



Airbnb Annual Report 2022

Form 10-K (NASDAQ:ABNB)

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021
OR

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

For the transition period from _____ to _____

Commission File Number: 001-39778

Airbnb, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

26-3051428

(I.R.S. Employer Identification No.)

888 Brannan Street

San Francisco, California 94103

(Address of Principal Executive Offices)(Zip Code)

(415) 510-4027

(Registrant's Telephone Number, Including Area Code)

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

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

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

None

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

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

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

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

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

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

As of June 30, 2021, the aggregate market value of the Class A common stock held by non-affiliates of the registrant was approximately \$50.3 billion based upon the closing price reported for such date on the NASDAQ Global Select Market.

As of February 10, 2022, 371,167,573 shares of the registrant's Class A common stock were outstanding, 262,505,367 shares of the registrant's Class B common stock were outstanding, no shares of the registrant's Class C common stock were outstanding, and 9,200,000 shares of the registrant's Class H common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Report, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement relating to the Annual Meeting of Shareholders to be held in 2022, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

AIRBNB, INC.
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Special Note Regarding Forward-Looking Statements

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

- the effects of 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;
- 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;
- the increased expenses associated with being a public company;
- 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;
- our ability to successfully defend litigation brought against us;
- the sufficiency of our cash, cash equivalents, and investments to meet our liquidity needs;
- our ability to maintain, protect, and enhance our intellectual property;
- our ability to make required payments under our credit agreement and to comply with the various requirements of our indebtedness;
- human capital management, including our diversity and belonging initiatives and commitments;
- environmental, social, and governance matters, including our Net Zero emissions and climate-related initiatives and commitments; and
- our plan to make distributions to our Host Endowment Fund.

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

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations, estimates, forecasts, and projections about future events and trends that we believe may affect our business, results of operations, financial condition, and prospects. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Annual Report on Form 10-K, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur at all. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled “Risk Factors” and elsewhere in this Annual Report on Form 10-K. 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 Annual Report on Form 10-K. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

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

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

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

Risk Factors Summary

The following is a summary of the principal risks that could materially adversely affect our business, results of operations, and financial condition, all of which are more fully described in the section titled "Risk Factors." This summary should be read in conjunction with the "Risk Factors" section and should not be relied upon as an exhaustive summary of the material risks facing our business.

- The COVID-19 pandemic and the impact of actions to mitigate the COVID-19 pandemic have materially adversely impacted and may continue to materially adversely impact our business, results of operations, and financial condition.
- We have incurred net losses in each year since inception, and we may not be able to achieve or sustain profitability.
- Our revenue growth rate has slowed over time, and we expect it to continue to slow in the future.
- If we fail to retain existing Hosts or add new Hosts, or if Hosts fail to provide high-quality stays and experiences, our business, results of operations, and financial condition would be materially adversely affected.
- If we fail to retain existing guests or add new guests, our business, results of operations, and financial condition would be materially adversely affected.
- Any further and continued decline or disruption in the travel and hospitality industries or economic downturn would materially adversely affect our business, results of operations, and financial condition.
- The business and industry in which we participate are highly competitive, and we may be unable to compete successfully with our current or future competitors.
- Laws, regulations, and rules that affect the short-term rental and home sharing business may limit the ability or willingness of Hosts to share their spaces over our platform and expose our Hosts or us to significant penalties, which could have a material adverse effect on our business, results of operations, and financial condition.
- We are subject to a wide variety of complex, evolving, and sometimes inconsistent and ambiguous laws and regulations that may adversely impact our operations and discourage Hosts and guests from using our platform, and that could cause us to incur significant liabilities including fines and criminal penalties, which could have a material adverse effect on our business, results of operations, and financial condition.
- Maintaining and enhancing our brand and reputation is critical to our growth, and negative publicity could damage our brand and thereby harm our ability to compete effectively, and could materially adversely affect our business, results of operations, and financial condition.
- The multi-series structure of our common stock has the effect of concentrating voting control with certain holders of our common stock, including our directors, executive officers, and 5% stockholders and their respective affiliates, who beneficially owned in the aggregate 40.5% of our outstanding capital stock but hold in the aggregate 86.3% of the voting power of our capital stock as of December 31, 2021. This ownership will limit or preclude other stockholders' ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval.
- We may have exposure to greater than anticipated income tax liabilities. In December 2020, we received a Notice of Proposed Adjustment ("NOPA") from the IRS for the 2013 tax year proposing an increase to our U.S. taxable income that could result in additional income tax expense and cash tax liability of \$1.3 billion, plus penalties and interest, which exceeds our current reserve recorded in our consolidated financial statements by more than \$1.0 billion. In February 2021, we submitted a protest to the IRS describing our disagreement with the proposed agreement and requesting the case to be transferred to IRS Independent Office of Appeals. In December 2021, we received a rebuttal from the IRS with the same proposed adjustments that were in the NOPA.

PART I

Item 1. Business

Overview

We are a community based on connection and belonging—a community that was born in 2007 when two Hosts welcomed three guests to their San Francisco home, and has since grown to over 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 with 85% of Hosts located outside of the United States. Hosts on Airbnb are everyday people who share their worlds to provide guests with the feeling of connection and being at home. We strive to connect people and places.

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

Hosting is at the Center

Our Hosts are the foundation of our community and business. Stays are made possible by Hosts. It is their individuality that makes Airbnb unique. From schoolteachers to artists, our Hosts span more than 220 countries and regions.

We enable Hosts to provide guests access to a vast world of unique homes and experiences that were previously inaccessible, or even undiscovered. The role of the Host is about more than opening their door. A great Host enables guests to find a deeper connection to the places they visit and the people who live there.

Our community of Hosts started by sharing their spare bedrooms on Airbnb in a few large cities. Soon, Hosts listed entire homes, cabins, treehouses, boats, castles, and luxury villas — practically any space that you could think of — in big cities, small towns, and rural communities in nearly every corner of the world. Our Hosts generally fall into two categories: individual and professional. Individual Hosts are those who activate their listings directly on Airbnb through our website or mobile apps. Individual Hosts are the core of our Host community. They come from all walks of life and list their spaces, including private rooms, primary homes, or vacation homes on Airbnb. Professional Hosts are often those who run property management or hospitality businesses and generally use application programming interfaces to list their properties on our platform. These Hosts expand the types of listings available to our guests.

Once there were millions of homes on Airbnb, we recognized that Hosts could share not only their homes but also their interests and talents. From exploring graffiti art in New York City to finding hidden jazz clubs in London, Airbnb Experiences offer authentic activities in over 5,000 cities around the world.

We believe that we have just scratched the surface of the opportunities that hosting provides. There are many more ways people will want to connect with each other and the world around them, and so we will continue to design and enable new ways to host. No matter what form it takes, hosting will be at the center of Airbnb.

Host Endowment Fund

In October 2020, we established a Host Endowment Fund that is designed to allow Hosts to share in the success of our business. The Host Endowment Fund was funded with 9.2 million shares of our Class H common stock and is intended to be a long-term investment in the future of the Host community, to be shaped by Hosts for Hosts. The goal of the Host Endowment Fund is to support and benefit the Host community through a variety of potential programs, initiatives, and grants. We want Hosts to share in our success, not merely for a single moment in time, but for as long as Airbnb exists in the world.

In December 2020, we launched the Airbnb Host Advisory Board. The 2021 Host Advisory Board comprised 18 Hosts from 15 countries. The Host Advisory Board is intended to give voices to Hosts to help present ideas, inform Airbnb policies, and shape investments in the Host community from the Host Endowment Fund.

Guests are Members of Our Community

Our Hosts have welcomed more than one billion guest arrivals through Airbnb. Guest arrivals represent an individual and all co-travelers included on a reservation for a stay for completed check-ins during a given period. Our guests are not transactions — they are engaged, contributing members of our community. From young people to retirees, our guests come from a range of cultures and places. They seek everything from budget stays to luxury accommodations in large cities to remote villages. What they often have in common is a curiosity about the world and open-mindedness to other people and cultures. While Airbnb is popular across people of all ages, we are particularly strong with younger travelers: as of December 31, 2021, the majority of our guests who have ever made a booking on Airbnb were between the ages of 18 and 34. We are seeing three fundamental shifts in travel as people become less tethered from the need to be in an office and more flexible; people can travel anytime, they are traveling to more places and they are staying longer as the lines between travel, living and working are blurring.

Once they become a part of Airbnb, guests actively participate in our community, many return regularly to our platform to book again, and recommend Airbnb to others who then join themselves. This demand encourages new Hosts to join, which in turn attracts even more guests. It is a virtuous cycle — guests attract Hosts, and Hosts attract guests.

A Resilient Model

While COVID-19, including new strains of variants, continues to disrupt travel across the world, we have seen continued resiliency in not only our guests' travel behavior, but in our business model and its ability to adapt to the changing needs of our guests. In early 2020, as COVID-19 disrupted travel across the world, Airbnb's business declined significantly. But within two months, our business model started to rebound even with limited international travel, demonstrating its resilience. People wanted to get out of their homes and yearned to travel, but they did not want to go far or to be in crowded hotel lobbies. Domestic travel quickly rebounded on Airbnb around the world as millions of guests took trips closer to home. Stays of longer than a few days started increasing as work-from-home became work-from-any-home on Airbnb. We believe that the lines between travel and living are blurring, and the global pandemic has accelerated the ability to live anywhere. Our platform is suited to and has proven adaptable to serve these new ways of traveling. From long weekends to monthly stays, Airbnb allows you to book any home, anywhere, for any duration—and ultimately, to live and work anywhere on Airbnb. We believe this trend towards more flexibility will only accelerate. In 2021, some of the largest companies in the world announced increased flexibility for employees to work remotely, and we expect more companies to follow their lead.

Our Long-Term Growth Strategy

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

- *Unlock more hosting.* In order to have enough selection for guests booking on our platform, we will continue to invest in growing the size and quality of our Host community. We plan to attract more Hosts globally and expand use cases such as long-term stays of 28 days or more. We will support emerging travel trends, such as local travel and remote working, and design new ways to host. Finally, we will continue to increase the support we provide our Hosts to deliver high-quality stays and experiences for guests. We plan to design new tools and services and to offer comprehensive Host education, partnering with Hosts to teach the art and science of great hosting. We believe that we have just scratched the surface of the opportunities that hosting can provide.
- *Grow and engage our guest community.* We intend to attract new guests to Airbnb and convert more of them into brand advocates. We will continue to focus on engaging our existing guests to return to book and to use Airbnb with more frequency. With new behaviors developed during the COVID-19 pandemic, we believe the way that people approach work, living, and travel have fundamentally changed. We believe there will be further opportunities to create products based on these new behaviors and attract more guests to our platform. Finally, we plan to develop new ways for our guests to connect with each other and to contribute back to Airbnb.
- *Invest in our brand.* We intend to continue to invest more deeply in our brand, including the expansion of our Made possible by Hosts campaign, to educate new Hosts and guests on the benefits of Airbnb and the uniqueness of our offering. We also intend to leverage our brand by creating a cohesive and integrated marketing strategy punctuated by product launches, such as those announced in May and November of 2021, that introduce new features to our community and prospective Hosts and guests.
- *Expand our global network.* We plan to expand our global network and partner with communities to update laws and regulations for short-term rentals to allow more Hosts to participate. As we attract more Hosts, even more guests are likely to come to Airbnb, attracting even more Hosts.
- *Innovate on our platform.* We will continue to innovate both the online and in-person experiences for our Hosts and our guests. Our innovations will be focused on improving our Host and guest experiences, making Airbnb more accessible and appealing for new Hosts and guests and driving increased engagement and loyalty with our existing community. For example, we have designed over 150 upgrades to our platform throughout 2021 to improve every aspect of the Airbnb experience. We made it easier for anyone to become a Host, added new features that gave guests more flexibility when planning their travel, and made it even easier to host and support the ongoing travel revolution.
- *Design new products and offerings.* We will continue to design new opportunities for connection. As the world continues to change, we will continue to bring together new technologies with our design expertise to expand possibilities for our Hosts and offer new experiences for our guests. We will continue to increase the capabilities of our website and mobile apps while bringing an innovative approach to designing Host and guest interfaces in our products.

Our Strategy for Adapting to COVID-19

Many of our Hosts have been severely impacted by COVID-19, with increased cancellations and a drop in bookings, particularly in 2020. Despite the impact of COVID-19, active listings increased 6% to 6.0 million as of December 31, 2021, as compared to 5.6 million at the end of 2020. We count the number of Hosts on our platform based on the number of users with available listings, defined as accommodations and experiences that are viewable on a certain date on our platform (excluding Hotel Tonight), as of a certain date and we consider a listing of a home or an experience to be an "active listing" if it is viewable on Airbnb and has been previously booked at least once on Airbnb (excluding Hotel Tonight). In addition, many of our guests have been unable to travel during the COVID-19 pandemic. However, with increased vaccination rates and certain travel restrictions lifted in 2021, we have seen the world undergo a revolution in how guests live and travel. The pandemic suddenly untethered many people from the need to work in specific places at specific times and now, many guests can work from anywhere, travel any time, and stay longer. Since the pandemic started in 2020 and throughout 2021, we have seen guests turn to Airbnb for new use cases, such as living closer to family, living nomadically, and working remotely.

We believe that the COVID-19 pandemic reinforced that travel is an enduring human desire, even in the face of challenges. While we continue to see the positive effect of travel restrictions being lifted, particularly on cross-border travel, people have increasingly sought travel options closer to home during COVID-19, and Airbnb's offerings are well suited to adapt to this changing dynamic. We offer all types of accommodations, allowing guests to find spaces suited to their individual needs under these circumstances. We have worked closely with

our Hosts, guests, and communities to prioritize and support safe and responsible travel during these challenging times and have adapted our offerings for changing trends in travel and experiences.

Specifically, based on the increase in domestic and short-distance travel, we updated our website and mobile apps to actively promote available local and non-urban stays so guests can find something that fits their unique needs for location and desired length of time. In early 2021, we introduced I'm Flexible, a whole new way to search on Airbnb when guests are flexible about when or where they travel. Consequently, we have seen hundreds of millions of searches using I'm Flexible.

Our Platform

Our Platform for Hosts

Hosts have a variety of needs, and we are focused on designing solutions to serve them. We built our platform to seamlessly onboard new Hosts, especially those who previously had not considered hosting, and further simplified the sign-up process for Hosts in 2021. We partner with Hosts throughout the process of setting up their listing and provide them with a robust suite of tools to successfully manage their listings, including scheduling, merchandising, integrated payments, community support, Host protections, pricing recommendations, and feedback from reviews. We offer top-to-bottom protection for our Hosts through AirCover, which includes, but is not limited to, property damage protection of up to \$1 million for every listing, liability coverage to Hosts of up to \$1 million per occurrence in the event of third-party claims of personal injury or property damage, deep cleaning protection, and pet damage protection. We are constantly innovating our platform to deliver new tools and services to make hosting easier and empower Hosts to earn income doing what they love.

Our Platform for Guests

Our website and mobile apps provide our guests with an engaging way to explore a wide variety of unique homes and experiences and an easy way to book them. To better meet the needs of our guests, in 2021, we launched a whole new way to search on Airbnb when guests are flexible about when or where they travel with I'm Flexible. Whichever way our guests search, our homepage showcases inspiring, browsable content that highlights the product's range and shows off the best of our inventory. The listing for each stay or experience tells potential guests everything they need to know through photos, reviews from past guests, and detailed descriptions. At checkout, guests can review trip details and pay all on one simplified screen. Everything a guest needs to know before, during, or after their trip is stored on one clear, easy-to-follow page. We enable customizable wishlists for guests in the planning stage of travel, in-app guest-to-Host messaging before, during, and after a trip, and an easy way to leave reviews that contribute back to the Airbnb community.

Our System of Trust

One of our core innovations has been the design of a system that allows millions of strangers to trust one another. Hosts and guests have the ability to communicate before booking, pay through our secure payments platform, and post reviews after their stays or experiences. Our trust team works to help protect our community by deploying risk scoring, fraud detection, screening, verification, and other technologies and processes that vary depending on the region. Our trained safety agents are available should our Hosts and guests need to reach us. We offer additional support to our community through AirCover, which includes, but is not limited to, our Host Damage Protection program, which protects Hosts against property damage of up to \$1 million, and our Host Liability Insurance and Experiences Liability Insurance, which provide liability insurance of up to \$1 million to protect our Hosts against qualifying third-party claims for personal injury or property damage. Through our trust innovations, our goal is to help make Airbnb stays and experiences safe for Hosts, guests, and communities.

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

In addition to these components, we have new initiatives in the pipeline and will continue to create additional features to strengthen the trust and safety on our platform. Designing for trust has been a core principle from the very beginning, and as we innovate new ways for strangers to trust one another, we make it possible for more connections to be made.

Our Technology

Our technology platform powers our two-sided marketplace and enables our global network of Hosts and guests. As of December 31, 2021, we had 1,675 engineers within our product development organization. Given the nature of the business, our technology platform has broad and complex requirements:

- Our core platform supports global payment capabilities; multilingual, real-time, community safety and support; city-specific regulatory support; and sophisticated anti-fraud and anti-money-laundering measures.
- It delivers deep business intelligence insights to manage our marketplace, including pricing insights and occupancy optimization for our Hosts.
- It incorporates sophisticated machine learning to power key areas, from fraud detection, to enabling customized and real-time community support.
- We operate a microservices architecture and are evolving our foundational components to enable us to move rapidly in response to evolving customer needs without sacrificing correctness or stability.

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

- Data management systems that continue to support user privacy, analytics, machine learning, and business insights.
-

- Service reliability leading to best-in-class performance centered on availability, latency, disaster recovery and business continuity, security, testability, observability, operability, and agility.
- Cloud support focusing on robust capabilities for granular attribution and usage patterns to realize efficiency gains. We currently rely primarily on Amazon Web Services to provide cloud computing services.

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

Our Marketing

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

Human Capital

Our Employees

We consider the management of our global talent to be essential to the ongoing success of our business. As of December 31, 2021, we had 6,132 employees in 27 cities around the world.

As of December 31, 2021, we relied on a network of approximately 8,700 third-party partners that are spread across 23 sites, and individuals who work from home around the world to handle the vast majority of our community support contacts. Our internal community support employees are comprised of operations teams who handle complex and sensitive issues and enablement teams who support all community-facing teams, including our partners. We are proud of our approach to working with partners and our deep relationships with them.

Attracting, recruiting, developing, and retaining diverse talent enables us to provide our Hosts and guests with innovative products and services as well as serve our other stakeholders. We are focused on supporting our employees across the full employee lifecycle from recruitment to onboarding to ongoing development, and have implemented programs designed to promote their total wellness, particularly during difficult times such as the COVID-19 pandemic. For example, we continue to prioritize flexibility for our employees that incorporate compassion and understanding for the issues that many are facing as a result of the COVID-19 pandemic. We continue to explore flexible ways of working that can be adopted for the long term, well beyond the COVID-19 pandemic, and in April 2021, we announced that we would extend the option to work from home through September 1, 2022. This extension applies globally and across functions, with the exception of China, which operates under its own guidelines.

Our Culture

The most defining part of working at Airbnb is our culture. Our culture is optimistic, with people who are passionate about our mission, caring about others, and curious about the world. We took the unique characteristics of the people at Airbnb and distilled them to four values:

- *Champion the mission.* Our employees are deeply passionate about connection and belonging, and the product that we make to deliver this. In fact, many of our employees are people from our Host and guest community whom we hired.
- *Be a Host.* Our employees are the kind of people who like caring for others and making them feel like they belong, just like the Hosts in our community.
- *Embrace the adventure.* Our employees are curious and optimistic — you have to be an optimistic person to believe that the idea of Airbnb is a good one, and you have to be curious about other people and cultures to want to connect with them.
- *Be a cereal entrepreneur.* Our employees are bold and resourceful.

We believe that every person who joins Airbnb, from board members and executives to college new hires, should share these four attributes. Most importantly, we believe that whatever we want to happen outside the walls of Airbnb should first start inside Airbnb. This starts with our own employees. In this way, our culture is the source of all future innovation, and a North Star for how people in our community should treat each other.

Diversity and Belonging

At Airbnb, diversity and belonging is more than a corporate responsibility — it is central to what we stand for. We attract a diverse group of people and welcome their varied knowledge, experiences, and backgrounds. Through our hiring process, we commit to encouraging diversity and eliminating bias, and we publish the changing demographic makeup of our workforce to hold ourselves accountable.

As of December 31, 2021, under-represented minority populations represented 14% of our U.S.-based employees and those who identify in the gender binary as women made up 48% of our global employees. We have set a goal for ourselves by the end of 2025 to have 20% of our product development and information technology employees be under-represented minorities at all levels, 20% of our U.S. employees be under-represented minorities, and 50% of employees at all levels be women, using the gender binary.

Reducing the Incidents of Bias on Airbnb

We are centered around belonging, and discrimination is a central obstacle to it. Just as discrimination exists in society, it exists in the Airbnb community, and we are committed to combating it. In 2016, we began taking steps to address discrimination on Airbnb.

First, we created the Airbnb Nondiscrimination Policy and Community Commitment, which we required every Host and guest to agree to in order to use Airbnb. If a Host or guest does not agree to the policy, they are removed from our platform.

Next, we created an anti-discrimination team of technical professionals that work to fight bias and discrimination, changed the way we show profile photos so Hosts only see a guest's photo after a reservation is confirmed, and distributed an antiracism guide to our Hosts and guests in the United States.

In June 2020, we launched Project Lighthouse, a groundbreaking project launched in partnership with Color of Change, the nation's largest online racial justice organization, along with guidance from civil rights groups and privacy rights organizations. Project Lighthouse allows us to measure discrimination on Airbnb based on perception. These perceptions are aggregated and used to identify and measure discrepancies in people's experiences that could be the result of discrimination. We are using the findings from Project Lighthouse to inform and design our products and policies to combat racial discrimination that Black guests and other people of color face when using Airbnb.

Climate Change

In November 2021, we announced our commitment to operating as a Net Zero company by 2030. To meet our goal, we have committed to a number of steps, including reducing carbon and other greenhouse gas emissions associated with our global corporate operations, and investing in quality nature-based solutions to offset residual emissions. This commitment is the latest step we are taking to help address the climate crisis. In 2020, we made a commitment to achieve 100-percent renewable electricity use for our corporate operations, and in early 2021, we became a founding participant in the Lowering Emissions by Accelerating Forest finance (LEAF) Coalition, a new public-private initiative that has mobilized \$1 billion to fight tropical deforestation.

Regulations

We are subject to laws, regulations, and rules that affect the short-term rental and home sharing business at city, state, country and regional levels. While a number of cities and countries have implemented legislation to address short-term rentals, there are many others that are not yet explicitly addressing or enforcing short-term rental laws, and could follow suit and enact regulations. New laws, regulations, government policies, or changes in their interpretations in the over 100,000 cities and towns where we operate entail significant challenges and uncertainties. In the event of any such changes, pre-existing bookings may not be honored and current and future listings and bookings could decline significantly, and our relationship with our Hosts and guests could be negatively impacted. We seek to work with governments to establish clear, fair, and workable home sharing rules to create clarity for our Hosts.

No single city represented more than 1.0% of our revenue before adjustments for incentives and refunds during the year ended December 31, 2021 or 1.1% of our active listings as of December 31, 2021. Incentives include our referral programs and marketing promotions to encourage the use of our platform and attract new customers, while our refunds to customers are part of our customer support activities. We do not believe that the current regulations in our top 10 cities, in the aggregate, have had or are expected to have a material adverse impact on our results of operations and financial condition. We will continue to collaborate with policymakers to implement sensible legislation around the world.

In addition to laws, regulations, and rules directly applicable to the short-term rental and home sharing business, we are subject to a wide variety of laws, regulations and rules governing our business practices, the Internet, e-commerce, and electronic devices, including those relating to taxation, privacy, data protection, pricing, content, advertising, discrimination, consumer protection, protection of minors, copyrights, distribution, messaging, mobile communications, electronic device certification, electronic waste, electronic contracts, communications, Internet access, competition, and unfair commercial practices. We are also subject to laws, regulations, and rules governing the provision of online payment services, the design and operation of our platform, and the operations, characteristics, and quality of our platform and services.

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

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

As we continue to expand the reach of our brand into additional markets, we will be increasingly subject to additional laws, regulations, and rules. These laws, regulations, and rules are complex and constantly evolving and can be subject to significant change. Some of these laws, regulations, and rules are inconsistent and ambiguous and are being tested in courts, and could be interpreted by regulators and courts in