# 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, 2022

**OR**

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

For the transition period from_____ to _____

Commission File Number: 001-39778

## Airbnb, Inc.

(Exact Name of Registrant as Specified in Its Charter)

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

**888 Brannan Street**
**San Francisco, California 94103**
(Address of Principal Executive Offices) (Zip Code)
**(415) 510-4027**
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

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

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

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

As of April 18, 2022, 382,254,487 shares of the registrant's Class A common stock were outstanding 254,208,703 shares of the registrant's Class B common stock were outstanding, no shares of the registrant's Class C common stock were outstanding, and 9,200,000 shares of the registrant's Class H common stock were outstanding.

# AIRBNB, INC.
# Form 10-Q

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**Special Note Regarding Forward-Looking Statements**

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

- the effects of the COVID-19 pandemic, including as a result of new strains or variants of the virus on our business, the travel industry, travel trends, and the global economy generally;
- the effects of certain global events, such as current or future military conflict, including between Russia and Ukraine, terrorism, sanctions, rising energy prices, inflation and interest rates and other geopolitical events globally, on our business, the travel industry, travel trends, and the global economy generally;
- our expectations regarding our financial performance, including our revenue, costs, Adjusted EBITDA, and Free Cash Flow;
- our expectations regarding future operating performance, including Nights and Experiences Booked, Gross Booking Value ("GBV"), and GBV per Night and Experience Booked;
- our ability to attract and retain Hosts and guests;
- our ability to compete in our industry;
- our expectations regarding the resilience of our model, including in areas such as domestic travel, short-distance travel, travel outside of top cities, and long-term stays;
- the effects of seasonal trends on our results of operations;
- our expectations regarding the impact of the reduction in performance marketing spend to focus on brand marketing, and our ability to continue to attract guests and Hosts to our platform through direct and unpaid channels;
- our ability to effectively manage our exposure to fluctuations in foreign currency exchange rates;
- anticipated trends, developments, and challenges in our industry, business, and the highly competitive markets in which we operate;
- our ability to anticipate market needs or develop new or enhanced offerings and services to meet those needs;
- our ability to manage expansion into international markets and new businesses;
- our ability to stay in compliance with laws and regulations, including tax laws, that currently apply or may become applicable to our business both in the United States and internationally and our expectations regarding various laws and restrictions that relate to our business;
- our expectations regarding our income tax liabilities and the adequacy of our reserves;
- our ability to effectively manage our growth and expand our infrastructure and maintain our corporate culture;
- our ability to identify, recruit, and retain skilled personnel, including key members of senior management;
- the safety, affordability, and convenience of our platform and our offerings;
- the sufficiency of our cash, cash equivalents, and investments to meet our liquidity needs;
- our ability to successfully defend litigation brought against us;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to make required payments under our credit agreement and to comply with the various requirements of our indebtedness; and
- the increased expenses associated with being a public company.

We caution you that the foregoing list does not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations, estimates, forecasts, and projections about future events and trends that we believe may affect our business, results of operations, financial condition, and prospects. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report on Form 10-Q, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur at all. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2021, as well as those identified in this Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

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

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

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

## PART I - FINANCIAL INFORMATION

### Item 1. Condensed Consolidated Financial Statements

# Airbnb, Inc.

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

| | As of December 31, 2021 | As of March 31, 2022 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | $ 6,067,438 | $ 6,886,628 |
| Marketable securities | 2,255,038 | 2,435,661 |
| Restricted cash | 14,764 | 14,767 |
| Funds receivable and amounts held on behalf of customers | 3,715,471 | 6,104,653 |
| Prepaids and other current assets (including customer receivables of $142,519 and $155,911 and allowances of $30,870 and $32,851, respectively) | 333,669 | 319,738 |
| Total current assets | 12,386,380 | 15,761,447 |
| Property and equipment, net | 156,585 | 142,729 |
| Operating lease right-of-use assets | 272,036 | 263,110 |
| Intangible assets, net | 52,308 | 46,673 |
| Goodwill | 652,602 | 651,864 |
| Other assets, noncurrent | 188,563 | 202,619 |
| Total assets | $ 13,708,474 | $ 17,068,442 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | $ 118,361 | $ 128,187 |
| Operating lease liabilities, current | 63,479 | 63,524 |
| Accrued expenses and other current liabilities | 1,558,243 | 1,729,672 |
| Funds payable and amounts payable to customers | 3,715,471 | 6,104,653 |
| Unearned fees | 903,728 | 1,747,746 |
| Total current liabilities | 6,359,282 | 9,773,782 |
| Long-term debt, net of current portion | 1,982,537 | 1,983,578 |
| Operating lease liabilities, noncurrent | 372,483 | 358,908 |
| Other liabilities, noncurrent | 218,459 | 214,758 |
| Total liabilities | 8,932,761 | 12,331,026 |
| Commitments and contingencies (Note 8) | | |
| Stockholders' equity: | | |
| Common stock, $0.0001 par value, 2,000,000 shares of Class A common stock authorized as of December 31, 2021 and March 31, 2022; 364,500 and 382,213 shares of Class A common stock issued and outstanding as of December 31, 2021 and March 31, 2022, respectively; 710,000 shares of Class B common stock authorized as of December 31, 2021 and March 31, 2022; 269,024 and 254,209 shares of Class B common stock issued and outstanding as of December 31, 2021 and March 31, 2022, respectively; 2,000,000 shares of Class C common stock authorized as of December 31, 2021 and March 31, 2022, respectively; zero shares of Class C common stock issued and outstanding as of December 31, 2021 and March 31, 2022; 26,000 shares of Class H common stock authorized as of December 31, 2021 and March 31, 2022; 9,200 shares issued and zero shares of Class H common stock outstanding as of December 31, 2021 and March 31, 2022 | 63 | 64 |
| Additional paid-in capital | 11,140,284 | 11,126,300 |
| Accumulated other comprehensive loss | (6,893) | (12,415) |
| Accumulated deficit | (6,357,741) | (6,376,533) |
| Total stockholders' equity | 4,775,713 | 4,737,416 |
| Total liabilities and stockholders' equity | $ 13,708,474 | $ 17,068,442 |

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

# Airbnb, Inc.

## Condensed Consolidated Statements of Operations

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| Revenue | $ 886,936 | $ 1,508,937 |
| Costs and expenses: | | |
| Cost of revenue | 254,515 | 362,623 |
| Operations and support | 185,436 | 233,012 |
| Product development | 363,061 | 362,927 |
| Sales and marketing | 229,125 | 344,616 |
| General and administrative | 189,762 | 210,573 |
| Restructuring charges | 111,982 | 317 |
| Total costs and expenses | 1,333,881 | 1,514,068 |
| Loss from operations | (446,945) | (5,131) |
| Interest income | 3,052 | 4,744 |
| Interest expense | (421,911) | (5,764) |
| Other expense, net | (300,098) | (1,935) |
| Loss before income taxes | (1,165,902) | (8,086) |
| Provision for income taxes | 6,309 | 10,706 |
| Net loss | $ (1,172,211) | $ (18,792) |
| Net loss per share attributable to Class A and Class B common stockholders, basic and diluted | $ (1.95) | $ (0.03) |
| Weighted-average shares used in computing net loss per share attributable to Class A and Class B common stockholders, basic and diluted | 600,960 | 635,314 |

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

# Airbnb, Inc.

## Condensed Consolidated Statements of Comprehensive Loss

(in thousands)
(unaudited)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| Net loss | $ (1,172,211) | $ (18,792) |
| Other comprehensive loss: | | |
| Net unrealized loss on available-for-sale marketable securities, net of tax | (956) | (4,554) |
| Foreign currency translation adjustments | (3,883) | (968) |
| Other comprehensive loss | (4,839) | (5,522) |
| Comprehensive loss | $ (1,177,050) | $ (24,314) |

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

# Airbnb, Inc.

## Condensed Consolidated Statements of Stockholders' Equity

(in thousands)

(unaudited)

| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balances as of December 31, 2020** | 599,197 | $ 60 | $ 8,904,791 | $ 2,639 | $ (6,005,707) | $ 2,901,783 |
| Net loss | — | — | — | — | (1,172,211) | (1,172,211) |
| Other comprehensive loss | — | — | — | (4,839) | — | (4,839) |
| Exercise of common stock options | 5,289 | 1 | 47,792 | — | — | 47,793 |
| Issuance of common stock upon settlement of RSUs, net of shares withheld | 3,571 | — | (15,054) | — | — | (15,054) |
| Reclassification of derivative warrant liability to equity | — | — | 1,277,168 | — | — | 1,277,168 |
| Purchase of capped calls | — | — | (100,200) | — | — | (100,200) |
| Stock-based compensation | — | — | 224,983 | — | — | 224,983 |
| **Balances as of March 31, 2021** | 608,057 | $ 61 | $ 10,339,480 | $ (2,200) | $ (7,177,918) | $ 3,159,423 |

| | Common Stock | | Additional Paid-In Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balances as of December 31, 2021** | 633,524 | $ 63 | $ 11,140,284 | $ (6,893) | $ (6,357,741) | $ 4,775,713 |
| Net loss | — | — | — | — | (18,792) | (18,792) |
| Other comprehensive loss | — | — | — | (5,522) | — | (5,522) |
| Exercise of common stock options | 784 | — | 11,652 | — | — | 11,652 |
| Issuance of common stock upon settlement of RSUs, net of shares withheld | 2,114 | 1 | (224,359) | — | — | (224,358) |
| Stock-based compensation | — | — | 198,723 | — | — | 198,723 |
| **Balances as of March 31, 2022** | 636,422 | $ 64 | $ 11,126,300 | $ (12,415) | $ (6,376,533) | $ 4,737,416 |

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

# Airbnb, Inc.

## Condensed Consolidated Statements of Cash Flows

(in thousands)
(unaudited)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| **Cash flows from operating activities:** | | |
| Net loss | $ (1,172,211) | $ (18,792) |
| Adjustments to reconcile net loss to cash provided by operating activities: | | |
| Depreciation and amortization | 38,252 | 29,232 |
| Bad debt expense | 7,305 | 9,299 |
| Stock-based compensation expense | 229,474 | 194,923 |
| (Gain) loss on investments, net | (12,171) | 1,260 |
| Change in fair value of warrant liability | 291,987 | — |
| Amortization of debt discount and debt issuance costs | 5,405 | 1,041 |
| Noncash interest expense, net | 1,716 | 2,106 |
| Foreign exchange (gain) loss | (9,151) | 14,854 |
| Impairment of long-lived assets | 112,545 | — |
| Loss from extinguishment of debt | 377,248 | — |
| Other, net | 6,978 | 14,479 |
| Changes in operating assets and liabilities: | | |
| Prepaids and other assets | (2,696) | (18,718) |
| Operating lease right-of-use assets | 7,462 | 9,079 |
| Accounts payable | 37,326 | 10,270 |
| Accrued expenses and other liabilities | 155,225 | 121,922 |
| Operating lease liabilities | (6,650) | (12,982) |
| Unearned fees | 538,332 | 844,019 |
| Net cash provided by operating activities | 606,376 | 1,201,992 |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (7,706) | (5,959) |
| Purchases of marketable securities | (1,581,425) | (927,974) |
| Sales of marketable securities | 248,185 | 146,038 |
| Maturities of marketable securities | 168,660 | 593,772 |
| Other investing activities, net | — | (2,847) |
| Net cash used in investing activities | (1,172,286) | (196,970) |

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

# Airbnb, Inc.

## Condensed Consolidated Statements of Cash Flows

(in thousands)
(unaudited)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| **Cash flows from financing activities:** | | |
| Taxes paid related to net share settlement of equity awards | $ (130,430) | $ (204,768) |
| Principal repayment of long-term debt | (1,995,000) | — |
| Prepayment penalty on long-term debt | (212,883) | — |
| Proceeds from issuance of convertible senior notes, net of issuance costs | 1,979,166 | — |
| Purchases of capped calls related to convertible senior notes | (100,200) | — |
| Proceeds from exercise of stock options | 47,793 | 11,652 |
| Change in funds payable and amounts payable to customers | 1,867,080 | 2,396,635 |
| Net cash provided by financing activities | 1,455,526 | 2,203,519 |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | (72,287) | 3,398 |
| Net increase in cash, cash equivalents, and restricted cash | 817,329 | 3,211,939 |
| Cash, cash equivalents, and restricted cash, beginning of period | 7,668,252 | 9,727,289 |
| **Cash, cash equivalents, and restricted cash, end of period** | $ 8,485,581 | $ 12,939,228 |
| **Supplemental disclosures of cash flow information:** | | |
| Cash paid for income taxes, net of refunds | $ 6,307 | $ 14,706 |
| Cash paid for interest | $ 42,950 | $ 2,600 |

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

## Note 1. Description of Business

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

## Note 2. Summary of Significant Accounting Policies

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements ("condensed consolidated financial statements") have been prepared in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP") and the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial information. Certain information and note disclosures normally included in the consolidated financial statements prepared in accordance with 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, 2021, included in our Annual Report on Form 10-K, filed with the SEC on February 25, 2022. There have been no changes to the Company's significant accounting policies described in the Annual Report on Form 10-K for the year ended December 31, 2021 that have had a material impact on our condensed consolidated financial statements and related notes.

The results for the interim periods are not necessarily indicative of results for the full year. The accompanying condensed consolidated financial statements include accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

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

***Principles of Consolidation***

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

The Company determines, at the inception of each arrangement, whether an entity in which it has made an investment or in which it has other variable interest in is considered a VIE. The Company consolidates a VIE when it is deemed to be the primary beneficiary. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to direct the activities that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Periodically, the Company determines whether any changes in its interest or relationship with the entity impact the determination of whether the entity is still a VIE and, if so, whether the Company is the primary beneficiary. If the Company is not deemed to be the primary beneficiary in a VIE, the Company accounts for the investment or other variable interest in a VIE in accordance with applicable U.S. GAAP. As of March 31, 2022, the Company's consolidated VIEs were not material to the condensed consolidated financial statements.

***Use of Estimates***

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

As the impact of the COVID-19 pandemic continues to evolve, estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require increased judgment. These estimates and assumptions may change in future periods and will be recognized in the consolidated financial statements as new events occur and additional information becomes known. To the extent the Company's actual results differ materially from those estimates and assumptions, the Company's future consolidated financial statements could be affected.

***Recently Adopted Accounting Standards***

In May 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-04 *Earnings Per Share (Topic 260), Debt - Modifications and Extinguishments (Topic 470-50), Compensation - Stock Compensation (Topic 718), and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)*, which clarifies existing guidance for freestanding written call options which are equity classified and remain so after they are modified or exchanged in order to reduce diversity in practice. The standard is effective for public entities in fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company adopted the standard during the quarter, which did not have an impact on the Company's condensed consolidated financial statements.

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

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*, which provides optional expedients and exceptions to contract modifications and hedging relationships that reference the London Interbank Offered Rate or another reference rate expected to be discontinued. The standard is effective upon issuance and may be applied at the beginning of the interim period that includes March 12, 2020 through December 31, 2022. In January 2021, the FASB issued ASU 2021-01, which clarified the scope of Topic 848 to include derivatives that are affected by a change in the interest rate used for margining, discounting, or contract price alignment that do not also reference London Interbank Offered Rate or another reference rate that is expected to be discontinued as a result of the reference rate reform. The standard is effective upon issuance and may be applied retroactively as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively to any new modifications within an interim period including or subsequent to January 7, 2021. The Company is evaluating the impact on the Company's consolidated financial statements.

In March 2022, the FASB issued ASU 2022-01, *Derivatives and Hedging (Topic 815)*, which clarifies the guidance on fair value hedge accounting of interest rate risk for portfolios of financial assets. The standard is effective for public entities in fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted on any date on or after the issuance of ASU 2017-12. The Company is evaluating the impact on the Company's consolidated financial statements.

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

***Revision of Previously Issued Financial Statements***

The condensed consolidated statements of cash flows for the three months ended March 31, 2021 has been revised to correct for errors identified by management during the preparation of the financial statements for the three months ended March 31, 2022. The errors understated cash flows from operating activities by $112 million and overstated the cash flows from financing activities by $112 million for the three months ended March 31, 2021. Management has determined that these errors did not result in the previously issued financial statements being materially misstated. These errors primarily related to the timing of tax payments from the net settlement of equity awards at the initial public offering in December 2020. In particular, in 2020, the Company reported $1.65 billion of cash used in financing activities to cover taxes paid related to the net share settlement of its equity awards that vested upon the initial public offering. However, approximately $123 million of this amount was actually remitted to taxing authorities in foreign jurisdictions in 2021, of which $116 million was remitted in the first quarter of 2021. This had no impact on the Company's condensed consolidated financial statements outside of the presentation in the condensed consolidated statements of cash flow and did not affect the condensed consolidated balance sheets, condensed consolidated statements of operations or condensed consolidated statements of stockholders' equity.

## Note 3. Supplemental Financial Statement Information

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

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

| | As of | |
|---|---|---|
| | December 31, 2021 | March 31, 2022 |
| Cash and cash equivalents | $ 6,067,438 | $ 6,886,628 |
| Cash and cash equivalents included in funds receivable and amounts held on behalf of customers | 3,645,087 | 6,037,833 |
| Restricted cash | 14,764 | 14,767 |
| Total cash, cash equivalents, and restricted cash presented in the condensed consolidated statements of cash flows | $ 9,727,289 | $ 12,939,228 |

***Accrued Expenses and Other Current Liabilities***

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

| | As of | |
|---|---|---|
| | December 31, 2021 | March 31, 2022 |
| Indirect tax reserves | $ 182,796 | $ 184,282 |
| Indirect taxes payable | 309,616 | 536,640 |
| Compensation and related benefits | 415,626 | 296,991 |
| Gift card liability | 98,129 | 96,396 |
| Other | 552,076 | 615,363 |
| Total accrued expenses and other current liabilities | $ 1,558,243 | $ 1,729,672 |

***Payments to Customers***

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| Reductions to revenue | $ 25,856 | $ 44,952 |
| Charges to operations and support | 14,809 | 21,730 |
| Charges to sales and marketing expense | 9,775 | 10,473 |
| Total payments made to customers | $ 50,440 | $ 77,155 |

## Note 4. Investments

***Debt Securities***

The following tables summarize the amortized cost, gross unrealized gains and losses, and fair value of the Company's available-for-sale debt securities aggregated by investment category (in thousands):

| | As of December 31, 2021 | | | | Classification as of December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost or Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Total Estimated Fair Value | Cash and Cash Equivalents | Marketable Securities | Other Assets, Noncurrent | Funds Receivable (2) |
| Certificates of deposit | $ 395,351 | $ — | $ — | $ 395,351 | $ 31,117 | $ 364,234 | $ — | $ — |
| Government bonds[1] | 850 | 13 | — | 863 | — | 863 | — | — |
| Commercial paper | 1,156,963 | — | — | 1,156,963 | 163,959 | 993,004 | — | — |
| Corporate debt securities | 917,718 | 220 | (3,147) | 914,791 | 41,439 | 862,901 | 10,451 | — |
| Mortgage-backed and asset-backed securities | 34,019 | 338 | (321) | 34,036 | — | 34,036 | — | — |
| Total | $ 2,504,901 | $ 571 | $ (3,468) | $ 2,502,004 | $ 236,515 | $ 2,255,038 | $ 10,451 | $ — |

(1) Includes U.S. government and government agency debt securities
(2) Funds receivable and amounts held on behalf of customers

| | As of March 31, 2022 | | | | Classification as of March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost or Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Total Estimated Fair Value | Cash and Cash Equivalents | Marketable Securities | Other Assets, Noncurrent | Funds Receivable (2) |
| Certificates of deposit | $ 533,669 | $ — | $ — | $ 533,669 | $ 60,919 | $ 472,750 | $ — | $ — |
| Government bonds[1] | 464,399 | 44 | (12) | 464,431 | — | 350,450 | — | 113,981 |
| Commercial paper | 1,104,688 | — | (16) | 1,104,672 | 265,857 | 838,815 | — | — |
| Corporate debt securities | 794,433 | 36 | (6,073) | 788,396 | 35,914 | 741,971 | 10,511 | — |
| Mortgage-backed and asset-backed securities | 33,046 | 10 | (1,381) | 31,675 | — | 31,675 | — | — |
| Total | $ 2,930,235 | $ 90 | $ (7,482) | $ 2,922,843 | $ 362,690 | $ 2,435,661 | $ 10,511 | $ 113,981 |

(1) Includes U.S. government and government agency debt securities
(2) Funds receivable and amounts held on behalf of customers

As of December 31, 2021 and March 31, 2022, the Company does not have any available-for-sale debt securities for which the Company has recorded credit related losses.

Before reclassifications of gains and losses from accumulated other comprehensive loss on the condensed consolidated balance sheets to other expense, net in the condensed consolidated statements of operations, unrealized gains and losses, net of tax, for the three months ended March 31, 2021 and 2022, were not material. Realized gains and losses reclassified from accumulated other comprehensive loss to other expense, net were not material for the three months ended March 31, 2021 and 2022.

Debt securities in an unrealized loss position had an estimated fair value of $801.5 million and unrealized losses of $3.5 million as of December 31, 2021, and an estimated fair value of $772.7 million and unrealized losses of $7.5 million as of March 31, 2022. An immaterial

amount of securities were in a continuous unrealized loss position for more than twelve months as of December 31, 2021, and $32.1 million of securities were in a continuous unrealized loss position for more than twelve months as of March 31, 2022.

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

| | As of March 31, 2022 | |
|---|---|---|
| | Amortized Cost | Estimated Fair Value |
| Due within one year | $ 2,845,872 | $ 2,843,140 |
| Due in one year to five years | 62,033 | 58,720 |
| Due within five to ten years | 19,828 | 18,550 |
| Due beyond ten years | 2,502 | 2,433 |
| Total | $ 2,930,235 | $ 2,922,843 |

***Equity Investments***

*Gains and Losses on Marketable Equity Investments*

During the three months ended March 31, 2021, the marketable equity investments were sold, and the Company realized a net loss of $14.3 million. The realized net loss was recorded in other expense, net on the condensed consolidated statements of operations.

*Equity Investments Without Readily Determinable Fair Values*

The Company holds investments in privately-held companies in the form of equity securities without readily determinable fair values and in which the Company does not have a controlling interest or significant influence. These investments had a net carrying value of $75.0 million as of both December 31, 2021 and March 31, 2022, and are classified within other assets, noncurrent on the condensed consolidated balance sheets. These investments were initially recorded using the measurement alternative at cost and are subsequently adjusted to fair value for impairments and price changes from observable transactions in the same or similar security from the same issuer.

The following table summarizes the total carrying value of equity investments without readily determinable fair values (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| Carrying value, beginning of period | $ 78,074 | $ 74,993 |
| Downward adjustments for observable price changes and impairments | — | — |
| Carrying value, end of period | $ 78,074 | $ 74,993 |

As of December 31, 2021 and March 31, 2022, there were no upward adjustments for price changes to the Company's equity investments without readily determinable fair values. The Company did not record any realized gains or losses for the Company's equity investments without readily determinable fair value during the three months ended March 31, 2021 and 2022. The Company recorded no impairment charges for both the three months ended March 31, 2021 and 2022.

The following table summarizes the cumulative impairment charges of equity investments without readily determinable fair values (in thousands):

| | As of | |
|---|---|---|
| | December 31, 2021 | March 31, 2022 |
| Cumulative downward adjustments for observable price changes and impairment | $ 56,217 | $ 56,217 |

*Investments Accounted for Under the Equity Method*

As of December 31, 2021 and March 31, 2022, the carrying values of the Company's equity method investments were $17.4 million and $16.2 million, respectively. For the three months ended March 31, 2021 and 2022, the Company recorded unrealized gains (losses) of $0.4 million and $(1.3) million, respectively, within other expense, net in the condensed consolidated statements of operations, representing its proportionate share of net income or loss based on the investee's financial results. The Company recorded no impairment charges related to the carrying value of equity method investments for the three months ended March 31, 2021 and 2022.

## Note 5. Fair Value Measurements and Financial Instruments

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

| | As of December 31, 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| **Cash equivalents:** | | | | |
| Money market funds | $ 1,923,184 | $ — | $ — | $ 1,923,184 |
| Certificates of deposit | 31,117 | — | — | 31,117 |
| Commercial paper | — | 163,959 | — | 163,959 |
| Corporate debt securities | — | 41,439 | — | 41,439 |
| | 1,954,301 | 205,398 | — | 2,159,699 |
| **Marketable securities:** | | | | |
| Certificates of deposit | 364,234 | — | — | 364,234 |
| U.S. government and government agency debt securities | — | 863 | — | 863 |
| Commercial paper | — | 993,004 | — | 993,004 |
| Corporate debt securities | — | 862,901 | — | 862,901 |
| Mortgage-backed and asset-backed securities | — | 34,036 | — | 34,036 |
| | 364,234 | 1,890,804 | — | 2,255,038 |
| **Funds receivable and amounts held on behalf of customers:** | | | | |
| Money market funds | 466,319 | — | — | 466,319 |
| **Prepaids and other current assets:** | | | | |
| Foreign exchange derivative assets | — | 25,918 | — | 25,918 |
| **Other assets, noncurrent:** | | | | |
| Corporate debt securities | — | — | 10,451 | 10,451 |
| Total assets at fair value | $ 2,784,854 | $ 2,122,120 | $ 10,451 | $ 4,917,425 |
| **Liabilities** | | | | |
| **Accrued expenses and other current liabilities:** | | | | |
| Foreign exchange derivative liabilities | $ — | $ 10,280 | $ — | $ 10,280 |
| Total liabilities at fair value | $ — | $ 10,280 | $ — | $ 10,280 |

# Airbnb, Inc.

## Notes to Condensed Consolidated Financial Statements (unaudited)

| | As of March 31, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| **Cash equivalents:** | | | | |
| Money market funds | $ 2,484,384 | $ — | $ — | $ 2,484,384 |
| Certificates of deposit | 60,919 | — | — | 60,919 |
| Commercial paper | — | 265,857 | — | 265,857 |
| Corporate debt securities | — | 35,914 | — | 35,914 |
| | 2,545,303 | 301,771 | — | 2,847,074 |
| **Marketable securities:** | | | | |
| Certificates of deposit | 472,750 | — | — | 472,750 |
| U.S. government and government agency debt securities | — | 350,450 | — | 350,450 |
| Commercial paper | — | 838,815 | — | 838,815 |
| Corporate debt securities | — | 741,971 | — | 741,971 |
| Mortgage-backed and asset-backed securities | — | 31,675 | — | 31,675 |
| | 472,750 | 1,962,911 | — | 2,435,661 |
| **Funds receivable and amounts held on behalf of customers:** | | | | |
| Money market funds | 1,203,019 | — | — | 1,203,019 |
| U.S. government and government agency debt securities | — | 113,981 | — | 113,981 |
| **Prepaids and other current assets:** | | | | |
| Foreign exchange derivative assets | — | 16,129 | — | 16,129 |
| **Other assets, noncurrent:** | | | | |
| Corporate debt securities | — | — | 10,511 | 10,511 |
| Total assets at fair value | $ 4,221,072 | $ 2,394,792 | $ 10,511 | $ 6,626,375 |
| **Liabilities** | | | | |
| **Accrued expenses and other current liabilities:** | | | | |
| Foreign exchange derivative liabilities | $ — | $ 24,452 | $ — | $ 24,452 |
| Total liabilities at fair value | $ — | $ 24,452 | $ — | $ 24,452 |

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

| | December 31, 2021 | March 31, 2022 |
|---|---|---|
| | Other Assets, Noncurrent | |
| Balance, beginning of period | $ 11,490 | $ 10,451 |
| Total realized and unrealized gains (losses): | | |
| Included in earnings | — | — |
| Included in other comprehensive loss | (1,039) | 60 |
| Balance, end of period | $ 10,451 | $ 10,511 |
| Changes in unrealized gains or losses included in other comprehensive loss related to investments held at the reporting date | $ (1,039) | $ 60 |

There were no transfers of financial instruments between valuation levels during the three months ended March 31, 2022.

The Company amended the anti-dilution feature in the warrant agreements associated with the Second Lien Credit Agreement, as defined in Note 6, *Debt,* below, which resulted in a change in classification from liability to equity, on March 30, 2021, the modification date. The Company recorded a marked-to-market charge of $292.0 million for the three months ended March 31, 2021, which was recorded in other expense, net on the condensed consolidated statements of operations. Subsequent to the modification date, the warrants were no longer subject to marked-to-market charges. The balance of $1.3 billion was then reclassified from liability to equity as the amended warrants met the requirements for equity classification. Refer to Note 6, *Debt,* for additional information.

*Derivatives Not Designated as Hedging Instruments*

As of December 31, 2021, the fair value of foreign exchange derivative assets and liabilities totaled $25.9 million and $10.3 million, respectively, with the aggregate notional amount totaling $2.4 billion. As of March 31, 2022, the fair value of foreign exchange derivative assets and liabilities totaled $16.1 million and $24.5 million, respectively, with the aggregate notional amount totaling $1.6 billion. Derivative assets are included in prepaids and other current assets and derivative liabilities are included in accrued expenses and other current liabilities in the condensed consolidated balance sheets.

The Company recorded total net realized gains (losses) of $(15.4) million and $12.9 million for the three months ended March 31, 2021 and 2022, respectively, related to foreign exchange derivative assets and liabilities.

The Company recorded total net unrealized gains (losses) of $39.9 million and $(24.0) million for the three months ended March 31, 2021 and 2022, respectively, related to foreign exchange derivative assets and liabilities.

The realized and unrealized gains and losses on non-designated derivatives are reported in other expense, net in the condensed consolidated statements of operations. The cash flows related to derivative instruments not designated as hedging instruments are classified within operating activities in the condensed consolidated statements of cash flows.

The Company has master netting arrangements with the respective counterparties to its derivative contracts, which are designed to reduce credit risk by permitting net settlement of transactions with the same counterparty. The Company presents its derivative assets and derivative liabilities at their gross fair values in its condensed consolidated balance sheets. As of December 31, 2021, the potential effect of these rights of set-off associated with the Company's derivative contracts would be a reduction to both assets and liabilities of $10.3 million, resulting in net derivative assets of $15.6 million. As of March 31, 2022, the potential effect of these rights of set-off associated with the Company's derivative contracts would be a reduction to both assets and liabilities of $15.7 million, resulting in net derivative assets of $0.4 million and net derivative liabilities of $8.7 million.

## Note 6. Debt

The following table summarizes the Company's outstanding debt (in thousands):

| | December 31, 2021 | | March 31, 2022 | |
|---|---|---|---|---|
| | Balance | Effective Interest Rate | Balance | Effective Interest Rate |
| Convertible senior notes due March 2026 | $ 2,000,000 | 0.2 % | $ 2,000,000 | 0.2 % |
| Less: Unamortized debt discount and debt issuance costs | (17,463) | | (16,422) | |
| Total long-term debt | $ 1,982,537 | | $ 1,983,578 | |

***Convertible Senior Notes***

On March 8, 2021, the Company issued $2.0 billion aggregate principal amount of 0% convertible senior notes due 2026 (the "2026 Notes") pursuant to an indenture, dated March 8, 2021 (the "Indenture"), between the Company and U.S. Bank National Association, as trustee. The 2026 Notes were offered and sold in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended.

The 2026 Notes are senior unsecured obligations of the Company and will not bear regular interest. The 2026 Notes mature on March 15, 2026, unless earlier converted, redeemed or repurchased. The proceeds, net of debt issuance costs, were $1,979.2 million.

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

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

Debt issuance costs related to the 2026 Notes totaled $20.8 million and was comprised of commissions payable to the initial purchasers and third-party offering costs and are amortized to interest expense using the effective interest method over the contractual term. For the three months ended March 31, 2021 and 2022, interest expense of $0.2 million and $1.0 million, respectively, was recorded for the 2026 Notes relating to amortization of the debt discount and debt issuance costs.

As of March 31, 2022, the if-converted value of the 2026 Notes did not exceed the outstanding principal amount.

As of March 31, 2022, the total estimated fair value of the 2026 Notes was $1,945.8 million and was determined based on a market approach using actual bids and offers of the 2026 Notes in an over-the-counter market on the last trading day of the period, or Level 2 inputs.

***Capped Calls***

On March 3, 2021, in connection with the pricing of the 2026 Notes, the Company entered into privately negotiated capped call transactions (the “Capped Calls”) with certain of the initial purchasers and other financial institutions (the "option counterparties") at a cost of $100.2 million. The Capped Calls cover, subject to customary adjustments, the number of shares of Class A common stock initially underlying the 2026 Notes. By entering into the Capped Calls, the Company expects to reduce the potential dilution to its Class A common stock (or, in the event a conversion of the 2026 Notes is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the 2026 Notes its common stock price exceeds the conversion price of the 2026 Notes. The cap price of the Capped Calls will initially be $360.80 per share of Class A common stock, which represents a premium of 100% over the last reported sale price of the Class A common stock of $180.40 per share on March 3, 2021, and is subject to certain customary adjustments under the terms of the Capped Calls.

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

***Term Loans***

In April 2020, the Company entered into a $1.0 billion First Lien Credit and Guaranty Agreement (the “First Lien Credit Agreement,” and the loans thereunder, the “First Lien Loan”), resulting in net proceeds of $961.4 million, net of debt discount and debt issuance costs of $38.6 million. The loan was due and payable in April 2025 and could be repaid in whole or in part at the Company’s option, subject to applicable prepayment premiums and make-whole premiums. Beginning in September 2020, the Company was required to repay the First Lien Loan in quarterly installments equal to 0.25% of the $1.0 billion aggregate principal amount of the First Lien Loan, with the remaining principal amount payable on the maturity date.

Also in April 2020, the Company entered into a $1.0 billion Second Lien Credit and Guaranty Agreement (the “Second Lien Credit Agreement,” and the loans thereunder, the “Second Lien Loan”), resulting in net proceeds of $967.5 million, net of debt discount and debt issuance costs of $32.5 million. The loan was due and payable in July 2025 and could be repaid in whole or in part, subject to applicable prepayment premiums, make-whole premiums, and the priority of lenders under the First Lien Credit Agreement over any proceeds the Company receives from the sale of collateral.

In March 2021, the Company repaid the principal amount outstanding of $1,995.0 million under the First Lien and Second Lien loans, which resulted in a loss of extinguishment of debt of $377.2 million, including early redemption premiums of $212.9 million and a write-off of $164.3 million of unamortized debt discount and debt issuance costs. The loss on extinguishment of debt was included in interest expense in the condensed consolidated statements of operations. Additionally, the Company incurred third-party costs, principally legal and administrative fees, of $0.1 million relating to the extinguishment of the loans.

The debt discount and debt issuance costs are amortized to interest expense using the effective interest rate method. For the three months ended March 31, 2021, interest expense of $17.0 million and $24.3 million, respectively, was recorded for the First Lien and Second Lien Loans relating to the contractual interest and amortization of the debt discount and debt issuance costs.

The First Lien Loan and the Second Lien Loan were unconditionally guaranteed by certain of the Company’s domestic subsidiaries and were both secured by substantially all the assets of the Company and of these subsidiary guarantors.

In connection with the Second Lien Loan, the Company issued warrants to purchase 7,934,794 shares of Class A common stock with an initial exercise price of $28.355 per share, subject to adjustment upon the occurrence of certain specified events, to the Second Lien Loan lenders. The warrants expire on April 17, 2030 and the exercise price can be paid in cash or in net shares at the holder’s option. The fair value of the warrants at issuance was $116.6 million and was recorded as a liability in accrued expenses and other current liabilities on the condensed consolidated balance sheet with a corresponding debt discount recorded against the Second Lien Loan. The warrant liability was remeasured to fair value at each reporting date as long as the warrants remained outstanding and unexercised with changes in fair value recorded in other expense, net in the condensed consolidated statements of operations. As of December 31, 2020, the fair value of the warrant totaled $985.2 million. The Company amended the anti-dilution feature in the warrant agreements on March 30, 2021, which resulted in a change in classification from liability to equity. Accordingly, the Company recorded $292.0 million in other expense during the first quarter of 2021. The liability balance of $1.3 billion was then reclassified to equity as the amended warrants met the requirements for equity classification.

***2020 Credit Facility***

On November 19, 2020, the Company entered into a five-year secured revolving Credit and Guarantee Agreement, which provides for initial commitments by a group of lenders led by Morgan Stanley Senior Funding, Inc. of $500.0 million ("2020 Credit Facility"). The 2020 Credit Facility provides a $200.0 million sub-limit for the issuance of letters of credit. The 2020 Credit Facility has a commitment fee of 0.15% per annum on any undrawn amounts, payable quarterly in arrears. Interest on borrowings is equal to (i) in the case of LIBOR borrowings, 1.5% plus LIBOR, subject to a floor of 0%, or (ii) in the case of base rate borrowings, 0.5% plus the greatest of (a) the federal funds effective rate plus 0.5%, (b) the rate of interest in effect for such day by Morgan Stanley Senior Funding, Inc. as its "prime rate", and (c) LIBOR for a one-month period plus 1.0%, in each case subject to a floor of 1.0%. Outstanding balances may be repaid prior to maturity without penalty. The 2020 Credit Facility contains customary affirmative and negative covenants, including restrictions on the Company's and certain of its subsidiaries' ability to incur debt and liens, undergo fundamental changes, and pay dividends or other distributions, as well as certain financial covenants. The Company was in compliance with all financial covenants as of March 31, 2022. No amounts have been drawn on the 2020 Credit Facility as of December 31, 2021 and March 31, 2022 and outstanding letters of credit totaled $15.9 million as of both December 31, 2021 and March 31, 2022.

## Note 7. Stock-Based Compensation

***Stock-Based Compensation Expense***

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| Operations and support | $ 11,412 | $ 11,695 |
| Product development | 143,715 | 117,876 |
| Sales and marketing | 25,901 | 21,207 |
| General and administrative | 48,457 | 44,114 |
| Restructuring charges | (11) | 31 |
| Stock-based compensation expense | $ 229,474 | $ 194,923 |

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| Expected dividend yield | — | — |
| Volatility | 44.9% | 48.6% |
| Expected term (years) | 8.0 | 6.1 |
| Risk-free interest rate | 1.5% | 2.2% |

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

| | | Outstanding Stock Options | | Outstanding Restricted Stock Units | |
|---|---|---|---|---|---|
| | Shares Available for Grant | Number of Shares | Weighted-Average Exercise Price | Number of Shares | Weighted-Average Grant Date Fair Value |
| As of December 31, 2021 | 81,365 | 24,122 | $ 19.69 | 36,789 | $ 61.22 |
| Granted | (6,237) | 635 | 167.00 | 5,602 | 166.92 |
| Increase in shares available for grant | 31,676 | — | — | — | — |
| Shares withheld for taxes | 1,284 | — | — | (1,284) | 73.39 |
| Exercised/Vested | — | (784) | 14.86 | (2,116) | 74.10 |
| Canceled | 845 | (172) | 73.91 | (673) | 78.54 |
| As of March 31, 2022 | 108,933 | 23,801 | 23.39 | 38,318 | 75.25 |

| | Number of Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life (years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Options outstanding as of March 31, 2022 | 23,801 | $ 23.39 | 3.56 | $ 3,542,265 |
| Options exercisable as of March 31, 2022 | 20,560 | 14.13 | 2.75 | 3,243,856 |

*Restricted Stock Awards*

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

The following table summarizes the activity related to the Company's restricted stock awards (in thousands, except for per share amounts):

| | Number of Shares | Weighted-Average Grant-Date Fair Value Per Share |
|---|---|---|
| Unvested restricted stock awards as of December 31, 2021 | 632 | $ 62.32 |
| Issued | — | — |
| Vested | (21) | 62.41 |
| Unvested restricted stock awards as of March 31, 2022 | 611 | 62.32 |

***2020 Employee Stock Purchase Plan ("ESPP")***

In December 2020, the Company's board of directors adopted the ESPP. The maximum number of shares of Class A common stock authorized for sale under the ESPP is equal to the sum of (i) 4,000,000 shares of Class A common stock and (ii) an annual increase on the first day of each year beginning in 2022 and ending in 2030, equal to the lesser of (a) 1% of shares of Class A common stock (on an as converted basis) on the last day immediately preceding year and (b) such number of shares of common stock as determined by the board of directors; provided, however, that no more than 89,785,394 shares may be issued under the ESPP. The Company estimates the fair value of shares to be issued under the ESPP based on a combination of options valued using the Black-Scholes option-pricing model. For the three months ended March 31, 2021 and 2022, the Company recorded stock-based compensation expense related to the ESPP of $32.3 million and $5.4 million, respectively. During the three months ended March 31, 2021 and 2022, there were no purchases of shares under the ESPP.

## Note 8. Commitments and Contingencies

***Commitments***

The Company has commitments including purchase obligations for web-hosting services and other commitments for brand marketing. As of March 31, 2022, there were no material changes outside the ordinary course of business to the Company's commitments, as disclosed in its Annual Report on Form 10-K for the year ended December 31, 2021.

***Extenuating Circumstances Policy***

In March 2020, the Company applied its extenuating circumstances policy to cancellations resulting from COVID-19. That policy provides Hosts and guests with greater flexibility to cancel reservations that are disrupted by epidemics, natural disasters, and other emergencies. Specifically, accommodation bookings made by guests on or before March 14, 2020, have so far been covered by the policy and may be canceled before check-in. To support Hosts impacted by elevated guest cancellations under that policy, the Company committed up to $250 million for Hosts, and had a remaining reserve balance of $57.8 million as of March 31, 2022. The reservations eligible for this $250.0 million Host program were defined as reservations made on or before March 14, 2020 with a check-in date between March 14, 2020 and May 31, 2020. For these reservations, eligible Hosts are entitled to receive 25% of the amount they would have received from guests under the Host's cancellation policies. These payments are accounted for as consideration paid to a customer and as such, primarily result in a reduction to revenue. Under this policy, the Company recorded payments, primarily to Hosts, that were not material for both the three months ended March 31, 2021 and 2022, in its condensed consolidated statement of operations.

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

Some states and localities in the United States and elsewhere in the world impose transient occupancy or lodging accommodations taxes ("Lodging Taxes") on the use or occupancy of lodging accommodations or other traveler services. As of March 31, 2022, the Company collects and remits Lodging Taxes in approximately 31,300 jurisdictions on behalf of its Hosts. Such Lodging Taxes are generally remitted to tax jurisdictions within a 30 to 90-day period following the end of each month.

As of December 31, 2021 and March 31, 2022, the Company had an obligation to remit Lodging Taxes collected from guests on bookings in these jurisdictions totaling $180.8 million and $332.2 million, respectively. These payables were recorded in accrued expenses and other current liabilities on the condensed consolidated balance sheets.

In jurisdictions where the Company does not collect and remit Lodging Taxes, the responsibility for collecting and remitting these taxes primarily rests with Hosts. The Company has estimated liabilities in a certain number of jurisdictions with respect to state, city, and local taxes related to lodging where management believes it is probable that the Company can be held jointly liable with Hosts for taxes and the related amounts can be reasonably estimated. As of December 31, 2021 and March 31, 2022, accrued obligations related to these estimated taxes, including estimated penalties and interest, totaled $57.3 million and $55.7 million, respectively. With respect to lodging and related taxes for which a loss is probable or reasonably possible, the Company is unable to determine an estimate of the possible loss or range of loss beyond the amounts already accrued.

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

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

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

The Company is under audit and inquiry by various domestic and foreign tax authorities with regard to non-income tax matters. The subject matter of these contingent liabilities primarily arises from the Company's transactions with its Hosts and guests, as well as the tax treatment of certain employee benefits and related employment taxes. In jurisdictions with disputes connected to transactions with Hosts and guests, disputes involve the applicability of transactional taxes (such as sales, value-added, and similar taxes) to services provided, as well as the applicability of withholding tax on payments made to such Hosts. Due to the inherent complexity and uncertainty of these matters and judicial processes in certain jurisdictions, the final outcomes may exceed the estimated liabilities recorded.

As of December 31, 2021 and March 31, 2022, the Company accrued a total of $124.2 million and $127.0 million of estimated tax liabilities, including interest, related to Hosts' withholding tax obligations, respectively.

The Company has identified reasonably possible exposures related to withholding income taxes and transactional taxes, and has not accrued for these amounts since the likelihood of the contingent liability is less than probable. The Company estimates that the reasonably possible loss related to these matters in excess of the amounts accrued is between $130.0 million to $150.0 million; however, no assurance can be given as to the outcomes and the Company could be subject to significant additional tax liabilities.

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

In addition, as of December 31, 2021 and March 31, 2022, the Company accrued a total of $33.6 million and $34.2 million of estimated tax liabilities related to employment taxes on certain employee benefits, respectively.

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

***Legal and Regulatory Matters***

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

*Regulatory Matters*

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

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

*Intellectual Property*

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

*Litigation and Other Legal Proceedings*

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

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

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

***Host Protections***

The Company offers AirCover coverage, which includes but is not limited to, the Company's Host Damage Protection program that provides protection of up to $1.0 million for direct physical loss or damage to a Host's covered property caused by guests during a confirmed booking and when the Host and guest are unable to resolve the dispute. The Company retains risk and also maintains insurance from third parties on a per claim basis to protect the Company's financial exposure under this program. In addition, through third-party insurers and self-insurance mechanisms, including a wholly-owned captive insurance subsidiary created during the year ended December 31, 2019, the Company provides insurance coverage for third-party bodily injury or property damage liability claims that occur during a stay. The Company's Host Liability Insurance and Experiences Liability Insurance consists of a commercial general liability policy, with Hosts and the Company as named insureds and landlords of Hosts as additional insureds. The Host Liability Insurance and Experiences Liability Insurance provides primary coverage for up to $1.0 million per occurrence, subject to a $1.0 million cap per listing location, and includes various market standard conditions, limitations, and exclusions.

***Indemnifications***

The Company has entered into indemnification agreements with certain of its officers and directors. The indemnification agreements and the Company's Amended and Restated Bylaws (the "Bylaws") require the Company to indemnify these individuals to the fullest extent not prohibited by Delaware law. Subject to certain limitations, the indemnification agreements and Bylaws also require the Company to advance expenses incurred by its directors and officers. No demands have been made upon the Company to provide indemnification under the indemnification agreements or the Bylaws, and thus, there are no claims that the Company is aware of that could have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows.

In the ordinary course of business, the Company has included limited indemnification provisions under certain agreements with parties with whom the Company has commercial relations of varying scope and terms with respect to certain matters, including losses arising out of its breach of such agreements or out of intellectual property infringement claims made by third parties. It is not possible to determine the maximum potential loss under these indemnification provisions due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision. To date, no significant costs have been incurred, either individually or collectively, in connection with the Company's indemnification provisions.

## Note 9. Income Taxes

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

The Company recorded income tax expense of $6.3 million and $10.7 million for the three months ended March 31, 2021 and 2022, respectively, which were primarily driven by current tax on foreign earnings.

The Company's significant tax jurisdictions include the United States, California, and Ireland. The Company is currently under examination for income taxes by the Internal Revenue Service ("IRS") for the 2013, 2016, 2017, and 2018 tax years. The primary issue under examination in the 2013 audit is the valuation of the Company's international intellectual property which was sold to a subsidiary in 2013. In the year ended December 31, 2019, new information became available which required the Company to remeasure its reserve for unrecognized tax benefits. The Company recorded additional tax expense of $196.4 million during the year ended December 31, 2019. In December 2020, the Company received a Notice of Proposed Adjustment ("NOPA") from the IRS which proposed an increase to the Company's U.S. taxable income that could result in additional income tax expense and cash liability of $1.3 billion, plus penalties and interest, which exceeds its current reserve recorded in its consolidated financial statements by more than $1.0 billion. The Company disagrees with the proposed adjustment and intends to vigorously contest it. In February 2021, the Company submitted a protest to the IRS describing its disagreement with the proposed agreement and requesting the case to be transferred to IRS Independent Office of Appeals ("IRS Appeals"). In December 2021, the Company received a rebuttal from the IRS with the same proposed adjustments that were in the NOPA. In January 2022, the Company entered into an administrative dispute process with IRS Appeals. The Company will continue to pursue all available remedies to resolve this dispute, including petitioning the U.S. Tax Court ("Tax Court") for redetermination if an acceptable outcome cannot be reached with IRS Appeals, and if necessary, appealing the Tax Court's decision to the appropriate appellate court.

## Note 10. Net Loss per Share

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| Net loss attributable to Class A and Class B common stockholders | $ (1,172,211) | $ (18,792) |
| Weighted-average shares in computing net loss per share attributable to Class A and Class B common stockholders, basic and diluted | 600,960 | 635,314 |
| Net loss per share attributable to Class A and Class B common stockholders, basic and diluted | $ (1.95) | $ (0.03) |

The rights, including the liquidation and dividend rights, of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to 20 votes per share. Each share of Class B common stock is convertible into a share of Class A common stock voluntarily at any time by the holder, and automatically upon certain events. The Class A common stock has no conversion rights. As the liquidation and dividend rights are identical for Class A and Class B common stock, the undistributed earnings are allocated on a proportional basis and the resulting net income (loss) per share attributable to common stockholders is the same for both Class A and Class B common stock on an individual or combined basis

There were no preferred dividends declared or accumulated for the three months ended March 31, 2021 and 2022. As of March 31, 2021, RSUs to be settled in 12.0 million shares of Class A common stock were excluded from the table below because they are subject to market conditions that were not achieved as of such date. As of March 31, 2021, 0.5 million shares of restricted stock awards were excluded from the table below because they are subject to performance conditions that were not achieved as of such date. As of March 31, 2022, RSUs to be settled in 9.6 million shares of Class A common stock were excluded from the table below because they are subject to market conditions that were not achieved as of such date. As of March 31, 2022, 0.5 million shares of restricted stock awards were excluded from the table below because they are subject to performance conditions that were not achieved as of such date.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| 2026 Notes[1] | 11,086 | 11,086 |
| Warrants | 7,935 | 7,935 |
| Escrow shares | 431 | 74 |
| Stock options | 36,718 | 23,801 |
| Restricted stock awards | 192 | 105 |
| Restricted stock units | 49,440 | 27,571 |
| Employee stock purchase plan | 559 | 378 |
| Total | 106,361 | 70,950 |

(1) Holders of the 2026 Notes who convert their 2026 Notes in connection with certain corporate events that constitute a make-whole fundamental change are entitled to an increase in the conversion rate. The 11.1 million shares represents the maximum number of shares that can be issued upon conversion after considering the make-whole fundamental change adjustment on an unweighted basis.

## Note 11. Geographic Information

The following table sets forth the breakdown of revenue by geography, determined based on the location of the Host's listing (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| United States | $ 510,786 | $ 772,139 |
| International [1] | 376,150 | 736,798 |
| Total revenue | $ 886,936 | $ 1,508,937 |

(1) No individual international country represented 10% or more of the Company's total revenue for three months ended March 31, 2021 and 2022.

## Note 12. Restructuring

During the year ended December 31, 2020, the Company experienced significant economic challenges associated with a severe decline in bookings, resulting primarily from COVID-19 and overall global travel restrictions. To address these impacts, in May 2020, the Company's management approved a restructuring plan to realign the Company's business and strategic priorities based on the current market and economic conditions as a result of COVID-19. This worldwide restructuring plan included a 25% reduction in the number of full-time employees, or approximately 1,800 employees, as well as a reduction in the contingent workforce and amendments to certain commercial agreements. These restructuring expenses are included in the Company's condensed consolidated statements of operations, and unpaid amounts are included in accrued expenses and other current liabilities on its condensed consolidated balance sheets. The cumulative restructuring charges as of March 31, 2022 was $264.5 million, for which the majority of these restructuring actions were completed in 2020.

As of March 31, 2022, the remaining liability for restructuring costs was not material. For the three months ended March 31, 2021, the Company incurred $112.0 million in restructuring charges, which includes $75.3 million related to impairments of operating lease right-of-use assets and $37.2 million related to impairments of leasehold improvements. For the three months ended March 31, 2022, the Company incurred an immaterial amount of restructuring charges.

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

*You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report"). This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section titled "Risk Factors" of our 2021 Annual Report and any subsequent filings, as well as those identified in this Form 10-Q. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.*

***Revision of Previously Issued Financial Statements***

As described in Note 2, *Summary of Significant Accounting Policies*, to our condensed consolidated financial statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q, we have revised previously issued financial statements to correct immaterial misstatements.

### Overview

We are a community based on connection and belonging—a community that was born in 2007 when two Hosts welcomed three guests to their San Francisco home, and has since grown to over 4 million Hosts who have welcomed over 1 billion guest arrivals to over 100,000 cities and towns in almost every country and region across the globe. Hosts on Airbnb are everyday people who share their worlds to provide guests with the feeling of connection and being at home. We have five stakeholders and are designed with all of them in mind. Along with employees and shareholders, we serve Hosts, guests, and the communities in which they live. We intend to make long-term decisions considering all of our stakeholders because their collective success is key for our business to thrive.

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

### Impact of COVID-19 on our Business

In response to the outbreak of the novel strain of the coronavirus, COVID-19 (the "COVID-19 pandemic") in the first half of 2020, as well as subsequent outbreaks driven by new variants of COVID-19, governments around the world have implemented, and continue to implement, a variety of measures to reduce the spread of COVID-19, including travel restrictions, social distancing, shelter-in-place orders, vaccination mandates or requirements for businesses to confirm employees' vaccination status, and other restrictions.

Throughout 2021, we continued to face lower demand for long distance travel and overall depressed Nights and Experiences Booked compared to 2019. However, in the first quarter of 2022, we have seen significant growth with Nights and Experiences Booked exceeding 2019 levels for the same period. While COVID-19 still plagues the world, for the three months ended March 31, 2022, Gross Booking Value ("GBV") and revenue were $17.2 billion and $1.5 billion, respectively, which were both higher compared to the same periods in 2021, 2020 and 2019 (pre-pandemic). These improvements were primarily driven by stronger results in North America and Europe, the Middle East, and Africa ("EMEA") and Latin America, in particular with resilience in domestic and short-distance travel, with more people gravitating toward Airbnb stays within driving distance of their homes, as well as growing urban and international travel.

We believe that the recovery in GBV that we began experiencing beginning in the second quarter of 2021 and continuing through the first quarter of 2022 was attributable to the renewed ability and willingness for guests to travel, the resilience of our Hosts, and relative strength of our business model, particularly the enhanced flexibility added as a result of the pandemic that has allowed our guests to not just travel but live anywhere. While we witnessed the way people travel change as a result of COVID-19, the adaptability of our business suggests that we are well-positioned to serve this dynamic market as it continues to evolve and recover.

The extent and duration of the impact of the COVID-19 pandemic over the longer term remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of COVID-19, the introduction and spread of new variants of the virus that may be resistant to currently approved vaccines and the continuation of existing or implementation of new government travel restrictions, the extent and effectiveness of containment actions taken, including mobility restrictions, the timing, availability, and effectiveness of vaccines, and the impact of these and other factors on travel behavior in general, and on our business in particular, which may result in a reduction in bookings and an increase in booking cancellations.

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

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

These key business metrics and non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly titled metrics or measures presented by other companies. A reconciliation of each non-GAAP financial measure to the most directly comparable financial

measure stated in accordance with GAAP is provided under the subsection titled "— Adjusted EBITDA" and "— Free Cash Flow" below. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

***Nights and Experiences Booked***

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

In the first quarter of 2022, we had 102.1 million Nights and Experiences Booked, a 59% increase from 64.4 million in the same prior year period, and a 26% increase compared to the first quarter of 2019 (pre-pandemic). Nights and Experiences Booked grows as we attract new Hosts and guests to our platform and as repeat guests increase their activity on our platform. Our Nights and Experiences Booked increased from prior year levels primarily largely driven by stronger results in North America, EMEA, and Latin America, in particular with resilience in domestic and short-distance travel, with more people gravitating toward Airbnb stays within driving distance of their homes.

***Gross Booking Value***

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

Growth in GBV reflects our ability to attract and retain Hosts and guests and reflects growth in Nights and Experiences Booked. In the first quarter of 2022, our GBV was $17.2 billion, a 67% increase from $10.3 billion in the same prior year period. The increase in our GBV was primarily due to higher average daily rates ("ADRs") and an increase in Nights and Experiences Booked. The travel recovery we are experiencing has been dominated by our higher ADR regions—North America and Europe, in particular, whereas Asia Pacific, one of our lowest ADR regions, remains depressed. Similar to Nights and Experiences Booked, our GBV improvement was largely driven by stronger bookings in North America, EMEA and Latin America, in particular with resilience in domestic and short-distance travel. On a constant currency basis, the increase in GBV was 71% for the three months ended March 31, 2022, as compared to the same period in 2021.

***Non-GAAP Financial Measures***

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP measures are useful in evaluating our operating performance. We use the following non-GAAP financial information, collectively, to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance, and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP measures used by other companies. A reconciliation of each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP is provided below. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

The following table summarizes our non-GAAP financial measures, along with the most directly comparable GAAP measure, for each period presented below:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| | (in thousands) | |
| Net loss | $ (1,172,211) | $ (18,792) |
| Adjusted EBITDA | $ (58,638) | $ 229,146 |
| | | |
| Net cash provided by operating activities | $ 606,376 | $ 1,201,992 |
| Free Cash Flow | $ 598,670 | $ 1,196,033 |

***Adjusted EBITDA***

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

Adjusted EBITDA also excludes certain items related to transactional tax matters, for which management believes it is probable that we may be held jointly liable with Hosts in certain jurisdictions, and we urge investors to review the detailed disclosure regarding these matters included in the subsection titled "—Critical Accounting Policies and Estimates—Lodging Tax Obligations," as well as the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

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 does not reflect interest income (expense) and other income (expense), net, which include loss on extinguishment of debt and unrealized and realized gains and losses on foreign currency exchange, investments, and financial instruments, including the warrants issued in connection with a term loan agreement entered into in April 2020. We amended the anti-dilution feature in the warrant agreements in March 2021. The balance of the warrants of $1.3 billion was reclassified from liability to equity as the amended warrants met the requirements for equity classification and are no longer remeasured at each reporting period;

- Adjusted EBITDA excludes certain recurring, non-cash charges, such as depreciation of property and equipment and amortization of intangible assets, and although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect all cash requirements for such replacements or for new capital expenditure requirements;

- Adjusted EBITDA excludes stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy as well as stock-settlement obligations, which represent employer and related taxes related to the IPO;

- Adjusted EBITDA excludes acquisition-related impacts consisting of gains (losses) recognized on changes in the fair value of contingent consideration arrangements. The contingent consideration, which was in the form of equity, was valued as of the acquisition date and is marked-to-market at each reporting period based on factors including our stock price;

- Adjusted EBITDA does not reflect net changes to reserves for lodging taxes for which management believes it is probable that we may be held jointly liable with Hosts for collecting and remitting such taxes; and

- Adjusted EBITDA does not reflect restructuring charges, which include severance and other employee costs, lease impairments, and contract amendments and terminations.

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

For the three months ended March 31, 2022, Adjusted EBITDA was $229.1 million compared to $(58.6) million in the same prior year period. This favorable change was due to our record high revenue combined with continued cost management.

*Adjusted EBITDA Reconciliation*

The following is a reconciliation of Adjusted EBITDA to the most comparable GAAP measure, net income (loss):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| | (in thousands, except percentages) | |
| Revenue | $ 886,936 | $ 1,508,937 |
| | | |
| Net loss | $ (1,172,211) | $ (18,792) |
| Adjusted to exclude the following: | | |
| Provision for income taxes | 6,309 | 10,706 |
| Other expense, net | 300,098 | 1,935 |
| Interest expense | 421,911 | 5,764 |
| Interest income | (3,052) | (4,744) |
| Depreciation and amortization | 38,252 | 29,232 |
| Stock-based compensation expense[(1)] | 229,485 | 194,892 |
| Acquisition-related impacts | 7,989 | 11,400 |
| Net changes in lodging tax reserves | 599 | (1,564) |
| Restructuring charges | 111,982 | 317 |
| Adjusted EBITDA | $ (58,638) | $ 229,146 |
| Adjusted EBITDA as a percentage of Revenue | (7)% | 15 % |

(1) Excludes stock-based compensation related to restructuring, which is included in restructuring charges in the table above.

***Free Cash Flow***

We define Free Cash Flow as net cash provided by (used in) operating activities less purchases of property and equipment. We believe that Free Cash Flow is a meaningful indicator of liquidity that provides information to our management and investors about the amount of cash generated from operations, after purchases of property and equipment, that can be used for strategic initiatives, including continuous investment in our business, growth through acquisitions, and strengthening our balance sheet. Our Free Cash Flow is impacted by the timing of GBV because we collect our service fees at the time of booking, which is generally before a stay or experience occurs. Funds held on behalf of our Hosts and guests and amounts payable to our Hosts and guests do not impact Free Cash Flow, except interest earned on these funds. Free Cash Flow has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by (used in) operating activities. Free Cash Flow does not reflect our ability to meet future contractual commitments and may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure.

For the three months ended March 31, 2022, Free Cash Flow was $1.2 billion, representing 79% of revenue, compared to $598.7 million, representing 67% of revenue, for the three months ended March 31, 2021. The increase was primarily driven by revenue growth, margin expansion and significant growth in unearned fees. Due to seasonality, the first quarter typically benefits from working capital as unearned fees are generated by bookings, but not recognized as revenue until future periods when guests check-in.

*Free Cash Flow Reconciliation*

The following is a reconciliation of Free Cash Flow to the most comparable GAAP cash flow measure, net cash provided by operating activities:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| | (in thousands, except percentages) | |
| Revenue | $ 886,936 | $ 1,508,937 |
| | | |
| Net cash provided by operating activities | $ 606,376 | $ 1,201,992 |
| Purchases of property and equipment | (7,706) | (5,959) |
| Free Cash Flow | $ 598,670 | $ 1,196,033 |
| Free Cash Flow as a percentage of Revenue | 67 % | 79 % |
| Other cash flow components: | | |
| Net cash used in investing activities | $ (1,172,286) | $ (196,970) |
| Net cash provided by financing activities | $ 1,455,526 | $ 2,203,519 |

## Seasonality

Our business is seasonal, reflecting typical travel behavior patterns over the course of the calendar year. In a typical year, the first, second, and third quarters have higher Nights and Experiences Booked than the fourth quarter, as guests plan for travel during the peak travel season, which is in the third quarter for North America and EMEA. Our business metrics, including GBV and Adjusted EBITDA, can also be impacted by the timing of holidays and other events. We experience seasonality in our GBV that is generally consistent with the seasonality of Nights and Experiences Booked. Revenue and Adjusted EBITDA have historically been, and are expected to continue to be, highest in the third quarter when we have the most check-ins, which is the point at which we recognize revenue. Seasonal trends in our GBV impact Free Cash Flow for any given quarter. Our costs are relatively fixed across quarters or vary in line with the volume of transactions, and we historically achieve our highest GBV in the first and second quarters of the year with comparatively lower check-ins. As a result, increases in unearned fees make our Free Cash Flow and Free Cash Flow as a percentage of revenue the highest in the first two quarters of the year. We typically see a slight decline in GBV and a peak in check-ins in the third quarter, which results in a decrease in unearned fees and lower sequential level of Free Cash Flow, and a greater decline in GBV in the fourth quarter, where Free Cash Flow is typically negative. As our business matures, other seasonal trends may develop, or these existing seasonal trends may become more extreme.

We have seen COVID-19 overwhelm the historical patterns of seasonality in our GBV, revenue, Adjusted EBITDA, and Free Cash Flow as a result of travel restrictions and changing travel preferences relating to the COVID-19 pandemic. While we expect this impact on seasonality to continue as long as COVID-19 is impacting travel patterns globally, we have seen the time between when guests make their bookings on our platform and when they expect to complete their stays increase towards a return to pre-COVID-19 levels. Typically, booking lead times sequentially lengthen from the fourth quarter to the first quarter when guests start to book travel for later in the year.

## Results of Operations

The following table sets forth our results of operations for the periods presented:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| | (in thousands) | |
| Revenue | $ 886,936 | $ 1,508,937 |
| Costs and expenses: | | |
| Cost of revenue | 254,515 | 362,623 |
| Operations and support[(1)] | 185,436 | 233,012 |
| Product development[(1)] | 363,061 | 362,927 |
| Sales and marketing[(1)] | 229,125 | 344,616 |
| General and administrative[(1)] | 189,762 | 210,573 |
| Restructuring charges[(1)] | 111,982 | 317 |
| Total costs and expenses | 1,333,881 | 1,514,068 |
| Loss from operations | (446,945) | (5,131) |
| Interest income | 3,052 | 4,744 |
| Interest expense | (421,911) | (5,764) |
| Other expense, net | (300,098) | (1,935) |
| Loss before income taxes | (1,165,902) | (8,086) |
| Provision for income taxes | 6,309 | 10,706 |
| Net loss | $ (1,172,211) | $ (18,792) |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| | (in thousands) | |
| Operations and support | $ 11,412 | $ 11,695 |
| Product development | 143,715 | 117,876 |
| Sales and marketing | 25,901 | 21,207 |
| General and administrative | 48,457 | 44,114 |
| Restructuring charges | (11) | 31 |
| Stock-based compensation expense | $ 229,474 | $ 194,923 |

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| Revenue | 100 % | 100 % |
| Costs and expenses: | | |
| Cost of revenue | 29 | 24 |
| Operations and support | 21 | 15 |
| Product development | 41 | 24 |
| Sales and marketing | 26 | 23 |
| General and administrative | 21 | 14 |
| Restructuring charges | 12 | — |
| Total costs and expenses | 150 | 100 |
| Loss from operations | (50) | — |
| Interest income | — | — |
| Interest expense | (48) | — |
| Other expense, net | (33) | — |
| Loss before income taxes | (131) | — |
| Provision for income taxes | 1 | 1 |
| Net loss | (132)% | (1)% |

## Comparison of the Three Months Ended March 31, 2022 and 2021

***Revenue***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| Revenue | $ 886,936 | $ 1,508,937 | 70 % |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

Revenue increased $622.0 million, or 70%, for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to a 59% increase in Nights and Experiences Booked combined with higher ADRs. On a constant currency basis, revenue increased 74% compared to the three months ended March 31, 2021.

***Cost of Revenue***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| Cost of revenue | $ 254,515 | $ 362,623 | 42 % |
| Percentage of revenue | 29 % | 24 % | |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

Cost of revenue increased $108.1 million, or 42%, for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to an increase in merchant fees of $92.8 million primarily due to an increase in pay-in volumes, an increase in data hosting service costs of $9.0 million, and $8.1 million in chargebacks, partially offset by a decrease of $9.4 million in amortization expense for internally developed software and acquired technology.

***Operations and Support***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| Operations and support | $ 185,436 | $ 233,012 | 26 % |
| Percentage of revenue | 21 % | 15 % | |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

Operations and support expense increased $47.6 million, or 26%, for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to a $31.0 million increase in third-party community support personnel and customer relations costs, and an $8.7 million increase in insurance costs. Operations and support expense as a percent of revenue decreased to 15% for the three months ended March 31, 2022, compared to 21% in the same period in the prior year, primarily due to revenue growing faster than operations and support expense as a result of the significant increase in Nights and Experiences Booked as well as higher ADR.

***Product Development***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| Product development | $ 363,061 | $ 362,927 | — % |
| Percentage of revenue | 41 % | 24 % | |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

Product development expense decreased $0.1 million for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to a $15.5 million decrease in payroll-related expenses, partially offset by a $9.1 million increase in third-party service providers, and an increase in allocated facilities and information technology expenses of $5.2 million, largely due to a prior year benefit from a one-time release of a payroll tax reserve on fringe benefits. Product development expense as a percent of revenue decreased to 24% for the three months ended March 31, 2022, from 41% for the same period in the prior year, primarily due to revenue growing faster than product development expense as a result of the significant increase in Nights and Experiences Booked as well as higher ADR.

***Sales and Marketing***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| Brand and performance marketing | $ 119,208 | $ 230,439 | 93 % |
| Field operations and policy | 109,917 | 114,177 | 4 % |
| Total sales and marketing | $ 229,125 | $ 344,616 | 50 % |
| Percentage of revenue | 26 % | 23 % | |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

Sales and marketing expense increased $115.5 million, or 50%, for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to a $112.6 million increase in marketing activities associated with our Made Possible by Hosts global marketing campaign and a $6.9 million increase in third-party service provider expenses. Total brand and performance marketing expense increased $111.2 million, primarily driven by an increase in brand marketing.

***General and Administrative***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| General and administrative | $ 189,762 | $ 210,573 | 11 % |
| Percentage of revenue | 21 % | 14 % | |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

General and administrative expense increased $20.8 million, or 11%, for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to a $10.0 million charitable contribution to Airbnb.org to support Ukrainian refugees, a benefit from a one-time release of a payroll tax reserve on fringe benefits in the prior year of $9.1 million, coupled with an increase in other business and operational taxes of $7.8 million, and an increase in professional services fees of $7.9 million. These movements were partially offset by a $13.9 million decrease in payroll related expenses, which was largely driven by a decrease in stock-based compensation and employer taxes. General and administrative expense as a percent of revenue decreased to 14% for the three months ended March 31, 2022, from 21% for the same period in the prior year, primarily due to revenue growing faster than general and administrative expense as a result of the significant increase in Nights and Experiences Booked as well as higher ADR.

***Restructuring Charges***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| Restructuring charges | $ 111,982 | $ 317 | (100)% |
| Percentage of revenue | 12 % | — % | |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

Restructuring charges totaled $112.0 million and $0.3 million for the three months ended March 31, 2021 and 2022, respectively, which resulted from our May 2020 restructuring announcement that included a reduction in workforce resulting in restructuring charges that primarily included severance and other employee-related costs, lease impairments, and contract amendments and terminations. In March 2021, we ceased use of a leased office and made the office available for sublease resulting in an additional lease impairment.

***Interest Income and Expense***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| Interest income | $ 3,052 | $ 4,744 | 55 % |
| Percentage of revenue | — % | — % | |
| Interest expense | $ (421,911) | $ (5,764) | (99)% |
| Percentage of revenue | (48)% | — % | |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

Interest income increased $1.7 million, or 55%, for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to higher interest rates and composition of our investment portfolio, which was largely invested in money market funds and short-term, high-quality bonds. Interest expense decreased $416.1 million for the three months ended March 31, 2022, compared to the same period in the prior year, primarily due to the $377.2 million loss on extinguishment of debt resulting from retirement of two term loans in March 2021. Refer to Note 6, *Debt*, to our condensed consolidated financial statements included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q, for additional information.

***Other Expense, Net***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| Other expense, net | $ (300,098) | $ (1,935) | (99)% |
| Percentage of revenue | (33)% | — % | |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

Other expense, net decreased $298.2 million for the three months ended March 31, 2022, compared to the same period in the prior year, primarily driven by $292.0 million of fair value remeasurement on our warrants issued in connection with our second lien loan in the prior year, which were reclassified to equity and no longer require fair value remeasurement.

***Provision for Income Taxes***

| | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2021 | 2022 | % Change |
| | (in thousands, except percentages) | | |
| Provision for income taxes | $ 6,309 | $ 10,706 | 70 % |

***Three Months Ended March 31, 2022 Compared with the Same Period in 2021***

The provision for income taxes in the three months ended March 31, 2022 increased $4.4 million, compared to the same period in the prior year, primarily due to the increase in profits earned outside of the United States.

## Liquidity and Capital Resources

As of March 31, 2022, our principal sources of liquidity were cash and cash equivalents and marketable securities totaling $9.3 billion. As of March 31, 2022, cash and cash equivalents totaled $6.9 billion, which included $2.6 billion held by our foreign subsidiaries. Cash and cash equivalents consist of checking and interest-bearing accounts and highly-liquid securities with an original maturity of 90 days or less. As of March 31, 2022, marketable securities totaled $2.4 billion. Marketable securities consist of corporate debt securities, mutual funds, highly-liquid debt instruments of the U.S. government and its agencies, and certificates of deposit. These amounts do not include funds of $6.1 billion as of March 31, 2022 that we held for bookings in advance of guests completing check-ins that we record separately on our balance sheet in funds receivable and amounts held on behalf of customers with a corresponding liability in funds payable and amounts payable to customers.

Cash, cash equivalents, and marketable securities held outside the United States may be repatriated, subject to certain limitations, and would be available to be used to fund our domestic operations. However, repatriation of such funds may result in additional tax liabilities. We believe that our existing cash, cash equivalents, and marketable securities balances in the United States are sufficient to fund our working capital needs in the United States.

We assess our liquidity in terms of our ability to generate cash to fund our short- and long-term cash requirements. As such, we believe that the cash flows generated from operating activities will meet our anticipated cash requirements. In addition to normal working capital requirements, we anticipate that our short- and long-term cash requirements will include funding capital expenditures, debt repayments, and platform and systems transformation initiatives. We anticipate long-term cash uses may also include strategic acquisitions. On a long-term basis, we would rely on either our access to the capital markets or our credit facility for any long-term funding not provided by operating cash flows.

***Convertible Senior Notes***

On March 8, 2021, we issued $2.0 billion aggregate principal amount of 0% convertible senior notes due 2026 (the "2026 Notes") pursuant to an indenture, dated March 8, 2021 (the "Indenture"), between us and U.S. Bank National Association, as trustee. The 2026 Notes were offered and sold in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”).

The 2026 Notes are senior unsecured obligations and will not bear regular interest. The 2026 Notes mature on March 15, 2026, unless earlier converted, redeemed or repurchased. The net proceeds from the 2026 Notes were $1,979.2 million, after deducting the initial purchasers’ commissions and debt issuance costs.

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

The 2026 Notes will be convertible at the option of the holders prior to the close of business on the business day immediately preceding March 15, 2026 only under the following circumstances:

- during any calendar quarter (and only during such calendar quarter) commencing after the calendar quarter ending on June 30, 2021, if the last reported sale price per share of our common stock exceeds 130% of the conversion price for each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;
- during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the “measurement period”) if the trading price per $1,000 principal amount of notes for each trading day of the measurement period is less than 98% of the product of the last reported sale price per share of our common stock on such trading day and the conversion rate on such trading day;
- upon the occurrence of certain corporate events or distributions on our common stock, as described in the offering memorandum in connection with the 2026 Notes;
- or if we call such notes for redemption; and
- at any time from, and including, December 15, 2025 until the close of business on the second scheduled trading day immediately before the maturity date.

Upon conversion, we may satisfy our conversion obligation by paying or delivering, as applicable, cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock, at our election, based on the applicable conversion rate. Holders of the 2026 Notes who convert their 2026 Notes in connection with certain corporate events that constitute a make-whole fundamental change (as defined in the Indenture) are, under certain circumstances, entitled to an increase in the conversion rate. Additionally in the event of a corporate event constituting a fundamental change (as defined in the Indenture), holders of the 2026 Notes may require us to repurchase all or a portion of their 2026 Notes at a repurchase price equal to 100% of the principal amount of the Notes being repurchased.

***Capped Calls***

On March 3, 2021, in connection with the pricing of the 2026 Notes, we entered into privately negotiated capped call transactions (the “Capped Calls”) with certain of the initial purchasers and other financial institutions (the "option counterparties") at a cost of approximately $100.2 million. The Capped Calls cover, subject to anti-dilution adjustments, the number of shares of Class A common stock initially underlying the 2026 Notes sold in the offering. By entering into the Capped Calls, we expect to reduce the potential dilution to our common stock (or, in the event a conversion of the 2026 Notes is settled in cash, to reduce our cash payment obligation) in the event that at the time of conversion of the 2026 Notes our common stock price exceeds the conversion price of the 2026 Notes. The cap price of the Capped Calls will initially be $360.80 per share of Class A common stock, which represents a premium of 100% over the last reported sale price of the Class A common stock of $180.40 per share on March 3, 2021, and is subject to certain customary adjustments under the terms of the Capped Call Transactions. The Capped Calls meet the criteria for classification in equity, are not remeasured each reporting period and included as a reduction to additional paid-in-capital within stockholders’ equity.

See Note 6, *Debt,* to our condensed consolidated financial statements included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q, for additional information on our outstanding debt.

## Cash Flows

The following table summarizes our cash flows for the periods indicated:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2022 |
| | (in thousands) | |
| Net cash provided by operating activities | $ 606,376 | $ 1,201,992 |
| Net cash used in investing activities | (1,172,286) | (196,970) |
| Net cash provided by financing activities | 1,455,526 | 2,203,519 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (72,287) | 3,398 |
| Net increase in cash, cash equivalents, and restricted cash | $ 817,329 | $ 3,211,939 |

***Net cash provided by operating activities***

Net cash provided by operating activities for the three months ended March 31, 2022 was $1.2 billion. Our net loss for the three months ended March 31, 2022 was $18.8 million, adjusted for non-cash charges, primarily consisting of $194.9 million of stock-based compensation expense, $29.2 million of depreciation and amortization, and $9.3 million of bad debt expense. Additional cash was provided by changes in working capital, including a $844.0 million increase in unearned fees resulting from significantly higher bookings and accrued expenses and other liabilities of $121.9 million.

***Net cash used in investing activities***

Net cash used in investing activities for the three months ended March 31, 2022 was $197.0 million, which was primarily for purchases of marketable securities of $928.0 million, partially offset by proceeds from maturities and sales of marketable securities of $593.8 million and $146.0 million, respectively.

***Net cash provided by financing activities***

Net cash provided by financing activities for the three months ended March 31, 2022 was $2.2 billion, primarily reflecting the increase in funds payable and amounts payable to customers of $2.4 billion, partially offset by an increase in the taxes paid related to net share settlement of equity awards of $204.8 million.

***Effect of Exchange Rates***

The effect of exchange rate changes on cash, cash equivalents, and restricted cash on our condensed consolidated statements of cash flows relates to certain of our assets, principally cash balances held on behalf of Hosts and guests, that are denominated in currencies other than the functional currency of certain of our subsidiaries. For the three months ended March 31, 2022, we recorded a $3.4 million increase in cash, cash equivalents, and restricted cash, primarily due to the weakening of the U.S. dollar. For the three months ended March 31, 2021, we recorded a $72.3 million reduction in cash, cash equivalents, and restricted cash, respectively, primarily due to the strengthening of the U.S. dollar. The impact of exchange rate changes on cash balances can serve as a natural hedge for the effect of exchange rates on our liabilities to our guests and Hosts.

## Contractual Obligations and Commitments

As of March 31, 2022, there were no material changes outside the ordinary course of business to the contractual obligations, as disclosed in our 2021 Annual Report.

We have various contractual obligations and commitments, such as long-term leases, purchase commitments, long-term debt, and other executory contracts, that are disclosed in the footnotes to the condensed consolidated financial statements. See Note 6, *Debt,* and Note 8, *Commitments and Contingencies*, to our condensed consolidated financial statements, included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q, for further information regarding these commitments.

## Critical Accounting Policies and Estimates

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

We believe that of our significant accounting policies, which are described in Note 2, *Summary of Significant Accounting Policies*, to our condensed consolidated financial statements included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q and our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our condensed consolidated financial condition, results of operations, and cash flows.

***Revenue Recognition***

We generate substantially all of our revenue from facilitating guest stays at accommodations offered by Hosts on the Airbnb platform. We consider both Hosts and guests to be our customers. Our revenue is comprised of service fees from our customers. Our single performance obligation is identified as the facilitation of a stay, which occurs upon the completion of a check-in event. Revenue is recognized at a point in time when the performance obligation is satisfied upon check-in.

Revenue is presented net of certain payments we make to customers as part of our referral programs and marketing promotions, collectively referred to as our incentive programs, and refund activities. The payments are generally in the form of coupon credits to be applied toward future bookings or as cash refunds. We encourage the use of our platform and attract new customers through our incentive programs. Under the referral program, the referring party (“referrer”) earns a coupon when the new Host or guest (“referee”) completes their first stay on our platform. We record the incentive as a liability at the time the incentive is earned by the referrer with the corresponding charge recorded to sales and marketing expense. Any amounts paid in excess of the fair value of the referral service received are recorded as a reduction of revenue. Through marketing promotions, we issue customer coupon credits to encourage the use of our platform. After a customer redeems such incentives, we record a reduction to revenue at the date we record the corresponding revenue transaction. From time to time, we issue refunds to customers in the form of cash or credits to be applied toward a future booking. We reduce the transaction price by the estimated amount of the payments by applying the most likely outcome method based on known facts and circumstances and historical experience. These refunds are recorded as a reduction to revenue.

We evaluate whether the cumulative amount of payments made to customers that are not in exchange for a distinct good or service received from a customer exceeds the cumulative revenue earned since inception of the customer relationship. Any cumulative payments in excess of cumulative revenue are presented as operating expenses in our consolidated statements of operations.

***Stock-Based Compensation***

We have granted stock-based awards consisting primarily of stock options, restricted stock awards, and restricted stock units ("RSUs") to employees, members of our board of directors, and non-employees. We estimate the fair value of stock options granted using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires certain subjective inputs and assumptions, including the fair value of our common stock, exercise price, the expected term, risk-free interest rates, expected stock price volatility, and expected dividend yield of our common stock. The fair value of stock options is recognized as stock-based compensation expense on a straight-line basis over the requisite service period. We account for forfeitures as they occur.

The assumptions used in the Black-Scholes option-pricing model are as follows:

- *Expected term.* We estimate the expected term based on the simplified method.
- *Risk-free interest rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.
- *Expected volatility.* We estimate the volatility of our common stock on the date of grant based on the average historical stock price volatility of comparable publicly-traded companies.
- *Expected dividend yield.* Expected dividend yield is zero, as we have not paid and do not anticipate paying dividends on our common stock.

We continue to use judgment in evaluating the expected volatility and expected term utilized in our stock-based compensation expense calculation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may refine our estimates of expected volatility and expected term, which could materially impact our future stock-based compensation expense.

***Lodging Tax Obligations***

Some states, cities, and localities in the United States and elsewhere in the world impose transient occupancy or lodging accommodations taxes ("lodging taxes") on the use or occupancy of lodging accommodations or other traveler services. As of March 31, 2022, we collect and remit lodging taxes in approximately 31,300 jurisdictions on behalf of our Hosts, and lodging taxes are primarily collected in the United States and France. Such lodging taxes are generally remitted to tax jurisdictions within a 30 to 90-day period following the end of each month.

In jurisdictions where we do not collect and remit lodging taxes, the responsibility for collecting and remitting these taxes, if applicable, generally rests with Hosts. We estimate liabilities for a certain number of jurisdictions with respect to state, city, and local taxes related to lodging where we believe it is probable that Airbnb could be held jointly liable with Hosts for collecting and remitting such taxes and the related amounts can be reasonably estimated. Our accrued obligations related to lodging taxes, including estimated penalties and taxes, totaled $57.3 million and $55.7 million as of December 31, 2021 and March 31, 2022, respectively, and changes to this reserve are recorded in general and administrative expense in our condensed consolidated statements of operations.

We are currently involved in lawsuits brought by certain states and localities involving the payment of lodging taxes. These jurisdictions are asserting that we are liable or jointly liable with Hosts to collect and remit lodging taxes. These lawsuits are in various stages and we continue to vigorously defend these claims. We believe that the statutes at issue impose a lodging tax obligation on the person exercising the taxable privilege of providing accommodations, our Hosts. The ultimate resolution of these lawsuits cannot be determined at this time.

Evaluating potential outcomes for lodging taxes is inherently uncertain and requires us to utilize various judgments, assumptions and estimates in determining our reserves. A variety of factors could affect our potential obligation for collecting and remitting such taxes which include, but are not limited to, whether we determine, or any tax authority asserts, that we have a responsibility to collect lodging and related taxes on either historic or future transactions; the introduction of new ordinances and taxes which subject our operations to such taxes; or the ultimate resolution of any historic claims that may be settled through negotiation. Accordingly, the ultimate resolution of lodging taxes may be greater or less than reserve amounts we have established.

***Income Taxes***

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

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

The provision for income taxes includes the impact of reserve provisions and changes to reserves as well as the related net interest and penalties. In addition, we are subject to the continuous examination of our income tax returns by the United States Internal Revenue Service and other tax authorities that may assert assessments against us. We regularly assess the likelihood of adverse outcomes resulting from these examinations and assessments to determine the adequacy of our provision for income taxes.

***Goodwill and Impairment of Long-Lived Assets***

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. We have one reporting unit. We test goodwill for impairment at least annually, in the fourth quarter, and whenever events or changes in circumstances indicate that goodwill might be impaired. As a result of the goodwill impairment assessment, management concluded goodwill was not impaired as of December 31, 2021 and does not believe that its reporting unit is at risk of failing the impairment test since the fair value of the reporting unit substantially exceeded the carrying value.

Long-lived assets that are held and used by us are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Determination of recoverability of long-lived assets is based on an estimate of the undiscounted cash flows resulting from the use of the asset group and its eventual disposition. If the carrying value of the long-lived asset group is not recoverable on an undiscounted cash flow basis, we recognize impairment to the extent that the carrying value exceeds its fair value. We determine fair value through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals.

Any impairments to right-of-use ("ROU") assets, leasehold improvements, or other assets as a result of a sublease, abandonment, or other similar factor are initially recognized when a decision to do so is made and recorded as an operating expense. Similar to other long-lived assets, management tests ROU assets for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. For lease assets, such circumstances would include subleases that do not fully recover the costs of the associated leases or a decision to abandon the use of all or part of an asset. For the three months ended March 31, 2021, we recorded $75.3 million of ROU asset impairment charges and $37.2 million leasehold improvements impairment charges within restructuring charges in the condensed consolidated statement of operations.

Significant judgment and estimates are required in assessing impairment of goodwill and long-lived assets, including identifying whether events or changes in circumstances require an impairment assessment, estimating future cash flows, and determining appropriate discount rates. Our estimates of fair value are based on assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

## Recent Accounting Pronouncements

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

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

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

***Foreign Currency Exchange Risk***

We offer the ability to transact on our platform in over 40 currencies, of which the most significant foreign currencies to our operations in the first quarter of 2022 were the Euro, British Pound, Canadian Dollar, Australian Dollar, Brazilian Real, and Mexican Peso. Our international revenue, as well as costs and expenses denominated in foreign currencies, expose us to the risk of fluctuations in foreign currency exchange rates against the U.S. dollar. Accordingly, we are subject to foreign currency risk, which may adversely impact our financial results.

We have foreign currency exchange risks related primarily to:

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

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

We enter into foreign currency derivative contracts to protect against foreign exchange risks. Presently, these hedges are primarily designed to manage foreign exchange risk associated with balances held as funds payable and amounts payable to customers and unbilled amounts for confirmed bookings under the terms of our Pay Less Upfront program. These contracts reduce, but do not entirely eliminate, the impact of currency exchange rate movements on our assets and liabilities.

We may choose not to hedge the risk associated with our foreign currency exposures, primarily if such exposure acts as a natural hedge for offsetting amounts denominated in the same currency or if the currency is too difficult or too expensive to hedge.

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

If an adverse 10% foreign currency exchange rate change was applied to total net monetary assets and liabilities denominated in currencies other than the local currencies as of March 31, 2022, it would not have had a material impact on our consolidated financial statements.

***Investment and Interest Rate Risk***

We are exposed to interest rate risk related primarily to our investment portfolio. Changes in interest rates affect the interest earned on our total cash, cash equivalents, and marketable securities and the fair value of those securities.

We had cash and cash equivalents of $6.9 billion and marketable securities of $2.4 billion as of March 31, 2022, which consisted of highly-liquid investment grade corporate debt securities, certificates of deposit, and U.S. government and agency bonds. As of March 31, 2022, we had an additional $6.1 billion that we held for bookings in advance of guests completing check-ins, which we record separately on our condensed consolidated balance sheets as funds receivable and amounts held on behalf of customers. The primary objective of our investment activities is to preserve capital and meet liquidity requirements without significantly increasing risk. We invest primarily in highly-liquid, investment grade debt securities, and we limit the amount of credit exposure to any one issuer. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Because our cash equivalents and marketable securities generally have short maturities, the fair value of our portfolio is relatively insensitive to interest rate fluctuations. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 100 basis point increase in interest rates would have resulted in a decrease of $8.8 million to our investment portfolio as of March 31, 2022.

## Item 4. Controls and Procedures

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of March 31, 2022, the end of the period covered by this Quarterly Report on Form 10-Q, to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended March 31, 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on Controls**

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

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

We are currently involved in, and may in the future be involved in, legal proceedings, claims, and government investigations in the ordinary course of business. These include proceedings, claims, and investigations relating to, among other things, regulatory matters, commercial matters, intellectual property, competition, tax, employment, pricing, discrimination, consumer rights, personal injury, and property rights. See Note 8, *Commitments and Contingencies – Legal and Regulatory Matters,* to our condensed consolidated financial statements included in Item 1 of Part 1 of this Quarterly Report on Form 10-Q.

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

## Item 1A. Risk Factors

*There have been no material changes from the risk factors set forth in Part I, Item IA of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report"), except for the following risk factors which supplement the risk factors disclosed in our 2021 Annual Report. Our business, operations and financial results are subject to various risks and uncertainties, including those described below, that could materially adversely affect our business, results of operations, financial condition, and the trading price of our Class A common stock. You should carefully read and consider the risks and uncertainties included in our 2021 Annual Report in conjunction with the risks and uncertainties described below, together with all of the other information in our 2021 Annual Report and this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, and other documents that we file with the Securities and Exchange Commission. The risks and uncertainties described in these reports may not be the only ones we face. The material factors discussed in the 2021 Annual Report and this Quarterly Report on Form 10-Q, among others, could cause our actual results to differ materially from historical results and those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors, and oral statements.*

***Any escalation or unexpected change in circumstances in the ongoing military action between Russia and Ukraine, or sanctions, export controls, and similar measures in response to the conflict, could materially adversely affect our business, results of operations, and financial condition.***

We are actively monitoring the situation in Ukraine and assessing its impact on our business. We have suspended all operations in Russia and Belarus and certain regions of Ukraine, which is not expected to have a material impact on our operating results. However, any escalation in the conflict or unexpected change in circumstances could adversely impact the demand for travel in the region or beyond and could have a material adverse impact on our business, results of operations, and financial condition.

In addition, as a result of Russia's military action in Ukraine, governmental authorities in the United States, the European Union, and the United Kingdom, among others, launched an expansion of coordinated sanctions and export control measures, including sanctions against certain individuals and entities and prohibiting or limiting certain financial and commercial transactions. Our business must be conducted in compliance with applicable economic and trade sanctions laws and regulations, including those administered and enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the U.S. Department of State, the U.S. Department of Commerce, the United Kingdom, the European Council and the EU Member States, the United Nations Security Council and other relevant governmental authorities. There is a risk that, despite the internal controls that we have in place, we may have inadvertently engaged in or could in the future engage in transactions inconsistent with applicable sanctions laws and that our internal controls could be less than fully effective at implementing the new and any possible future sanctions that relate to Russia's military action in Ukraine. Any non-compliance with economic and trade sanctions laws and regulations or related investigations could result in claims or actions against us and materially adversely affect our business, results of operations, and financial condition.

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

None.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

On May 5, 2022, each of Brian Chesky, Co-Founder and Chief Executive Officer, Dave Stephenson, Chief Financial Officer and Interim Head of Global Employee Experience, Nathan Blecharczyk, Co-Founder, Chief Strategy Officer, and Chairman of Airbnb China, Aristotle Balogh, Chief Technology Officer, and Catherine Powell, Global Head of Hosting, entered into a Change in Control and Severance Agreement with the Company (the "Agreement"). The terms of the Agreement are summarized under the "Potential Payments Upon Termination or Change in Control" section of our Definitive Proxy Statement on Schedule 14A, as filed with the Securities and Exchange Commission on April 22, 2022. The summary of the Agreement is qualified in its entirety by reference to the full text of the Agreement, a copy of which is included as Exhibit 10.1 hereto.

## 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 herein (numbered in accordance with Item 601 of Regulation S-K).

## Exhibit Index

| Exhibit Number | Exhibit Description | Incorporated by Reference | | | | Filed Herewith |
|---|---|---|---|---|---|---|
| | | Form | File Number | Date | Number | |
| 3.1 | Restated Certificate of Incorporation of the Registrant | 8-K | 001-39778 | 12/14/2020 | 3.1 | |
| 3.2 | Amended and Restated Bylaws of the Registrant | 8-K | 001-39778 | 12/14/2020 | 3.2 | |
| 10.1# | Form of Change in Control and Severance Agreement between the Registrant and its Executive Officers | | | | | X |
| 31.1 | Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 31.2 | Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 32.1* | Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 101.INS | Inline 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 | Inline XBRL Taxonomy Extension Schema Document | | | | | |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | | | |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | | | | | |
| 101.LAB | Inline XBRL Taxonomy Extension Labels Linkbase Document | | | | | |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | | |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) | | | | | |

# Indicates management contract or compensatory plan.

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

## Signatures

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

**AIRBNB, INC.**

By: /s/ Brian Chesky
Brian Chesky
Chief Executive Officer
*(Principal Executive Officer)*

Date: May 9, 2022

By: /s/ David E. Stephenson
David E. Stephenson
Chief Financial Officer
*(Principal Financial Officer)*

Date: May 9, 2022

**Exhibit 10.1**

**AIRBNB, INC.**

**CHANGE IN CONTROL AND SEVERANCE AGREEMENT***

This Change in Control and Severance Agreement (the "***Agreement***") is made and entered into by and between _____ ("***Executive***") and Airbnb, Inc. (the "***Company***") effective as of _____ __, 2022 (the "***Effective Date***").

R E C I T A L S

A. The Board of Directors of the Company (the "***Board***") recognizes that the possibility of an acquisition of the Company or an involuntary termination can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of such an event.

B. The Board believes that it is in the best interests of the Company and its stockholders to provide Executive with an incentive to continue Executive's employment and to motivate Executive to maximize the value of the Company upon a Change in Control (as defined below) for the benefit of its stockholders.

C. The Board believes that it is imperative to provide Executive with severance benefits upon certain terminations of Executive's service to the Company that enhance Executive's financial security and provide incentive and encouragement to Executive to remain with the Company notwithstanding the possibility of such an event.

D. Unless otherwise defined herein, capitalized terms used in this Agreement are defined in Section 9 below.

The parties hereto agree as follows:

1. Term of Agreement. This Agreement shall become effective as of the Effective Date and terminate upon the date that all obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and shall continue to be "at-will," as defined under applicable law. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement.

3. Covered Termination Other Than During a Change in Control Period. If Executive experiences a Covered Termination other than during a Change in Control Period, and if Executive delivers to the Company a general release of all claims against the Company and its affiliates substantially in the form attached hereto as Exhibit A (a "***Release of Claims***") that becomes effective and irrevocable within sixty (60) days, or such shorter period of time specified by the Company, following such Covered Termination, then in addition to any accrued but unpaid salary, bonus, benefits, vacation and expense reimbursement payable in accordance with applicable law, the Company shall provide Executive with the following:

* On May 5, 2022, the Company entered into this Change in Control and Severance Agreement with each of Brian Chesky, Co-Founder and Chief Executive Officer, Dave Stephenson, Chief Financial Officer and Interim Head of Global Employee Experience, Nathan Blecharczyk, Co-Founder, Chief Strategy Officer, and Chairman of Airbnb China, Joseph Gebbia, Co-Founder and Chairman of Airbnb.org, Aristotle Balogh, Chief Technology Officer, and Catherine Powell, Global Head of Hosting.

(a) Severance. Executive shall be entitled to receive a severance payment equal to Executive's annual base salary at the rate in effect immediately prior to the Termination Date, payable in a cash lump sum, less applicable withholdings, on the first payroll date following the date the Release of Claims becomes effective and irrevocable.

(b) Continued Healthcare. If Executive elects to receive continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("***COBRA***"), the Company shall directly pay, or reimburse Executive for, the premium for Executive and Executive's covered dependents during the period (the "***COBRA Period***") from the Termination Date through the earlier of (i) the first anniversary of the Termination Date and (ii) the date Executive and Executive's covered dependents, if any, become eligible for healthcare coverage under another employer's plan(s); *provided, however*, that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "***Code***"), under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company subsidy shall thereafter be paid to Executive in substantially equal monthly installments over the COBRA Period (or remaining portion thereof). After the Company ceases to pay or reimburse premiums pursuant to the preceding sentence, Executive may, if eligible, elect to continue healthcare coverage at Executive's expense in accordance the provisions of COBRA.

(c) Equity Awards. Except as otherwise provided in an individual equity award agreement, each outstanding and unvested equity award, including, without limitation, each stock option and restricted stock unit award, held by Executive that vests based solely on continued services shall automatically become vested and, if applicable, exercisable, in each case, with respect to the number of shares that would have vested and, if applicable, become exercisable during the six months following the Termination Date had Executive's employment with the Company continued during such six-month period. For the avoidance of doubt, any equity awards that vest in whole or in part based on the attainment of performance-vesting conditions will be governed by the terms of the individual equity award agreement.

4. Covered Termination During a Change in Control Period. If Executive experiences a Covered Termination during a Change in Control Period, and if Executive delivers a Release of Claims that becomes effective and irrevocable within sixty (60) days, or such shorter period of time specified by the Company, following such Covered Termination, then in addition to any accrued but unpaid salary, bonus, benefits, vacation and expense reimbursement payable in accordance with applicable law, the Company shall provide Executive with the following:

(a) Severance. Executive shall be entitled to receive the payment set forth in Section 3(a) above. In addition, Executive shall be entitled to receive an amount equal to Executive's target annual bonus assuming achievement of performance goals at target, payable in a cash lump sum, less applicable withholdings, on the first payroll date following the later of (x) the date the Release of Claims becomes effective and irrevocable and (y) the Change in Control.

(b) Continued Healthcare. Executive shall be entitled to receive the benefits set forth in Section 3(b) above.

(c) Equity Awards. Except as otherwise provided in an individual equity award agreement, each outstanding and unvested equity award, including, without limitation, each stock option and restricted stock unit award, held by Executive that vests based solely on continued services shall automatically become vested and, if applicable, exercisable, in each case, with respect to one hundred percent (100%) of that number of unvested shares underlying Executive's equity awards as of the Termination Date (and if the Termination Date precedes the Change in Control, all such unvested awards shall remain outstanding and eligible to vest in accordance with this Section 4(c) if a Change in Control occurs within three months after the Termination Date, provided that in no event will any such award remain outstanding beyond the final expiration date of the award set forth in the individual equity agreement governing such award). For the avoidance of doubt, any equity awards that vest in whole or in part based on the attainment of performance-vesting conditions will be governed by the terms of the individual equity award agreement.

5. Certain Reductions. Notwithstanding anything herein to the contrary, the Company shall reduce Executive's severance benefits under this Agreement, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to Executive by the Company in connection with Executive's termination, including but not limited to payments or benefits pursuant to (a) any applicable legal requirement, including, without limitation, the Worker Adjustment and Retraining Notification Act, or (b) any other Company agreement, arrangement, policy or practice relating to Executive's termination of employment with the Company. The benefits provided under this Agreement are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of Executive's termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits previously paid being recharacterized as payments pursuant to the Company's statutory obligation.

6. Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, and then held with the Company or any of its affiliates, and, at the Company's request, Executive shall execute such documents as are necessary or desirable to effectuate such resignations.

7. Other Terminations. If Executive's service with the Company is terminated by the Company or by Executive for any or no reason other than as a Covered Termination, then Executive shall not be entitled to any benefits hereunder other than accrued but unpaid salary, bonus, vacation and expense reimbursement in accordance with applicable law and to elect any continued healthcare coverage as may be required under COBRA or similar state law.

8. Limitation on Payments. Notwithstanding anything in this Agreement to the contrary, if any payment or distribution Executive would receive pursuant to this Agreement or otherwise ("***Payment***") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment shall either be (i) delivered in full, or (ii) delivered as to such lesser extent which would result in no portion of such Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by Executive on an after-tax basis, of the largest payment, notwithstanding that all or some portion the Payment may be taxable under Section 4999 of the Code. The accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control shall perform the foregoing calculations. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The accounting firm shall provide its calculations to the Company and Executive within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by the Company or Executive) or such other time as

requested by the Company or Executive. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive. Any reduction in payments and/or benefits pursuant to this Section 8 will occur in the following order: (1) reduction of cash payments; (2) cancellation of accelerated vesting of equity awards other than stock options; (3) cancellation of accelerated vesting of stock options; and (4) reduction of other benefits payable to Executive.

9. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Cause. "***Cause***" means Executive's (i) conviction of, or entering a plea of guilty or no contest to or for, any felony (other than as a result of vicarious liability) or any crime involving moral turpitude, (ii) commission of an act of harassment or discrimination (as defined by the Company's Anti-Harassment, Discrimination, and Retaliation Policy or any successor policy), sexual assault, fraud, embezzlement or material misappropriation, (iii) material breach of fiduciary duty against the Company which has had or will have an adverse effect on the Company's business, (iv) gross negligence or willful misconduct in the performance of Executive's employment obligations and duties that has had or will have a material adverse effect on the Company's business; (v) material breach of any material written agreement between Executive and the Company or any material written policy of the Company; (vi) continued failure or refusal to perform material duties required of Executive under Executive's employment agreement or offer letter, or as instructed by the individual to whom Executive directly reports; and (vii) any other misconduct which is, or could reasonably be expected to be, injurious to the financial condition or business reputation of the Company; and, in the case of clauses (iv), (v), (vi) or (vii), only after there has been delivered to Executive a written demand to cure such breach with reasonable detail regarding the nature of the breach and, if such breach is capable of cure, such breach has not been cured within thirty (30) days from the date on which Executive received the written demand). Notwithstanding the foregoing, Cause shall not be deemed to exist under subclause (v), (vi) or (vii) during any Change in Control Period unless the act, or failure to act, giving rise to Cause is willfully taken, or not taken, with intent to harm the Company or any of its affiliates.

(b) Change in Control. "***Change in Control***" shall have the meaning ascribed to such term in the Company's 2020 Incentive Award Plan. Notwithstanding the foregoing, a Change in Control must also constitute a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5), with respect to any compensation or benefit that is subject to Section 409A of the Code.

(c) Change in Control Period. "***Change in Control Period***" means the period of time commencing three (3) months prior to a Change in Control and ending twelve (12) months following the Change in Control.

(d) Covered Termination. "***Covered Termination***" means the termination of Executive's employment with the Company effected by the Company other than for Cause or, during a Change in Control Period, Executive's resignation of employment with the Company for Good Reason. For the avoidance of doubt, a Covered Termination shall not include Executive's termination of employment due to death or disability. For further avoidance of doubt, Executive's resignation of employment with the Company for Good Reason at a time that falls outside of a Change in Control Period shall not constitute a Covered Termination.

(e) Good Reason. "***Good Reason***" means the occurrence of any of the following without Executive's written consent: (i) a material diminution in Executive's authority, duties or

responsibilities as in effect immediately prior to such reduction (excluding any interim responsibilities); (iii) a material reduction in Executive's annual base salary; (iv) the relocation of Executive's place of work to a location that increases Executive's one-way commute by more than fifty (50) miles; or (v) the Company's material breach of a material agreement between Executive the Company; provided, that no resignation for Good Reason shall be effective unless and until (1) Executive has first provided the Company with written notice specifically identifying the acts or omissions constituting the grounds for "Good Reason" within thirty (30) days after the occurrence thereof, (2) the Company has not cured such acts or omissions that are capable of cure within thirty (30) days of its actual receipt of such notice, and (3) the effective date of Executive's termination for Good Reason occurs no later than sixty (60) days after the initial existence of the facts or circumstances constituting Good Reason.

(f) Termination Date. "***Termination Date***" means the date Executive experiences a Covered Termination.

10. Successors.

(a) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "***Company***" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 10(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

11. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or one day following mailing via Federal Express or similar overnight courier service. In the case of Executive, mailed notices shall be addressed to Executive at Executive's home address that the Company has on file for Executive. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of the Board or its Chief Executive Officer.

12. Confidentiality; Non-Disparagement.

(a) Confidentiality. Executive hereby expressly confirms Executive's continuing obligations to the Company pursuant to Executive's Employee Invention Assignment and Confidentiality Agreement with the Company (the "***Confidential Information Agreement***").

(b) Non-Disparagement. Executive agrees that Executive shall not disparage, criticize or defame the Company, its affiliates and their respective affiliates, directors, officers, agents, partners, stockholders or employees, either publicly or privately. The Company agrees that it shall not, and it shall instruct its officers and members of its Board to not, disparage, criticize or defame Executive, either publicly or privately. Nothing in this Section 12(b) shall have application to any evidence or testimony required by any court, arbitrator or government agency.

13. Dispute Resolution. To ensure the timely and economical resolution of disputes that arise in connection with this Agreement, Executive and the Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance or interpretation of this Agreement, Executive's employment, or the termination of Executive's employment, shall be resolved to the fullest extent permitted by law by final, binding and confidential arbitration in San Francisco, California through Judicial Arbitration & Mediation Services/Endispute ("***JAMS***") in conformity with the then-existing JAMS employment arbitration rules and California law. A link to the current JAMS employment arbitration rules follows: https://www.jamsadr.com/rules-employment-arbitration/english. **By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding**. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The Company shall pay all JAMS's arbitration fees in excess of the amount of court fees that would be required if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute over intellectual property rights by Court action instead of arbitration.

14. Miscellaneous Provisions.

(a) Section 409A.

(i) Separation from Service. Notwithstanding any provision to the contrary in this Agreement, no amount deemed deferred compensation subject to Section 409A of the Code shall be payable pursuant to Sections 3 or 4 above unless Executive's termination of employment constitutes a "separation from service" with the Company within the meaning of Section 409A of the Code and the Department of Treasury regulations and other guidance promulgated thereunder ("***Separation from Service***") and, except as provided under Section 14(a)(ii) of this Agreement, any such amount shall not be paid, or in the case of installments, commence payment, until the sixtieth ($60^{th}$) day following Executive's Separation from Service. Any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's Separation from Service but for the preceding sentence shall be paid to Executive on the sixtieth ($60^{th}$) day following Executive's Separation from Service and the remaining payments shall be made as provided in this Agreement.

(ii) Specified Employee. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed at the time of Executive's separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six (6)-month period measured from the date of Executive's Separation from Service or (B) the date of Executive's death. Upon the first business day following the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 14(a)(ii) shall be paid in a lump sum to Executive, and any remaining payments due under this Agreement shall be paid as otherwise provided herein.

(iii) Expense Reimbursements. To the extent that any reimbursements payable pursuant to this Agreement are subject to the provisions of Section 409A of the Code, any such reimbursements payable to Executive pursuant to this Agreement shall be paid to Executive no later than December 31st of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(iv) Installments. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Whole Agreement. This Agreement and the Confidential Information Agreement represent the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior promises, arrangements and understandings regarding same, whether written or written, including, without limitation, any severance or change in control benefits in Executive's offer letter agreement or employment agreement or previously approved by the Board.

(d) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California.

(e) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

(*Signature page follows*)

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

**AIRBNB, INC.**

By:__

Title:__

Date:__

**EXECUTIVE**

__

Date:__

**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, Brian Chesky, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Airbnb, 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.

/s/ Brian Chesky
Brian Chesky
Chief Executive Officer
*(Principal Executive Officer)*

Date: May 9, 2022

**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, David E. Stephenson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Airbnb, 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.

/s/ David E. Stephenson
David E. Stephenson
Chief Financial Officer
*(Principal Financial Officer)*

Date: May 9, 2022

**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, Brian Chesky, as Chief Executive Officer of Airbnb, 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 Airbnb, Inc. for the quarter ended March 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Airbnb, Inc.

/s/ Brian Chesky
Brian Chesky
Chief Executive Officer
*(Principal Executive Officer)*

Date: May 9, 2022

I, David E. Stephenson, as Chief Financial Officer of Airbnb, 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 Airbnb, Inc. for the quarter ended March 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Airbnb, Inc.

/s/ David E. Stephenson
David E. Stephenson
Chief Financial Officer
*(Principal Financial Officer)*

Date: May 9, 2022