards of $6.9 billion that will begin to expire in 2023. Realization of these net operating loss carryforwards depends on our future taxable income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could materially and adversely affect our operating results. 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% change (by value) in its equity ownership 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 income may be limited. We may experience ownership changes in the future because of subsequent shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards and other tax attributes to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.

We are exposed to fluctuations in currency exchange rates.

Because we conduct a significant and may conduct a growing portion of our business in currencies other than the U.S. dollar but report our consolidated financial results in U.S. dollars, we face exposure to fluctuations in currency exchange rates. As exchange rates vary, revenue, cost of revenue, exclusive of depreciation and amortization, operating expenses, other income and expense, and assets and liabilities, when translated, may also vary materially and thus affect our overall financial results. We have not to date, but may in the future, enter into hedging arrangements to manage foreign currency translation, but such activity may not completely eliminate fluctuations in our operating results due to currency exchange rate changes. Hedging arrangements are inherently risky, and we have limited experience establishing hedging programs, which could expose us to additional risks that could adversely affect our financial condition and operating results.

If we are unable to successfully identify, acquire and integrate suitable businesses, our operating results and prospects could be harmed, and any businesses we acquire may not perform as expected or be effectively integrated.

As part of our business strategy, we have entered into, and expect to continue to enter into, agreements to acquire companies, form joint ventures, divest portions or aspects of our business, sell minority stakes in portions or aspects of our business, and acquire complementary companies or technologies, including divestitures in China, Southeast Asia and India, the divestiture of our ATG business to Aurora and our Uber Elevate business to Joby, our Yandex.Taxi joint venture in Russia/CIS, our joint venture with SK Telecom Co., LTD., our acquisition of Careem, our purchase of a controlling interest in Cornershop, and our acquisition of Postmates. Competition within our industry for acquisitions of businesses, technologies, and assets is intense. As such, even if we are able to identify a target for acquisition, we may not be able to complete the acquisition on commercially reasonable terms, we may not be able to receive approval from the applicable competition authorities, or such target may be acquired by another company, including one of our competitors.

Further, negotiations for potential acquisitions or other transactions may result in the diversion of our management's time and significant out-of-pocket costs. We may expend significant cash or incur substantial debt to finance such acquisitions, and such indebtedness may restrict our business or require the use of available cash to make interest and principal payments. In addition, we may finance or otherwise complete acquisitions by issuing equity or convertible debt securities, which may result in dilution to our stockholders, or if such convertible debt securities are not converted, significant cash outlays. If we fail to evaluate and execute acquisitions successfully or fail to successfully address any of these risks, our business, financial condition, and operating results may be harmed.

In addition, any businesses we acquire may not perform as well as we expect. Failure to manage and successfully integrate recently acquired businesses and technologies, including managing internal controls and any privacy or data security risks associated with such acquisitions, may harm our operating results and expansion prospects. For example, Careem has historically shared certain user data with certain government authorities, which conflicts with our global policies regarding data use, sharing, and ownership. We have maintained our data use, sharing, and ownership practices for both our business and Careem's business, and doing so may cause our relationships with government authorities in certain jurisdictions to suffer, and may result in such government authorities assessing significant fines or penalties against us or shutting down our or Careem's app on either a temporary or indefinite basis. The process of integrating an acquired company, business, or technology or acquired personnel into our company is subject to various risks and challenges, including:

- diverting management time and focus from operating our business to acquisition integration;
- disrupting our ongoing business operations;
- platform user acceptance of the acquired company's offerings;
- implementing or remediating the controls, procedures, and policies of the acquired company;
- integrating the acquired business onto our systems and ensuring the acquired business meets our financial reporting requirements and timelines;
- retaining and integrating acquired employees, including aligning incentives between acquired employees and existing employees, as well as managing costs associated with eliminating redundancies or transferring employees on acceptable terms with minimal business disruption;
- maintaining important business relationships and contracts of the acquired business;
- liability for pre-acquisition activities of the acquired company;
- litigation or other claims or liabilities arising in connection with the acquisition or the acquired company; and
- impairment charges associated with goodwill, long-lived assets, investments, and other acquired intangible assets.

We have in the past and may in the future implement integration structures that do not fully integrate an acquired company's operating functions. For example, with respect to the integration of Careem, the Careem brand and ridesharing, meal delivery, and payments apps continue to operate in parallel with Uber's apps and Careem's engineering, human resources, and operations teams will continue to operate independently and report to Careem's Chief Executive Officer. Such structures may delay the efficiencies that we expect to gain from the acquisition and our brand and reputation could be impacted by any damage or reputational harm to the acquired company's brand.

In addition, our acquisition of Careem has increased our risks under the U.S. Foreign Corrupt Practices Act ("FCPA") and other similar laws outside the United States. Our existing and planned safeguards, including training and compliance programs to discourage corrupt practices by such parties, may not prove effective, and such parties may engage in conduct for which we could be held responsible.

We may not receive a favorable return on investment for prior or future business combinations, including with respect to ATG, Careem, Postmates or our minority-owned affiliates, and we cannot predict whether these transactions will be accretive to the value of our common stock. It is also possible that acquisitions, combinations, divestitures, joint ventures, or other strategic transactions we announce could be viewed negatively by the press, investors, platform users, or regulators, any or all of which may adversely affect our reputation and our business. Any of these factors may adversely affect our ability to consummate a transaction, our financial condition, and our operating results.

Legal and Regulatory Risks Related to Our Business

We may continue to be blocked from or limited in providing or operating our products and offerings in certain jurisdictions, and may be required to modify our business model in those jurisdictions as a result.

In certain jurisdictions, including expansion markets such as Argentina, Germany, Italy, Japan, South Korea, and Spain, our ridesharing business model has been blocked, capped, or suspended, or we have been required to change our business model, due primarily to laws and significant regulatory restrictions in such jurisdictions. In some cases, we have applied for and obtained licenses or permits to operate and must continue to comply with the license or permit requirements or risk revocation. In addition, we may not be able to maintain or renew any such license or permit. For example, TfL scrutinizes our business in London on an on-going basis and we are subject to license reviews at renewal. In November 2019, TfL declined to issue us a license, finding that we were not “fit and proper,” including with respect to confidence in our change and release management processes. We successfully appealed and in September 2020, Westminster Magistrates Court granted us an 18 month operating license on largely the same conditions as our previous license, finding us a fit and proper person. Two new conditions (which we volunteered) include providing to TfL consolidated monthly reporting in relation to regulatory obligations and maintaining our current processes. Any inability to operate in markets such as London, as well as publicity concerning adverse judicial or licensing decisions, would adversely affect our business, revenue, and operating results. We cannot predict whether future regulatory decisions or legislation in other jurisdictions may embolden or encourage other authorities to take similar actions even where we are operating according to the terms of an existing license or permit. Additionally, since April 2019, Mexico City’s Secretaría de Movilidad passed several amendments to existing ridesharing regulations implementing certain operational requirements, including a prohibition on the use of cash to pay for ridesharing services and, effective as of November 2019, a comprehensive TNC data sharing requirement and a requirement that Drivers in Mexico City obtain additional licenses and annual vehicle inspections to provide ridesharing services. Except for the vehicle inspection, we have an injunction against such operational requirements which, if implemented without modification, could have a negative impact on our business and our failure to comply with such regulations may result in a potential revocation of our license to operate in Mexico City.

Traditional taxicab and car service operators in various jurisdictions continue to lobby legislators and regulators to block our Mobility products or to require us to comply with regulatory, insurance, record-keeping, licensing, and other requirements to which taxicab and car services are subject. For example, in January 2019, we suspended our Mobility products in Barcelona after the regional government enacted regulations mandating minimum wait times before riders could be picked up by ridesharing drivers. In December 2018, New York City’s Taxi and Limousine Commission implemented a per-mile and per-minute minimum trip payment formula, designed to establish a minimum pay standard, for drivers providing for-hire services in New York City, such as those provided by Drivers on our platform. These minimum rates took effect in February 2019. Since implementation, these regulations have had an adverse impact on our financial performance in New York City and may continue to do so in the future. In August 2018, the New York City Council voted to approve various measures to further regulate our business, including driver earning rules, licensing requirements, and a one-year freeze on new for-hire vehicle licenses for ridesharing services like those enabled via our platform, while the city studies whether a permanent freeze would help reduce congestion. In August 2019, New York City’s Taxi and Limousine Commission voted to extend such freeze on for-hire vehicle licenses and also voted to enact a new “cruising cap,” intended to reduce the number of for-hire vehicles operating without passengers on platforms like ours in the central business district of New York City. Although such “cruising cap” was struck down by a New York state judge in December 2019, the freeze on for-hire vehicle licenses remains. Additionally, in November 2019, a ballot measure to impose a surcharge on ridesharing trips in San Francisco was passed by voters in San Francisco and such surcharge took effect on January 1, 2020. Also in January 2020, a new tax went into effect in Chicago that imposes a surcharge of up to $3 per ridesharing trip taken in Chicago. In addition, in October 2020, the Seattle City Council passed a minimum pay standard for drivers providing services on our platform that goes into effect on January 1, 2021, and other jurisdictions have in the past considered or may consider regulations which would implement minimum wage requirements or permit drivers to negotiate for minimum wages while providing services on our platform. Similar legislative or regulatory initiatives are being considered or have been enacted in countries outside the United States. If other jurisdictions impose similar regulations, our business growth could be adversely affected.

In certain jurisdictions, we are subject to national, state, local, or municipal laws and regulations that are ambiguous in their application or enforcement or that we believe are invalid or inapplicable. In such jurisdictions, we may be subject to regulatory fines and proceedings and, in certain cases, may be required to cease operations altogether if we continue to operate our business as currently conducted, unless and until such laws and regulations are reformed to clarify that our business operations are fully compliant. For example, in September 2020, the Hong Kong Court of Final Appeal issued a ruling against a group of drivers who used the Uber app, concluding that by driving for hire without a Hire Car Permit, they violated the local Road Traffic Ordinance. We are analyzing that decision and considering further legal challenges and possible policy solutions. However, these developments may adversely affect our ability to offer ridesharing services and negatively impact our financial performance in Hong Kong. Additionally, on January 31, 2020, we ceased offering our Mobility products in Colombia after a Colombian court ruled that we violated local competition laws. In response, we appealed the decision, made certain changes to our Mobility products in Colombia and re-launched Mobility in Colombia in February 2020. In June 2020, the Appeals Court of Bogota revoked its order to block Mobility products in Columbia and we have since made additional changes to our Mobility products in Colombia. Furthermore, in certain of these jurisdictions, we continue to provide our products and offerings while we assess the applicability of these laws and regulations to our products and offerings or while we seek regulatory or policy changes to address concerns with respect to our ability to comply with these laws and regulations. Our decision to continue operating in these instances has come under investigation or has otherwise been subject to scrutiny by government authorities. Our continuation of this practice and other past practices may result in fines or other penalties against us and Drivers imposed by local regulators, potentially increasing the risk that our licenses or permits that are necessary to operate in such jurisdictions will not be renewed. Such fines and penalties have in the past been, and may in the future continue to be, imposed solely on Drivers, which may cause Drivers to stop providing services on our platform. In many instances, we make the business decision as a gesture of goodwill to pay the fines on behalf of Drivers or to pay Drivers' defense costs, which, in the aggregate, can be in the millions of dollars. Furthermore, such business practices may also result in negative press coverage, which may discourage Drivers and consumers from using our platform and could adversely affect our revenue. In addition, we face regulatory obstacles, including those lobbied for by our competitors or from local governments globally, that have favored and may continue to favor local or incumbent competitors, including obstacles for potential Drivers seeking to obtain required licenses or vehicle certifications. We have incurred, and expect that we will continue to incur, significant costs in defending our right to operate in accordance with our business model in many jurisdictions. To the extent that efforts to block or limit our operations are successful, or we or Drivers are required to comply with regulatory and other requirements applicable to taxicab and car services, our revenue and growth would be adversely affected.

Our business is subject to numerous legal and regulatory risks that could have an adverse impact on our business and future prospects.

As of March 31, 2021, our platform is available in approximately 10,000 cities across approximately 71 countries. We are subject to differing, and sometimes conflicting, laws and regulations in the various jurisdictions in which we provide our offerings. A large number of proposals are before various national, regional, and local legislative bodies and regulatory entities, both within the United States and in foreign jurisdictions, regarding issues related to our business model. Certain proposals, if adopted, could significantly and materially harm our business, financial condition, and operating results by restricting or limiting how we operate our business, increasing our operating costs, and decreasing our number of platform users. We cannot predict whether or when such proposals may be adopted.

Further, existing or new laws and regulations could expose us to substantial liability, including significant expenses necessary to comply with such laws and regulations, and could dampen the growth and usage of our platform. For example, as we expand our offerings in new areas, such as non-emergency medical transportation, we may be subject to additional healthcare-related federal and state laws and regulations. Additionally, because our offerings are frequently first-to-market in the jurisdictions in which we operate, several local jurisdictions have passed, and we expect additional jurisdictions to pass, laws and regulations that limit or block our ability to offer our products to Drivers and consumers in those jurisdictions, thereby impeding overall use of our platform. We are actively challenging some of these laws and regulations and are lobbying other jurisdictions to oppose similar restrictions on our business, especially our ridesharing services. Further, because a substantial portion of our business involves vehicles that run on fossil fuels, laws, regulations, or governmental actions seeking to curb air pollution or emissions may impact our business. For example, in response to London's efforts to cut emissions and improve air quality in the city (including the institution of a toxicity charge for polluting vehicles in the city center congestion zone and the introduction of an "Ultra Low Emissions Zone" that went into effect in April 2019), we have added a clean-air fee of 15 pence per mile to each trip on our platform in London, and plan to help Drivers on our platform fully transition to electric vehicles by 2025. Additionally, proposed ridesharing regulations in Egypt and other jurisdictions may require us to share certain personal data with government authorities to operate our app, which we may not be willing to provide. Our failure to share such data in accordance with these regulations may result in government authorities assessing significant fines or penalties against us or shutting down our or Careem's app in Egypt on either a temporary or indefinite basis.

Additionally, effective January 1, 2021, the United Kingdom exited from the European Union ("EU"), an event commonly referred to as Brexit. The UK represented approximately 4.9% of our global Mobility Gross Bookings in the first quarter of 2021.

In addition, we are currently involved in litigation in a number of the jurisdictions in which we operate. We initiated some of these legal challenges to contest the application of certain laws and regulations to our business. Others have been brought by taxicab owners, local regulators, local law enforcement, and platform users, including Drivers and consumers. These include individual, multiple plaintiff, and putative class and class action claims for alleged violation of laws related to, among other things, transportation, competition, advertising, consumer protection, fee calculations, personal injuries, privacy, intellectual property, product liability, discrimination, safety, and employment. For example, in May 2019, a class action was filed against us and certain of our subsidiaries in the Supreme Court of Victoria, Australia on behalf of participants in the taxi, hire-car, limousine, and charter vehicle industry who were licensed to operate in particular regions of Australia during certain periods between April 2014 and August 2017. The class action alleges that we operated unlawfully in such regions during such periods. These legislative and regulatory proceedings, allegations, and lawsuits are expensive and time consuming to defend, and, if resolved adversely to us, could result in financial damages or penalties, including criminal penalties, incarceration, and sanctions for individuals employed by us or parties with whom we contract, which could harm our ability to operate our business as planned in one or more of the jurisdictions in which we operate, which could adversely affect our business, revenue, and operating results.

In addition, while we divested certain assets of our dockless e-bikes and e-scooters business to Lime in May 2020, consumers continue to have access to dockless e-bikes and e-scooters through our app. We expect dockless e-bikes and e-scooters to subject us to additional risks distinct from those relating to our other Mobility, Delivery and Freight offerings. For example, consumers using dockless e-bikes or e-scooters face a more severe level of injury in the event of a collision than that faced while riding in a vehicle, given the less sophisticated, and in some cases absent, passive protection systems on dockless e-bikes and e-scooters. The occurrence of real or perceived quality problems or material defects in current or future dockless e-bikes or e-scooters available via our app could result in negative publicity, market withdrawals, regulatory proceedings, enforcement actions, or lawsuits filed against us, particularly if consumers are injured.

Changes in, or failure to comply with, competition laws could adversely affect our business, financial condition, or operating results.

Competition authorities closely scrutinize us under U.S. and foreign antitrust and competition laws. An increasing number of governments are enforcing competition laws and are doing so with increased scrutiny, including governments in large markets such as the EU, the United States, Brazil, and India, particularly surrounding issues of predatory pricing, price-fixing, and abuse of market power. Many of these jurisdictions also allow competitors or consumers to assert claims of anti-competitive conduct. For example, complaints have been filed in several jurisdictions, including in the United States and India, alleging that our prices are too high (surge pricing) or too low (discounts or predatory pricing), or both. We also continue to defend against litigation filed by a purported assignee of Sidecar, an early competitor in the ridesharing business, that asserts claims under federal law based on allegations that we engaged in anti-competitive conduct. If one jurisdiction imposes or proposes to impose new requirements or restrictions on our business, other jurisdictions may follow. Further, any new requirements or restrictions, or proposed requirements or restrictions, could result in adverse publicity or fines, whether or not valid or subject to appeal.

In addition, governmental agencies and regulators may, among other things, prohibit future acquisitions, divestitures, or combinations we plan to make, impose significant fines or penalties, require divestiture of certain of our assets, or impose other restrictions that limit or require us to modify our operations, including limitations on our contractual relationships with platform users or restrictions on our pricing models. Such rulings may alter the way in which we do business and, therefore, may continue to increase our costs or liabilities or reduce demand for our platform, which could adversely affect our business, financial condition, or operating results.

Our business is subject to extensive government regulation and oversight relating to the provision of payment and financial services.

Most jurisdictions in which we operate have laws that govern payment and financial services activities. Regulators in certain jurisdictions may determine that certain aspects of our business are subject to these laws and could require us to obtain licenses to continue to operate in such jurisdictions. Our subsidiary in the Netherlands, Uber Payments B.V., is registered and authorized by its competent authority, De Nederlandsche Bank, as an electronic money institution. This authorization permits Uber Payments B.V. to provide payment services (including acquiring and executing payment transactions and money remittances, as referred to in the Revised Payment Services Directive (2015/2366/EU)) and to issue electronic money in the Netherlands. In addition, Uber Payments B.V. has notified De Nederlandsche Bank that it will provide such services on a cross-border passport basis into other countries within the EEA. We continue to critically evaluate our options for seeking additional licenses and approvals in several other jurisdictions to optimize our payment solutions and support the future growth of our business. We could be denied such licenses, have existing licenses revoked, or be required to make significant changes to our business operations before being granted such licenses. If we are denied payment or other financial licenses or such licenses are revoked, we could be forced to cease or limit business operations in certain jurisdictions, including in the EEA, and even if we are able to obtain such licenses, we could be subject to fines or other enforcement action, or stripped of such licenses, if we are found to violate the requirements of such licenses. In some countries, it is not clear whether we are required to be licensed as a payment services provider. Were local regulators to determine that such arrangements require us to be so licensed, such regulators may block payments to Drivers, merchants, shippers or carriers. Such regulatory actions, or the need to obtain regulatory approvals, could impose significant costs and involve substantial delay in payments we make in certain local markets, any of which could adversely affect our business, financial condition, or operating results.

Starting in December 2020, payments made by platform users with payment accounts in the EEA for services provided through our platform may be subject to Strong Customer Authentication ("SCA") regulatory requirements. In many cases, SCA will require a platform user to engage in additional steps to authenticate each payment transaction. These additional authentication requirements may make our platform user experience in the EEA substantially less convenient, and such loss of convenience could meaningfully reduce the frequency with which platform users use our platform or could cause some platform users to stop using our platform entirely, which could adversely affect our business, financial condition, operating results, and prospects. Further, once SCA is implemented, many payment transactions on our platform may fail to be authenticated due to platform users not completing all necessary authentication steps. Thus, in some cases, we may not receive payment from consumers in advance of paying Drivers for services received by those users. A substantial increase in the frequency with which we make Driver payments without having received corresponding payments from consumers could adversely affect our business, financial condition, operating results, and prospects.

In addition, laws related to money transmission and online payments are evolving, and changes in such laws could affect our ability to provide payment processing on our platform in the same form and on the same terms as we have historically, or at all. For example, changes to our business in Europe, combined with changes to the EU Payment Services Directive, caused aspects of our payment operations in the EEA to fall within the scope of European payments regulation. As a result, one of our subsidiaries, Uber Payments B.V., is directly subject to financial services regulations (including those relating to anti-money laundering, terrorist financing, and sanctioned or prohibited persons) in the Netherlands and in other countries in the EEA where it conducts business. Effective July 1, 2020, we transitioned all our payment operations to the Uber Payments B.V. regulated entity in the EEA countries in which we are required to do so by the European payments regulations.

In addition, as we evolve our business or make changes to our business structure, we may be subject to additional laws or requirements related to money transmission, online payments, and financial regulation. These laws govern, among other things, money transmission, prepaid access instruments, electronic funds transfers, anti-money laundering, counter-terrorist financing, banking, systemic integrity risk assessments, security of payment processes, and import and export restrictions. Our business operations, including our payments to Drivers and merchants, may not always comply with these financial laws and regulations. Historical or future non-compliance with these laws or regulations could result in significant criminal and civil lawsuits, penalties, forfeiture of significant assets, or other enforcement actions. Costs associated with fines and enforcement actions, as well as reputational harm, changes in compliance requirements, or limits on our ability to expand our product offerings, could harm our business.

Further, our payment system is susceptible to illegal and improper uses, including money laundering, terrorist financing, fraudulent sales of goods or services, and payments to sanctioned parties. We have invested and will need to continue to invest substantial resources to comply with applicable anti-money laundering and sanctions laws, and in the EEA to conduct appropriate risk assessments and implement appropriate controls as a regulated financial service provider. Government authorities may seek to bring legal action against us if our payment system is used for improper or illegal purposes or if our enterprise risk management or controls in the EEA are not adequately assessed, updated, or implemented, and any such action could result in financial or reputational harm to our business.

We currently are subject to a number of inquiries, investigations, and requests for information from the DOJ, state Attorney General ("AG") offices and other U.S. and foreign government agencies, the adverse outcomes of which could harm our business.

We are the subject of DOJ criminal and civil inquiries and investigations, as well as civil enforcement inquiries and investigations by other government agencies, including state AG offices in the United States and abroad. Those inquiries and investigations cover a broad range of matters, including our business practices, as well as data deletion and document retention policies related to the 2016 Breach, which involved the breach of certain archived consumer data hosted on a cloud-based service that outside actors accessed and downloaded. We have in the past and may in the future, settle claims related to such matters. For example, in September 2018, after investigations and various lawsuits relating to the 2016 Breach, we settled with the Attorneys General of all 50 U.S. states and the District of Columbia through stipulated judgments and payment in an aggregate amount of $148 million related to our failure to report the incident for approximately one year. In April 2018, we entered into a consent decree that lasts through 2038 covering the 2014 Breach and the 2016 Breach with the U.S. Federal Trade Commission (the "FTC"), which the FTC Commissioners approved in October 2018. In November and December 2018, U.K., Dutch and French regulators imposed fines totaling approximately $1.6 million related to the 2016 Breach. The 2016 Breach may lead to additional costly and time-consuming regulatory investigations and litigation from other government entities, as well as potentially material fines and penalties imposed by other U.S. and international regulators. As another example, the California Public Utilities Commission recently issued a proposed $59 million fine against us for not producing certain information, including personal information related to incidents disclosed in our US Safety Report. Investigations and enforcement actions from such entities, as well as continued negative publicity and an erosion of current and prospective platform users' trust, could severely disrupt our business.

We are also subject to inquiries and investigations by government agencies related to certain transactions we have entered into in the United States and other countries. For example, in connection with the Grab transaction, the Competition and Consumer Commission of Singapore concluded that the transaction violated local competition laws and imposed fines and restrictions on both us and Grab, including a requirement that Grab cannot require drivers to drive exclusively on its platform, a prohibition on "excessive price surges," and protections for driver commission rates. In addition, the Philippine Competition Commission approved the transaction subject to similar restrictions, including a cap on maximum allowable fares and a requirement that Grab cannot require drivers to drive exclusively on its platform, and imposed fines relating to our and Grab's non-compliance with its interim measures order during the pendency of the commission's antitrust review.

These government inquiries and investigations are time-consuming and require a great deal of financial resources and attention from us and our senior management. If any of these matters are resolved adversely to us, we may be subject to additional fines, penalties, and other sanctions, and could be forced to change our business practices substantially in the relevant jurisdictions. Any such determinations could also result in significant adverse publicity or additional reputational harm, and could result in or complicate other inquiries, investigations, or lawsuits from other regulators in future merger control or conduct investigations. Any of these developments could result in material financial damages, operational restrictions, and harm our business.

We face risks related to our collection, use, transfer, disclosure, and other processing of data, which could result in investigations, inquiries, litigation, fines, legislative and regulatory action, and negative press about our privacy and data protection practices.

The nature of our business exposes us to claims, including civil lawsuits in the United States such as those related to the 2014 Breach and the 2016 Breach. These and any future privacy or security incidents could result in violation of applicable U.S. and international privacy, data protection, and other laws. Such violations subject us to individual or consumer class action litigation as well as governmental investigations and proceedings by federal, state, and local regulatory entities in the United States and internationally, resulting in exposure to material civil or criminal liability. Our data security and privacy practices have been the subject of inquiries from government agencies and regulators, not all of which are finally resolved. In April 2018, we entered into an FTC consent decree pursuant to which we agreed, among other things, to implement a comprehensive privacy program, undergo biennial third-party audits, and not misrepresent how we protect consumer information through 2038. In October 2018, the FTC approved the final settlement, which exposes us to penalties, for, amongst other activities, future failure to report security incidents. In November and December 2018, U.K., Dutch and French supervisory authorities imposed fines totaling approximately $1.6 million. We have also entered into settlement agreements with numerous state enforcement agencies. In January 2016, we entered into a settlement with the Office of the New York State Attorney General under which we agreed to enhance our data security practices. In September 2018, we entered into stipulated judgments with the state attorneys general of all 50 U.S. states and the District of Columbia relating to the 2016 Breach, which involved payment of $148 million and assurances that we would enhance our data security and privacy practices. Failure to comply with these and other orders could result in substantial fines, enforcement actions, injunctive relief, and other penalties that may be costly or that may impact our business. We may also assume liabilities for breaches experienced by the companies we acquire as we expand our operations. For example, in April 2018, Careem publicly disclosed and notified relevant regulatory authorities that it had been subject to a data security breach that allowed access to certain personal information of riders and drivers on its platform as of January 14, 2018. If Careem becomes subject to liability as a result of this or other data security breaches or if we fail to remediate this or any other data security breach that Careem or we experience, we may face harm to our brand, business disruption, and significant liabilities. Our insurance programs may not cover all potential claims to which we are exposed and may not be adequate to indemnify us for the full extent of our potential liabilities.

This risk is enhanced in certain jurisdictions with stringent privacy laws and, as we expand our products, offerings, and operations domestically and internationally, we may become subject to amended or additional laws that impose substantial additional obligations related to data privacy and security. The EU adopted the GDPR in 2016, and it became effective in May 2018. The GDPR applies extraterritorially and imposes stringent requirements for controllers and processors of personal data. Such requirements include higher consent standards to process personal data, robust disclosures regarding the use of personal data, strengthened individual data rights, data breach requirements, limitations on data retention, strengthened requirements for special categories of personal data and pseudonymised (i.e., key-coded) data, and additional obligations for contracting with service providers that may process personal data. The GDPR further provides that EU member states may institute additional laws and regulations impacting the processing of personal data, including (i) special categories of personal data (e.g., racial or ethnic origin, political opinions, and religious or philosophical beliefs) and (ii) profiling of individuals and automated individual decision-making. Such additional laws and regulations could limit our ability to use and share personal or other data, thereby increasing our costs and harming our business and financial condition. Non-compliance with the GDPR (including any non-compliance by any acquired business) is subject to significant penalties, including fines of up to the greater of €20 million or 4% of total worldwide revenue, and injunctions against the processing of personal data. Other jurisdictions outside the EU are similarly introducing or enhancing privacy and data security laws, rules, and regulations, which will increase our compliance costs and the risks associated with non-compliance. For example, the California Consumer Privacy Act ("CCPA"), which provides new privacy rights for consumers and new operational requirements for businesses, went into effect in January 2020. The CCPA includes a statutory damages framework and private rights of action against businesses that fail to comply with certain CCPA terms or implement reasonable security procedures and practices to prevent data breaches. Brazil provides another example, having passed the General Data Protection Law (Lei Geral de Proteção de Dados Pessoais, or LGPD) in 2018, which is now in effect. These laws may be subject to amendments and regulations that may change over time, or result in additional follow-on laws such as the California Privacy Rights Act ("CPRA") passed in California in November 2020.

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 EEA. We rely on transfer mechanisms permitted under these laws, including the EU Standard Contract Clauses. Such mechanisms have received heightened regulatory and judicial scrutiny, and a recent decision by the Court of Justice of the European Union casts doubt on the adequacy of all of the formerly-approved mechanisms for transferring personal data from countries in the EEA to certain other countries such as the United States. If we cannot rely on existing mechanisms for transferring personal data from the EEA, the United Kingdom, or other jurisdictions, we may be unable to transfer personal data of Drivers, consumers, or employees in those regions, which could have an adverse effect on our business, financial condition, and operating results. In addition, we may be required to disclose personal data pursuant to demands from government agencies, including from state and city regulators as a requirement for obtaining or maintaining a license or otherwise, from law enforcement agencies, and from intelligence agencies. This disclosure may result in a failure or perceived failure by us to comply with privacy and data protection policies, notices, laws, rules, and regulations, could result in proceedings or actions against us in the same or other jurisdictions, and could have an adverse impact on our reputation and brand. In addition, Careem has historically shared certain user data with certain government authorities, which conflicts with our global policies regarding data use, sharing, and ownership. We expect to maintain our data use, sharing, and ownership practices for both our business and Careem's business, and doing so may cause our relationship with government authorities in certain jurisdictions to suffer, and may result in such government authorities assessing significant fines or penalties against us or shutting down our or Careem's app on either a temporary or indefinite basis. Further, if any jurisdiction in which we operate changes its laws, rules, or regulations relating to data residency or local computation such that we are unable to comply in a timely manner or at all, we may risk losing our rights to operate in such jurisdictions. This could adversely affect the manner in which we provide our products and offerings and thus materially affect our operations and financial results.

Such data protection 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, and other processing and certain other related business practices and may thereby increase compliance costs. Additionally, any failure or perceived failure by us to comply with privacy and data protection policies, notices, laws, rules, orders and regulations could result in proceedings or actions against us by individuals, consumer rights groups, governmental entities or agencies, or others. We could incur significant costs investigating and defending such claims and, if found liable, significant damages. Further, these proceedings and any subsequent adverse outcomes may subject us to significant penalties and negative publicity. If any of these events were to occur, our business and financial results could be significantly disrupted and adversely affected.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved could expose us to monetary damages or limit our ability to operate our business.

We have in the past been, are currently, and may in the future become, involved in private actions, collective actions, investigations, and various other legal proceedings by Drivers, consumers, merchants, shippers, carriers, employees, commercial partners, competitors or, government agencies, among others. We are subject to litigation relating to various matters including Driver classification, Drivers' tips and taxes, the Americans with Disabilities Act, antitrust, intellectual property infringement, privacy, unfair competition, workplace culture, safety practices, and employment and human resources practices. The results of any such litigation, investigations, and legal proceedings are inherently unpredictable and expensive. Any claims against us, whether meritorious or not, could be time consuming, costly, and harmful to our reputation, and could require significant amounts of management time and corporate resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or be forced to change the way in which we operate our business, which could have an adverse effect on our business, financial condition, and operating results.

In addition, we regularly include arbitration provisions in our terms of service with end-users. These provisions are intended to streamline the litigation process for all parties involved, as arbitration can in some cases be faster and less costly than litigating disputes in state or federal court. However, arbitration may become more costly for us, or the volume of arbitrations may increase and become burdensome. Further, the use of arbitration provisions may subject us to certain risks to our reputation and brand, as these provisions have been the subject of increasing public scrutiny. To minimize these risks, we have in the past and may in the future voluntarily limit our use of arbitration provisions, or we may be required to do so, in any legal or regulatory proceeding, either of which could increase our litigation costs and exposure in respect of such proceedings. For example, effective May 15, 2018, we ended mandatory arbitration of sexual misconduct claims by platform users and employees.

Further, with the potential for conflicting rules regarding the scope and enforceability of arbitration on a state-by-state basis, as well as conflicting rules between state and federal law, some or all of our arbitration provisions could be subject to challenge or may need to be revised to exempt certain categories of protection. If our arbitration agreements were found to be unenforceable, in whole or in part, or specific claims were required to be exempted from arbitration, we could experience an increase in our litigation costs and the time involved in resolving such disputes, and we could face increased exposure to potentially costly lawsuits, each of which could adversely affect our business, financial condition, operating results, and prospects.

We have operations in countries known to experience high levels of corruption and were previously subject to, and may in the future be subject to, inquiries, investigations, and requests for information with respect to our compliance with a number of anti-corruption laws to which we are subject.

We have operations in, and have business relationships with, entities in countries known to experience high levels of corruption. We are subject to the FCPA and other similar laws outside the United States that prohibit improper payments or offers of payments to foreign governments, their officials, and political parties for the purpose of obtaining or retaining business. U.S. and non-U.S. regulators alike continue to focus on the enforcement of these laws, and we may be subject to additional compliance requirements to identify criminal activity and payments to sanctioned parties. Our activities in certain countries with high levels of corruption enhance the risk of unauthorized payments or offers of payments by Drivers, consumers, merchants, shippers or carriers, employees, consultants, or business partners in violation of various anti-corruption laws, including the FCPA, even though the actions of these parties are often outside our control. Our acquisition of Careem may further enhance this risk because users of Careem's platform and Careem's employees, consultants, and business partners may not be familiar with, and may not have been previously subject to, these anti-corruption laws. In addition, our existing and future safeguards, including training and compliance programs to discourage these practices by such parties, may not prove effective, and such parties may engage in conduct for which we could be held responsible. Additional compliance requirements may compel us to revise or expand our compliance program, including the procedures we use to verify the identity of platform users and monitor international and domestic transactions.

Drivers may become subject to increased licensing requirements, and we may be required to obtain additional licenses or cap the number of Drivers using our platform.

Many Drivers currently are not required to obtain a commercial taxi or livery license in their respective jurisdictions. However, numerous jurisdictions in which we operate have conducted investigations or taken action to enforce existing licensing rules, including markets within Latin America and the Asia-Pacific region, and many others, including countries in Europe, the Middle East, and Africa, have adopted or proposed new laws or regulations that require Drivers to be licensed with local authorities or require us or our subsidiaries to be licensed as a transportation company. Local regulations requiring the licensing of us or Drivers may adversely affect our ability to scale our business and operations. In addition, it is possible that various jurisdictions could impose caps on the number of licensed Drivers or vehicles with whom we may partner or impose limitations on the maximum number of hours a Driver may work, similar to recent regulations that were adopted in Spain and New York City, which have temporarily frozen new vehicle licenses for Drivers using platforms like ours. If we or Drivers become subject to such caps, limitations, or licensing requirements, our business and growth prospects would be adversely impacted.

We may be subject to liability for the means we use to attract and onboard Drivers.

We operate in an industry in which the competition for Drivers is intense. In this highly competitive environment, the means we use to onboard and attract Drivers may be challenged by competitors, government regulators, or individual plaintiffs. For example, putative class actions have been filed by individual plaintiffs against us for alleged violation of the Telephone Consumer Protection Act of 1991, alleging, among other things, that plaintiffs received text messages from us regarding our Driver program without their consent or after indicating to us they no longer wished to receive such text messages. In addition, in early 2017, we settled an investigation by the FTC into statements we made regarding potential Driver earnings and third-party vehicle leasing and financing programs. In connection with this matter, we agreed, among other things, to pay $20 million to the FTC for Driver redress. These lawsuits are expensive and time consuming to defend, and, if resolved adversely to us, could result in material financial damages and penalties, costly adjustments to our business practices, and negative publicity. In addition, we could incur substantial expense and possible loss of revenue if competitors file additional lawsuits or other claims challenging these practices.

Our business depends heavily on insurance coverage for Drivers and on other types of insurance for additional risks related to our business. If insurance carriers change the terms of such insurance in a manner not favorable to Drivers or to us, if we are required to purchase additional insurance for other aspects of our business, or if we fail to comply with regulations governing insurance coverage, our business could be harmed.

We use a combination of third-party insurance and self-insurance mechanisms, including a wholly owned captive insurance subsidiary. Insurance related to our Mobility products may include third-party automobile, automobile comprehensive and collision, physical damage, and uninsured and underinsured motorist coverage. We require Drivers to carry automobile insurance in most countries, and in many cases we also maintain insurance on behalf of Drivers. We rely on a limited number of ridesharing insurance providers, particularly internationally, and should such providers discontinue or increase the cost of coverage, we cannot guarantee that we would be able to secure replacement coverage on reasonable terms or at all. For example, in 2019, one of our insurance providers announced early termination of coverage and was replaced with other insurance providers. In addition to insurance related to our products, we maintain other automobile insurance coverage for owned vehicles and employee activity, as well as insurance coverage for non-automotive corporate risks including general liability, workers' compensation, property, cyber liability, and director and officers' liability. If our insurance carriers change the terms of our policies in a manner unfavorable to us or Drivers, our insurance costs could increase. The cost of insurance that we maintain on behalf of Drivers is higher in the United States and Canada than in other geographies. Further, if the insurance coverage we maintain is not adequate to cover losses that occur, we could be liable for significant additional costs.

In addition, we and our captive insurance subsidiary are party to certain reinsurance and indemnification arrangements that transfer a significant portion of the risk from the insurance provider to us or our captive insurance subsidiary, which could require us to pay out material amounts that may be in excess of our insurance reserves, resulting in harm to our financial condition. Our insurance reserves account for unpaid losses and loss adjustment expenses for risks retained by us through our captive insurance subsidiary and other risk retention mechanisms. Such amounts are based on actuarial estimates, historical claim information, and industry data. While management believes that these reserve amounts are adequate, the ultimate liability could be in excess of our reserves. We also have requirements to post collateral for current and future claim settlement obligations with certain of our insurance carriers, which may have a significant impact on our unrestricted cash and cash equivalents available for general business purposes.

We may be subject to claims of significant liability based on traffic accidents, injuries, or other incidents that are claimed to have been caused by Drivers who use our platform, even when those Drivers are not actively using our platform or when an individual impersonates a Driver. As we expand to include more offerings on our platform, our insurance needs will likely extend to those additional offerings, including Freight. As a result, our automobile liability and general liability insurance policies and insurance maintained by Drivers may not cover all potential claims related to traffic accidents, injuries, or other incidents that are claimed to have been caused by Drivers who use our platform, and may not be adequate to indemnify us for all liability that we could face. Even if these claims do not result in liability, we could incur significant costs in investigating and defending against them. If insurers become insolvent, they may not be able to pay otherwise valid claims in a timely manner or at all. If we are subject to claims of liability relating to the acts of Drivers or others using our platform, we may be subject to negative publicity and incur additional expenses, which could harm our business, financial condition, and operating results.

In addition, we are subject to local laws, rules, and regulations relating to insurance coverage which could result in proceedings or actions against us by governmental entities or others. Legislation has been passed in many U.S. jurisdictions that codifies these insurance requirements with respect to ridesharing. Additional legislation has been proposed in other jurisdictions that seeks to codify or change insurance requirements with respect to ridesharing. Further, service providers and business customers of Freight and Uber for Business may require higher levels of coverage as a condition to entering into certain key contracts with us. Any failure, or perceived failure, by us to comply with local laws, rules, and regulations or contractual obligations relating to insurance coverage could result in proceedings or actions against us by governmental entities or others. These lawsuits, proceedings, or actions may subject us to significant penalties and negative publicity, require us to increase our insurance coverage, require us to amend our insurance policy disclosure, increase our costs, and disrupt our business.

We may be subject to pricing regulations, as well as related litigation or regulatory inquiries.

Our revenue is dependent on the pricing models we use to calculate consumer fares and Driver earnings. Our pricing models, including dynamic pricing, have been, and will likely continue to be, challenged, banned, limited in emergencies, and capped in certain jurisdictions. For example, we have agreed to not calculate consumer fares in excess of the maximum government-mandated fares in all major Indian cities where legal proceedings have limited the use of surge pricing. Further, in 2018, Honolulu, Hawaii became the first U.S. city to pass legislation to cap surge pricing if increased rates exceed the maximum fare set by the city. Additional regulation of our pricing models could increase our operating costs and adversely affect our business. Furthermore, our pricing model has been the subject of litigation and regulatory inquiries related to, among other things, the calculation of and statements regarding consumer fares and Driver earnings (including rates, fees, surcharges, and tolls), as well as the use of surge pricing during emergencies and natural disasters. As a result, we may be forced to change our pricing models in certain jurisdictions, which could harm our revenue or result in a sub-optimal tax structure.

If we are unable to protect our intellectual property, or if third parties are successful in claiming that we are misappropriating the intellectual property of others, we may incur significant expense and our business may be adversely affected.

Our intellectual property includes the content of our website, mobile applications, registered domain names, software code, firmware, hardware and hardware designs, registered and unregistered trademarks, trademark applications, copyrights, trade secrets, inventions (whether or not patentable), patents, and patent applications. We believe that our intellectual property is essential to our business and affords us a competitive advantage in the markets in which we operate. If we do not adequately protect our intellectual property, our brand and reputation may be harmed, Drivers, consumers, merchants, shippers, and carriers could devalue our products and offerings, and our ability to compete effectively may be impaired.

To protect our intellectual property, we rely on a combination of copyright, trademark, patent, and trade secret laws, contractual provisions, end-user policies, and disclosure restrictions. Upon discovery of potential infringement of our intellectual property, we assess and when necessary, take action to protect our rights as appropriate. We also enter into confidentiality agreements and invention assignment agreements with our employees and consultants and seek to control access to, and distribution of, our proprietary information in a commercially prudent manner. The efforts we have taken and may take to protect our intellectual property may not be sufficient or effective. For example, effective intellectual property protection may not be available in every country in which we currently or in the future will operate. In addition, it may be possible for other parties to copy or reverse-engineer our products and offerings or obtain and use the content of our website without authorization. Further, we may be unable to prevent competitors or other third parties from acquiring or using domain names or trademarks that are similar to, infringe upon, or diminish the value of our domain names, trademarks, service marks, and other proprietary rights. Moreover, our trade secrets may be compromised by third parties or our employees, which would cause us to lose the competitive advantage derived from the compromised trade secrets. Further, we may be unable to detect infringement of our intellectual property rights, and even if we detect such violations and decide to enforce our intellectual property rights, we may not be successful, and may incur significant expenses, in such efforts. In addition, any such enforcement efforts may be time-consuming and may divert management's attention. Further, such enforcement efforts may result in a ruling that our intellectual property rights are unenforceable or invalid. Any failure to protect or any loss of our intellectual property may have an adverse effect on our ability to compete and may adversely affect our business, financial condition, or operating results.

Companies in the Internet and technology industries, and other patent and trademark holders, including "non-practicing entities," seeking to profit from royalties in connection with grants of licenses or seeking to obtain injunctions, own large numbers of patents, copyrights, trademarks, and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. We have and may in the future continue to receive notices that claim we have misappropriated, misused, or infringed upon other parties' intellectual property rights.

Furthermore, from time to time we may introduce or acquire new products, including in areas in which we historically have not operated, which could increase our exposure to patent and other intellectual property claims. In addition, we and companies we acquired or in which we have an interest have been sued, and we may in the future be sued, for allegations of intellectual property infringement or threats of trade secret misappropriation. If a company we acquire or in which we have an interest loses rights to valuable intellectual property in such lawsuits, the value of our investment may materially decline.

Any intellectual property claim against us, regardless of merit, could be time consuming and expensive to settle or litigate, could divert our management's attention and other resources, and could hurt goodwill associated with our brand. These claims may also subject us to significant liability for damages and may result in us having to stop using technology, content, branding, or business methods found to be in violation of another party's rights. Further, certain adverse outcomes of such proceedings could adversely affect our ability to compete effectively in existing or future businesses.

We may be required or may opt to seek a license for the right to use intellectual property held by others, which may not be available on commercially reasonable terms, or at all. Even if a license is available, we may be required to pay significant royalties, which may 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. If we cannot license or develop alternative technology, content, branding, or business methods for any allegedly infringing aspect of our business, we may be unable to compete effectively or we may be prevented from operating our business in certain jurisdictions. Any of these results could harm our operating results.

Our reported financial results may be adversely affected by changes in accounting principles.

The accounting for our business is complicated, particularly in the area of revenue recognition, and 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 SEC or other agency policies, rules, regulations, and interpretations, of accounting regulations. Changes to our business model and accounting methods could result in changes to our financial statements, including changes in revenue and expenses in any period, or in certain categories of revenue and expenses moving to different periods, may result in materially different financial results, and may require that we change how we process, analyze, and report financial information and our financial reporting controls.

If we are deemed an investment company under the Investment Company Act, applicable restrictions could have an adverse effect on our business.

The Investment Company Act contains substantive legal requirements that regulate the manner in which “investment companies” are permitted to conduct their business activities. We believe that we have conducted our business in a manner that does not result in being characterized as an “investment company” under the Investment Company Act because we are primarily engaged in a non-investment company business. Although a significant portion of our assets constitute investments in non-controlled entities (including in China), referred to elsewhere in this Quarterly Report on Form 10-Q as minority-owned affiliates, we believe that we are not an investment company as defined by the Investment Company Act. While we intend to conduct our operations such that we will not be deemed an investment company, such a determination would require us to initiate burdensome compliance requirements and comply with restrictions imposed by the Investment Company Act that would limit our activities, including limitations on our capital structure and our ability to transact with affiliates, which would have an adverse effect on our financial condition. To avoid such a determination, we may be required to conduct our business in a manner that does not subject us to the requirements of the Investment Company Act, which could have an adverse effect on our business. For example, we may be required to sell certain of our assets and pay significant taxes upon the sale or transfer of such assets.

Risks Related to Ownership of Our Common Stock

The market price of our common stock has been, and may continue to be, volatile or may decline steeply or suddenly regardless of our operating performance, and we may not be able to meet investor or analyst expectations. You may not be able to resell your shares at or above the price you paid and may lose all or part of your investment.

The market price of our common stock may fluctuate or decline significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in MAPCs, Trips, Adjusted EBITDA, Gross Bookings, revenue, or other operating and financial results;
- announcements by us or estimates by third parties of actual or anticipated changes in the number of Drivers and consumers on our platform;
- variations between our actual operating results and the expectations of our management, securities analysts, investors, the financial community;
- changes in accounting principles or changes in interpretations of existing principles, which could affect financial results;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- negative media coverage or publicity;
- changes in operating performance and stock market valuations of technology companies generally, or those in our industry in particular, including our competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- lawsuits threatened, filed, or decided against us;
- developments in legislation or regulatory actions, including interim or final rulings by judicial or regulatory bodies (including any competition authorities blocking, delaying, or subjecting our acquisition of Careem to significant limitations or restrictions on our ability to operate in one or more markets, or requiring us to divest our or Careem’s business in one or more markets);
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any major change in our board of directors or management;
- any safety incidents or public reports of safety incidents that occur on our platform or in our industry;
- statements, commentary, or opinions by public officials that our product offerings are or may be unlawful, regardless of any interim or final rulings by judicial or regulatory bodies; and
- other events or factors, including those resulting from war, incidents of terrorism, natural disasters, public health

concerns or epidemics, such as the current COVID-19 pandemic, natural disasters, or responses to these events.

In addition, price and volume fluctuations in the stock markets have affected and continue to affect many technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed securities class action litigation following periods of market volatility. For example, beginning in September 2019, several putative class actions were filed in California state and federal courts against us, our directors, certain of our officers, and the underwriters named in our IPO registration statement alleging violations of securities laws in connection with our IPO. Securities litigation could subject us to substantial costs, divert resources and the attention of management from our business, and seriously harm our business. In addition, the occurrence of any of the factors listed above, among others, may cause our stock price to decline significantly, and there can be no assurance that our stock price would recover. As such, you may not be able to sell your shares at or above the price you paid, and you may lose some or all of your investment.

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay, or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions include the following:

- our board of directors has the right to elect directors to fill vacancies created by the expansion of our board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- advance notice requirements for stockholder proposals, which may reduce the number of stockholder proposals available for stockholder consideration;
- limitations on stockholder ability to convene special stockholder meetings, which could make it difficult for our stockholders to adopt desired governance changes;
- prohibition on cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; and
- our board of directors is able to issue, without stockholder approval, shares of undesignated preferred stock, which makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

Any provision of our amended and restated certificate of incorporation, amended and restated 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. In addition, under our existing debt instruments, we, and certain of our subsidiaries, are subject to certain limitations on our business and operations, including limitations on certain consolidations, mergers, and sales of assets. For information regarding these and other provisions, see the risk factor titled "-We have incurred a significant amount of debt and may in the future incur additional indebtedness. Our payment obligations under such indebtedness may limit the funds available to us, and the terms of our debt agreements may restrict our flexibility in operating our business."

Sales, directly or indirectly, of shares of our common stock by existing stockholders could cause our stock price to decline.

Sales, directly or indirectly, of a substantial number of shares of our common stock, or the public perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We may issue our shares of common stock or securities convertible into our common stock from time to time in connection with a financing, acquisition, investments or otherwise. For example, on December 1, 2020, we completed the acquisition of Postmates for aggregate consideration of approximately 70 million shares of our common stock and equity awards covering approximately 13 million shares of our common stock. This and any other such issuance, including the issuance of additional shares of our common stock upon exercise of such equity awards, could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline.

We do not intend to pay cash dividends for the foreseeable future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any cash dividends in the foreseeable future. In addition, certain of our existing debt instruments include restrictions on our ability to pay cash dividends. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America are the exclusive forums for substantially all

disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us or our directors, officers, or employees arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and restated bylaws;
- any action regarding our amended and restated certificate of incorporation or our amended and restated bylaws;
- any action as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our amended and restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision. Although the Delaware Supreme Court recently held that such exclusive forum provisions are facially valid, courts in other jurisdictions may find such provisions to be unenforceable.

These exclusive-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 our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If any other court of competent jurisdiction were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

In addition to the 2,055,038 shares of our common stock that we issued in July 2020, in January 2021, we issued 504,925 shares of our common stock in connection with our acquisition of a controlling interest in Cornershop Global LLC, a Delaware limited liability company ("Cornershop") upon the closing of the acquisition of operations in Mexico after receiving regulatory approval. These shares were exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

In February 2021, we issued 1,382,423 shares of our common stock to holders of Careem Convertible Notes who elected to convert the balance of such notes to common stock at a conversion price of $55 per share. The shares were exempt from registration pursuant to Regulation S of the Securities Act.

In March 2021, we issued 1,489,905 shares of our common stock to holders of Careem Convertible Notes who elected to convert the balance of such notes to common stock at a conversion price of $55 per share. The shares were exempt from registration pursuant to Regulation S of the Securities Act.

ITEM 6. EXHIBITS

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

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	8-K	001-38902	3.1	May 14, 2019
3.2	Amended and Restated Bylaws of the Registrant.	8-K	001-38902	3.2	May 14, 2019
10.1	Amendment No. 2 to Term Loan Agreement, dated February 25, 2021, by and among the Registrant as Borrower, Rasier LLC as subsidiary guarantor, the lender parties thereto and Morgan Stanley Senior Funding Inc., as administrative agent for the lenders.	8-K	001-38902	10.1	March 1, 2021
31.1	Certification of the 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.				
31.2	Certification of the 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.				
32.1*	Certifications of the 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.				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	XBRL Taxonomy Extension Schema Document.				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

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

SIGNATURES

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

	UBER TECHNOLOGIES, INC.
Date: May 6, 2021	By: /s/ Dara Khosrowshahi
	Dara Khosrowshahi
	Chief Executive Officer and Director
	(Principal Executive Officer)
Date: May 6, 2021	By: /s/ Nelson Chai
	Nelson Chai
	Chief Financial Officer
	(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dara Khosrowshahi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uber Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

By: /s/ Dara Khosrowshahi

Dara Khosrowshahi
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Nelson Chai, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Uber Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 6, 2021

By: /s/ Nelson Chai
Nelson Chai
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Dara Khosrowshahi, the Chief Executive Officer of Uber Technologies Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Uber Technologies, Inc. for the quarterly period ended March 31, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Uber Technologies, Inc.

Date:	May 6, 2021	By:	/s/ Dara Khosrowshahi
			Dara Khosrowshahi
			Chief Executive Officer and Director
			(Principal Executive Officer)

I, Nelson Chai, the Chief Financial Officer of Uber Technologies Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Uber Technologies, Inc. for the quarterly period ended March 31, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Uber Technologies, Inc.

Date:	May 6, 2021	By:	/s/ Nelson Chai
			Nelson Chai
			Chief Financial Officer
			(Principal Financial Officer)