



Annual Report

2022

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, 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 001-38846

Lyft, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

185 Berry Street, Suite 400
San Francisco, California

(Address of principal executive offices)

20-8809830

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

94107

(Zip Code)

Registrant's telephone number, including area code: (844) 250-2773

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 of \$0.00001 per share	LYFT	Nasdaq Global Select 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 15(d) of the 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, 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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Act. Emerging growth company	<input type="checkbox"/>		

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

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

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

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

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

The aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant on June 30, 2022, the last business day of its most recently completed second fiscal quarter, was \$4.5 billion based on the closing sales price of the Registrant's Class A common stock on that date.

On February 22, 2023, the Registrant had 369,481,170 shares of Class A common stock and 8,602,629 shares of Class B common stock outstanding.

Portions of the registrant’s Proxy Statement for the 2023 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant’s fiscal year ended December 31, 2022.

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NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” 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 statements about:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, operating expenses, capital expenditures, our ability to determine insurance, legal and other reserves and our ability to achieve and maintain future profitability;
- the sufficiency of our cash, cash equivalents and short-term investments to meet our liquidity needs;
- the impact of the COVID-19 pandemic and related responses of businesses and governments to the pandemic on our operations and personnel, on commercial activity and demand across our platform, on our business and results of operations, and on our ability to forecast our financial and operating results;
- the demand for our platform or for Transportation-as-a-Service networks in general;
- our ability to attract and retain drivers and riders;
- our ability to develop new offerings and bring them to market in a timely manner and update and make enhancements to our platform;
- our ability to compete with existing and new competitors in existing and new markets and offerings;
- our pricing methodologies and our expectations for the impact of pricing on our competitive position and our financial results;
- our expectations regarding outstanding and potential litigation, including with respect to the classification of drivers on our platform;
- our expectations regarding the effects of existing and developing laws and regulations, including with respect to the classification of drivers on our platform, taxation, privacy and data protection;
- our ability to manage and insure risks associated with our Transportation-as-a-Service network, including auto-related and operations-related risks, and our expectations regarding estimated insurance reserves;
- our expectations regarding new and evolving markets and our efforts to address these markets, including Lyft Autonomous, Light Vehicles, Lyft Car Maintenance, Flexdrive, Express Drive, and Lyft Rentals;
- our ability to develop and protect our brand;
- our ability to maintain the security and availability of our platform;
- our expectations and management of future growth and business operations, including our prior plans of termination;
- our expectations concerning relationships with third parties;
- our ability to maintain, protect and enhance our intellectual property;
- our ability to service our existing debt; and
- our ability to successfully acquire and integrate companies and assets.

We caution you that the foregoing list may 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 and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including those 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. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will 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. 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 investors are cautioned not to unduly rely upon these statements.

PART I

Item 1. Business.

Our Mission

Improve people's lives with the world's best transportation.

Overview

Lyft, Inc (the "Company" or "Lyft") started a movement to revolutionize transportation. In 2012, we launched our peer-to-peer marketplace for on-demand ridesharing and have continued to pioneer innovations aligned with our mission. Today, Lyft is one of the largest multimodal transportation networks in the United States and Canada.

We believe that the world is at the beginning of a shift away from car ownership to Transportation-as-a-Service ("TaaS"). Lyft is at the forefront of this massive societal change. Our ridesharing marketplace connects drivers with riders via the Lyft mobile application (the "Lyft App") in cities across the United States and in select cities in Canada. We believe that our ridesharing marketplace allows riders to use their cars less and offers a viable alternative to car ownership while providing drivers using our platform the freedom and independence to choose when, where, how long and on what platforms they work. As this evolution continues, we believe there is a massive opportunity for us to improve the lives of riders by connecting them to more affordable and convenient transportation options.

We are laser-focused on revolutionizing transportation. We have established a scaled network of users brought together by our robust technology platform (the "Lyft Platform") that powers rides and connections every day. We leverage our technology platform, the scale and density of our user network and insights from a significant number of rides to continuously improve our ridesharing marketplace efficiency and develop new offerings. We've also taken steps to ensure our network is well positioned to benefit from technological innovation in mobility.

Today, our offerings include an expanded set of transportation modes in select cities, such as access to a network of shared bikes and scooters ("Light Vehicles") for shorter rides and first-mile and last-mile legs of multimodal trips, information about nearby public transit routes, and Lyft Rentals, an offering for renters who want to rent a car for a fixed period of time for personal use. We believe our transportation network offers a viable alternative to car ownership. Additionally, for those Lyft riders who have a car, we also offer car maintenance, roadside assistance, and parking to meet them where they are in their transportation journey.

Substantially all of our revenue is generated from our ridesharing marketplace that connects drivers and riders. We collect service fees and commissions from drivers for their use of our ridesharing marketplace. As drivers accept more rider leads and complete more rides, we earn more revenue. We also generate revenue from riders renting Light Vehicles, drivers renting vehicles through Express Drive, Lyft Rentals renters, car owners that use services available in the Lyft app, and by making our ridesharing marketplace available to organizations through our Lyft Business offerings, such as our Concierge and Lyft Pass programs. In the second quarter of 2021, we began generating revenues from licensing and data access agreements. In 2022, we began generating revenues from the sale of bikes and bike station software and hardware sales substantially through our acquisition of PBSC Urban Solutions Inc ("PBSC").

We have made focused and substantial investments in support of our mission. For example, to continually launch new innovations on our platform, we have invested heavily in research and development and have completed multiple strategic acquisitions. We have also invested in sales and marketing to grow our community, cultivate a differentiated brand that resonates with drivers and riders and promote further brand awareness. Together, these investments have enabled us to create a powerful multimodal platform and scaled user network.

To advance our mission, we aim to build the defining brand of our generation and to advocate through our commitment to social and environmental responsibility. We believe that our brand represents freedom at your fingertips: freedom from the stresses of car ownership and freedom to do and see more. Through our LyftUp initiatives, we're working to make sure people have access to affordable, reliable transportation to get where they need to go - no matter their income or zip code. We are also proud to be leaders in the fight against climate change. We've made the commitment to reach 100% electric vehicles ("EVs") on the Lyft network by the end of 2030. We believe many users are loyal to Lyft because of our values, brand and commitment to social and environmental responsibility.

Our values, brand and focus on customer experience are key differentiators for our business. We continue to believe that users are increasingly choosing services, including a transportation network, based on brand affinity and value alignment and we aim to make it easy for both drivers and riders to choose Lyft every time. As we recover from the impacts of COVID-19, we remain confident the demand for our offerings will continue to grow as more and more people discover new ways to experience Lyft, such as our bike and scooter offerings and even Lyft Pink, which offers riders exclusive perks and benefits.

Impact of COVID-19 to our Business

The effects of the COVID-19 pandemic continue to impact communities globally. In March 2020, when it became apparent that COVID-19 was a pandemic, governments and private businesses - at the recommendation of public health officials - began enacting precautions to mitigate the spread of the virus, including travel restrictions and social distancing measures in many regions of the United States and Canada where we operate. Many enterprises instituted and maintained work from home programs and limited the number of employees on site. Beginning in the middle of March 2020, the pandemic and these related responses caused decreased demand for our platform leading to decreased revenues as well as decreased earning opportunities for drivers on our platform.

Relative to the early days of the COVID-19 pandemic, we've seen a significant improvement in demand and in the health of our marketplace. The extent to which our operations will continue to be impacted by the pandemic and related changes in work, travel and lifestyle trends will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge.

For more information on risks associated with the COVID-19 pandemic, see the section titled "Risk Factors" in Item 1A of Part I. For more information on the impact of COVID-19 pandemic on our business, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of Part II.

Our Transportation Network

Our transportation network is comprised of:

- *Ridesharing Marketplace.* Our core offering connects drivers with riders. The scale of our network enables us to predict demand and proactively incentivize drivers to be available for rides in the right place at the right time. This allows us to optimize earning opportunities for drivers and offer convenient rides for riders, creating sustainable value to both sides of our marketplace. Our ridesharing marketplace connects drivers with riders in cities across the United States and in select cities in Canada. In 2022, we launched Lyft Maps in an effort to optimize routing, improve safety, save riders and drivers time and add to our marketplace efficiency. In addition to our standard rideshare offering, riders can select a variety of other rideshare offerings which include Wait & Save, Lux, Lux Black, Lux Black XL, and have access to Lyft Pink, Lyft's transportation-focused membership.
- *Express Drive.* Our car rental program for drivers, including those who want to drive using our platform but do not have access to a vehicle that meets our requirements. Through our Express Drive program, drivers can enter into rental agreements with our independently managed subsidiary, Flexdrive, and our rental car partners for vehicles that may be used to provide ridesharing services on the Lyft Platform.
- *Lyft Rentals.* In 2019, we launched Lyft Rentals to offer a rental car option for users who have long-distance trips. Lyft Rentals is consumer facing and is therefore different from Express Drive, which is driver facing. Lyft Rentals is supported entirely by third-party partnerships.
- *Light Vehicles.* We have a network of shared bikes and scooters ("Light Vehicles") in a number of cities to address the needs of users who are looking for options that are more active and often more cost-effective and efficient for shorter trips. These modes can also help supplement the first-mile and last-mile of a multimodal trip with public transit.
- *Public Transit.* Available in select cities, our Transit offering integrates third-party public transit data into the Lyft App to offer users a robust view of transportation options around them and allows them to see transit routes to their destinations at no cost. Providing real-time public transit information is another step toward providing effective, equitable and sustainable transportation to our communities, and creating a more seamless and connected transportation network.
- *Lyft Autonomous.* Our partnership with Motional has enabled the commercial deployment of a fleet of autonomous vehicles on our platform in Las Vegas. In July 2021, we completed a multi-element transaction with Woven Planet, a subsidiary of Toyota Motor Corporation, for the divestiture of certain assets related to our self-driving vehicle division, Level 5, as well as commercial agreements for the utilization of Lyft rideshare and fleet data to accelerate the safety and commercialization of the automated-driving vehicles that Woven Planet is developing.

Drivers

The drivers on our platform are active members of their communities. They are parents, students, business owners, retirees and everything in between. We work hard to serve the community of drivers on our platform, empowering them to drive on their own flexible terms while providing them the opportunity to focus their time on what matters most. Key benefits to drivers on our platform include:

- *Flexibility.* We offer drivers the flexibility to generate income on their own schedule, so they can best prioritize what is important in their lives.
- *Technology.* Our predictive technology around ride volume and demand enables us to share key information with drivers about when and where to drive to maximize their earnings on a real-time basis.

- *Transparent and Consistent Pay:* We've released multiple features over the years aimed at providing transparency to drivers, including upfront pay, which enables drivers to see ride information and what they'll earn before accepting a ride, and Weekly Pay Statement, which gives drivers a more clear and comprehensive view of earnings details.
- *Insurance.* We procure insurance that helps protect transportation network company ("TNC") drivers against financial losses related to automobile accidents while on the platform.
- *Community Standards.* To help us uphold high community standards, we give both drivers and riders the opportunity to rate each other after a ride booked through the Lyft App.
- *Support.* We offer drivers access to 24/7 support and earnings tools as well as education resources and other support to meet their personal goals.

Riders

Riders are as diverse and dynamic as the communities we serve. They represent all adult age groups and backgrounds and use Lyft to commute to and from work, explore their cities, spend more time at local businesses and stay out longer knowing they can get a reliable ride home. Unless otherwise stated, riders are passengers who request rides from drivers in our ridesharing marketplace and renters of a shared bike, scooter or automobile, or have used services for car owners available in the Lyft App. We work hard to provide riders with a quality experience every time they open the Lyft App, in order to earn the right to have Lyft be their transportation network of choice. Key benefits to riders on our platform include:

- *Selection and Convenience.* We designed the Lyft App with a focus on simplicity, efficiency and convenience. Our proprietary technology efficiently matches riders with drivers through advanced dispatching algorithms providing faster arrival times, localized pricing and maximum availability. Additional modes, such as Light Vehicles, offer riders more options for shorter trips. The more rides that are taken on our platform, the better we are able to offer riders personalized experiences most suitable to the trip being planned.
- *Availability.* We strive to ensure that riders can get a ride when they want one. We leverage our proprietary dispatch platform and data to help drivers and riders connect efficiently and reduce wait times.
- *Affordability.* Our platform empowers riders to choose from a broad set of transportation options to easily optimize for cost, comfort and time.
- *Safety.* Since day one, we have worked continuously to enhance the safety of our platform and the ridesharing industry by developing innovative products, policies and processes.

Business

Lyft is evolving how businesses large and small take care of their people's transportation needs across sectors including corporate, healthcare, auto, education and government. Our comprehensive set of solutions allows clients to design, manage and pay for ground transportation programs that contribute to productivity and satisfaction while reducing cost and streamlining operations.

Our Technology Infrastructure and Operations

We organize our product teams with a full-stack development model, integrating product management, engineering, analytics, data science and design. We focus on affordability, reliability, efficiency, optimization and cohesion when developing our software. Our offerings are mobile-first and platform agnostic. We seek to continuously improve the Lyft Platform and the Lyft App. Our offerings are built on a scalable technology platform that enables us to manage peaks in demand.

We have a commercial agreement with Amazon Web Services ("AWS") for cloud services to help deliver and host our platform. As a result of our partnership, we believe we are more resilient to surges in demand on our platform or product changes we may introduce. Refer to Note 9 "Commitments and Contingencies" to the consolidated financial statements for information regarding this agreement.

We designed our platform with multiple layers of redundancy to guard against data loss and deliver high availability. Both incremental and full backups are performed and redundant copies of content are stored independently in separate geographic regions. We are also investing in iterating and continuously improving our data privacy and security foundation, and continually review and implement the most relevant policies.

Our Proprietary Data-Driven Technology Platform

Our robust technology platform powers the millions of rides and connections that we facilitate every day and provides insights that drive our platform in real-time. We leverage historical data to continuously improve experiences for drivers and riders on our platform. Our platform analyzes large datasets covering the ride lifecycle, from when drivers go online and riders request rides, to when they match, which route to take and any feedback given after the rides. Utilizing machine learning capabilities to predict future behavior based on many years of historical data and use cases, we employ various levers to balance supply and demand in the

marketplace, creating increased driver earnings while maintaining strong service levels for riders. We also leverage our data science and algorithms to inform our product development.

Our Intellectual Property

We believe that our intellectual property rights are valuable and important to our business. We rely on trademarks, patents, copyrights, trade secrets, license agreements, intellectual property assignment agreements, confidentiality procedures, non-disclosure agreements and employee non-disclosure and invention assignment agreements to establish and protect our proprietary rights. Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees and the functionality and frequent enhancements to our solutions and offerings are larger contributors to our success in the marketplace.

We have invested in a patent program to identify and protect a substantial portion of our strategic intellectual property in ridesharing, autonomous vehicle-related technology, micro-mobility, telecommunications, networking and other technologies relevant to our business. We hold numerous issued and pending patents in the U.S. and foreign jurisdictions and continually review our development efforts to assess the existence and patentability of new intellectual property.

We have an ongoing trademark and service mark registration program pursuant to which we seek to register our brand names and product names, taglines and logos in the United States and other countries to the extent we determine appropriate and cost-effective. We also have common law rights in some trademarks. In addition, we have registered domain names for websites that we use in our business, such as www.lyft.com and other variations.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented or challenged. For additional information, see the sections titled “Risk Factors—Risks Related to Regulatory and Legal Factors—Claims by others that we infringed their proprietary technology or other intellectual property rights could harm our business” and “Risk Factors—Risks Related to Regulatory and Legal Factors—Failure to protect or enforce our intellectual property rights could harm our business, financial condition and results of operations.”

Our Growth Strategy

Transportation represents a massive market opportunity, one that we are in the very early stages of addressing. Our key growth strategies include our plans to:

- *Increase Rider Use Cases.* We are continuously working to make Lyft the transportation network of choice across an expanding range of use cases. We offer products to simplify travel decision-making, for example with our Lyft Pink subscription plan, Lyft Pass commuter programs, first-mile and last-mile services and university ride smart programs. We also provide centralized tools and enterprise transportation solutions, such as our Concierge offering, that enable organizations to manage the transportation needs of customers, employees and other constituents.
- *Grow Active Riders.* We see opportunities to continue to grow our rider base. We may make incremental investments in our brand and in growth marketing to maintain and drive increasing consumer preference for Lyft. We strive to provide a full range of price points and ride experiences such as Wait & Save, which allows riders to save money by waiting for a ride, and Priority Pickup, which provides a premium experience by allowing riders to pay for prioritized pickup. We plan to continue to grow our ridesharing marketplace by prioritizing competitive service levels and attracting and retaining more drivers and riders on our network. Additionally, we will continue to evaluate ways to expand our network coverage beyond the geographies and markets we currently serve. We also believe we are a beneficiary of demographic shifts, such as the growing percentage of the U.S. population that is accustomed to on-demand services and has digital-first preferences.
- *Grow Our Share of Consumers’ Transportation Spend.* Lyft’s transportation network is designed to address a wide range of mobility needs. The Lyft network spans rideshare, car rentals, bikes, scooters, transit and vehicle services. By integrating the fragmented transportation ecosystem, we are well positioned to deliver the best holistic experience to all of our riders and to capture significantly more of our market opportunity.
- *Deliver Increasing Value to Drivers.* We strive to provide drivers that use Lyft with the best possible experience, including access to a variety of economic opportunities. For example, through our Express Drive program, drivers can get access to rental cars they can use for ridesharing. We also provide drivers with a suite of resources, including access to our on-demand, 24/7 support through our Driver app, to ensure drivers have the resources they need before taking the road. By making the driver experience better and better, we can retain and attract more drivers to Lyft’s network.
- *Invest in our Marketplace Technology.* Our investments in our proprietary technology allow us to deliver a convenient and high-quality experience to drivers and riders. Our mapping technology, now known as Lyft Maps, optimizes routing, in-app navigation, and user matching to improve the rider and driver experience and our marketplace efficiency. Additional investments in our payments and data science capabilities have been central to making our network more efficient and seamless to use.

- *Thoughtfully Pursue M&A and Strategic Partnerships.* We have from time to time made strategic acquisitions, including our acquisitions of Bikeshare Holdings LLC (“Motive”), the largest bike sharing platform in the United States at the time, Flexdrive, LLC (“Flexdrive”), one of our longstanding Express Drive partners, and PBSC, a global leader in bikeshare that supplies stations and bikes to markets internationally. We will continue to selectively consider acquisitions that contribute to the growth of our current business, help us expand into adjacent markets or add new capabilities to our network. In addition, we continue to expand our commercial partnerships. We believe drivers and riders will continue to benefit from a broad partner ecosystem that builds on our existing loyalty and reward programs. We have also built strong relationships with transportation suppliers, state and local governments, and technology solutions providers and we intend to continue to pursue partnerships that contribute to our growth.

Competition

The market for TaaS networks is intensely competitive and characterized by rapid changes in technology, shifting levels of supply and demand and frequent introductions of new services and offerings. We expect competition to continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. If we are unable to anticipate or successfully react to these competitive challenges in a timely manner, our competitive position could weaken, or fail to improve, and we could experience a decline in revenue or growth stagnation that could adversely affect our business, financial condition and results of operations.

Our main ridesharing competitor in the United States and Canada is Uber, though we also compete with other ridesharing transportation network companies and taxi cab and livery companies as well as traditional automotive manufacturers. Our main competitors in the bike and scooter sharing market include Lime, Bird, Fifteen and Tier. Our main competitors in the vehicle rental market include Enterprise and Avis Budget Group as well as emerging car-share marketplaces. We also compete with other manufacturers of bike and scooter sharing equipment for sales of such equipment, particularly in markets outside of the United States.

Additionally, there are other non-U.S.-based TaaS network companies, non-ridesharing transportation network companies and traditional automotive manufacturers that may expand into the United States and Canada. There are also a number of companies developing autonomous vehicle technology and TaaS offerings that may compete with us in the future, including Alphabet (Waymo), Amazon (Zoox), Apple, Aurora, Baidu, General Motors (Cruise), Motional, and Tesla as well as many other technology companies and automobile manufacturers and suppliers. We anticipate continued challenges from current competitors as well as from new entrants into the TaaS market.

We believe we can compete favorably. However, many of our competitors and potential competitors are larger and have greater brand name recognition, longer operating histories, larger marketing budgets and established marketing relationships, access to larger customer bases and significantly greater resources for the development of their offerings. For additional information about the risks to our business related to competition, see the section titled “Risk Factors—Risks Related to Operational Factors—We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations.”

Seasonality

The revenue we generate from our business may fluctuate from quarter to quarter due to seasonal factors including the weather and certain holidays. Demand for our transportation network has historically declined over the winter season and demand for our network of Light Vehicles has historically increased during more temperate and dry seasons.

Our Brand and Marketing

We believe good energy moves the world. The Lyft brand is rooted in our hospitality principles: safety, simplicity, reliability, care, and delight. Our marketing efforts bring our brand to life across a variety of communication channels ranging from national broadcast campaigns to more direct communications like email and social media engagement. We also benefit from positive word of mouth in the existing Lyft rider and driver communities.

Our marketing efforts educate people about Lyft products in creative and memorable ways and generate greater brand awareness among potential drivers and riders. Our brand marketing includes but is not limited to Lyft-produced content, culture and entertainment partnerships, marketing partnerships, and outdoor advertisements. We use specific channels and initiatives so we can measure the impact of our marketing spend. We attract new drivers and riders through referrals, partnerships, display advertising, radio, video, social media, email, search engine optimization, keyword search campaigns, and more. We continue to engage with current riders through a variety of initiatives, including emails, in-app notifications, social media content, promotions, and more.

Our Commitment to Safety

A strong guiding principle since day one has been to build a community that drivers and riders trust. Trust is the foundation of our relationship with drivers and riders on our platform, and we take significant measures every day that are focused on their safety.

To ensure we are delivering exceptional service levels and upholding high quality standards, we have established our Safety and Customer Care, or SCC (formerly known as Customer Experience and Trust), team as a key part of our organization. SCC is in charge of fielding safety and customer support inquiries and is available through multiple channels, including via self-service and assisted support directly within our apps. SCC aims to eliminate bad customer experiences, quickly resolve problems when they occur and maintain trust with drivers and riders. This dedication led our customer support to be recently named number one in Newsweek's 2022 America's Best Customer Service rankings for the E-mobility category.

Some measures we take to promote the safety of riders and drivers on the platform include:

- *Annual background checks and ongoing criminal monitoring.* Every driver is required to pass a professionally administered criminal background check before they drive and each year after that. In the United States, continuous criminal monitoring allows us to quickly deactivate drivers with disqualifying criminal convictions. Similarly, in the United States, we also continuously check driving records so that we can promptly identify and remove drivers from the platform upon detection of a disqualifying violation.
- *Share location.* The Lyft app provides real-time ride tracking, so riders can share their exact location and route with family and friends. Once a user enables this feature, a user's trusted contacts (who they shared their location with) can see trip status and where they are on the map.
- *Emergency help, supported by ADT.* If a rider or driver feels uncomfortable or needs emergency assistance at any point, they are able to quickly connect with an ADT security professional, silently or by voice. If someone signals they need help and subsequently does not respond to a call or text from ADT, ADT will contact 911 and share the user's location and other relevant information.
- *Smart trip check-in.* We monitor rides, and in some instances, if we notice a ride irregularity, we reach out to riders and drivers directly. We will ask the rider or driver if they need help, and, if appropriate, connect them to emergency assistance or our own Safety team.
- *Hidden contact information and ride history.* The Lyft App hides contact information for both the rider and driver before, during and after the ride. While riders and drivers are able to call or text one another through the app, personal information, including real user phone numbers, are not revealed. Drivers are also not able to see a rider's drop-off location, whether it's a specific address or a cross-street, after the ride is complete.
- *Two-way ratings and feedback.* At the end of each trip, drivers and riders are prompted to rate their ride on the scale of one to five stars. Any rider or driver who submits a rating of four stars or fewer is prompted to provide more details. Anyone who rates a rider or driver three stars or fewer will never be matched with that individual again through the app.

Government Regulation

We are subject to a wide variety of laws and regulations in the United States and other jurisdictions. Laws, regulations and standards governing issues such as TNCs, public companies, ridesharing, worker classification, labor and employment, anti-discrimination, payments, gift cards, whistleblowing and worker confidentiality obligations, product liability, defects, recalls, auto maintenance and repairs, personal injury, text messaging, subscription services, intellectual property, securities, consumer protection, taxation, privacy, data security, competition, unionizing and collective action, antitrust, arbitration agreements and class action waiver provisions, terms of service, mobile application accessibility, autonomous vehicles, bike and scooter sharing, insurance, vehicle rentals, money transmittal, non-emergency medical transportation, healthcare fraud, waste, and abuse, environmental health and safety, greenhouse gas emissions, background checks, public health, anti-corruption, anti-bribery, political contributions, lobbying, import and export restrictions, trade and economic sanctions, foreign ownership and investment, foreign exchange controls and delivery of goods including (but not limited to) medical supplies, perishable foods and prescription drugs are often complex and subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, state and local administrative agencies.

The TNC industry has also come under increasing scrutiny from non-profit organizations, regulators, and legislators for its environmental impact, specifically increasing greenhouse gas (GHG) emissions. In 2018, California passed first-of-its-kind legislation (the "California Clean Miles Standard and Incentive Program") to mandate that TNCs reduce their GHG emissions on a GHG per passenger-mile basis, with additional requirements that TNCs increase the percentage of zero-emission vehicles on their platforms. Policymakers recently passed analogous legislation in Massachusetts and are considering similar rules in Oregon and New York City.

See the section titled "Risk Factors," including the subsection titled "Risk Factors—Risks Related to Regulatory and Legal Factors" for additional information about the laws and regulations we are subject to and the risks to our business associated with such laws and regulations.

Human Capital

Our employees are our human capital and, together with our technology stack, are our greatest strength and most valuable resource. In early 2022, we implemented our flexible workplace strategy. A majority of employees were offered flexibility to work from an office location, home, or a hybrid combination that empowers them to do their best work. As of December 31, 2022, we had 4,419 employees and we maintain additional offices in multiple locations in the U.S. and internationally in Montreal, Canada, Munich, Germany and Minsk, Belarus. Approximately 41% of our employees work in our product management, engineering, design and science organizations.

We believe that achieving more diversity in workforce representation is an important priority. We are a company with a diverse customer base, and the more our employees reflect that diversity, the better we can serve our customers, ultimately making our business stronger. As of December 31, 2022, our employee base was 58% male and 40% female, and women represented 40% of our leadership overall. The ethnicity of our U.S. employees was 44% White, 30% Asian, 11% Hispanic or Latinx, 8% Black, and 6% two or more races, American Indian, Alaska Native, Native Hawaiian or other Pacific Islander. Our employee gender and ethnicity information is based on self-identification, and employees who did not disclose their gender or ethnicity have been excluded from the applicable disclosure. As of December 31, 2022, employees who did not disclose gender represented approximately 2% of total employees, and employees who did not disclose ethnicity represented approximately 1% of total U.S. employees.

We strive to build a more representative workforce which requires an intentional and comprehensive effort to reach and recruit outstanding candidates, develop talent internally, and open up pathways for advancement. We are continuing to focus on scaling and sustaining diverse partnerships and early candidate pipeline development as we believe recruiting and hiring initiatives can yield short and long-term benefits to the organization. In 2021, we set forth a road map and strategy to establish, launch and pilot new tools, partnerships, and outreach programs and in 2022, we implemented our roadmap strategy and held partnership events with BreakLine, Tribaja, and Disability:IN. We increased representation through our sourcing tool, hireEZ, and held disability and inclusion training for team members with the Inclusively and Direct Employers organizations.

We also include additional team member information in our 2022 Environmental, Social, and Corporate Governance Report, which is available on our website.

Environmental, Social and Corporate Governance

In October 2022, we released our 2022 Environmental, Social, and Corporate Governance Report. We began publishing this report in 2020 and intend to continue to prepare this report annually to make available key information about our work toward environmental, social, and economic issues.

Environmental

A world built around people, not cars. This is one of Lyft's most powerful ideas: cities defined by public spaces that bring us together, not pavement and parking spots. Creating the transportation system that enables this is a big and long-term challenge — and it's the one we wake up excited to work on every day. Our team operates with an authentic mission to improve people's lives with the world's best transportation. This mission shows up in a hundred different ways in the cities and communities we serve: in the ways we bring people together socially, offer economic independence, and take care of our planet. We work to meet each of these moments with integrity, humanity, and hospitality.

By making bikes and scooters easily available on our multimodal platform, and scaling ebikes as part of our shared fleets, we have empowered riders with affordable, convenient, and more sustainable ways to get around without cars. Today, we operate over 90,000 bikes and scooters across 10 markets in partnership with city governments and with our acquisition of PBSC Urban Solutions in 2022, have an additional 100,000+ bikes deployed in bikeshare systems in 46 markets in 15 countries.

Because we stand at a pivotal moment in the fight against climate change, Lyft made the commitment to reach 100% EVs on the Lyft Platform by the end of 2030. This is in line with the Clean Miles Standard and Incentive Program which was approved by the California Air Resources Board in May 2021 and sets the target that 90% of rideshare miles in California must be in EVs by 2030 and recently announced goals in New York City to get to 100% of rideshare miles in EVs by 2030.

In 2021, Lyft continued to forge its path to 100% EVs by focusing on expanding on the Express Drive rental vehicle partner platform, advancing pilot programs to improve access to EVs and EV charging infrastructure, and advocating for public policies that will accelerate EV adoption. Additionally, in December 2022, Lyft announced a suite of offerings and partnerships to help drivers switch to EVs. The new offerings include a weekly earnings incentive for EV drivers, cashback on public EV charging, EV fast-charging discounts, and a Lyft-specific discount on home charging hardware and installation. We have also transitioned half of our driver rental rides to hybrid vehicles.

Social

Riders of all incomes and identities— including those who have been historically underserved—rely on the Lyft platform when they need a ride.

We approach working with our partners, cities and municipalities in a collaborative manner and seek to establish mutually beneficial relationships based on trust, respect and a common objective of improving people's lives by improving transportation.

Through our LyftUp initiative, we aim to bridge the most serious transportation gaps across the U.S. by partnering with nonprofit organizations and governments to provide access to free and discounted transportation to individuals and families in need. In 2022, we estimate that we provided access to over 4.6 million discounted or donated car, bike and scooter rides to help under-resourced communities access key resources. Current LyftUp programs include:

- *Jobs Access* - provides rides to and from job interviews, job trainings and/or the first few weeks of a new job to give unemployed and underemployed individuals a fairer chance at success;
- *Grocery Access* - provides rides to and from the grocery store for individuals living in food-insecure areas to help ensure that transportation is not a barrier to healthy food;
- *Vaccine Access* - provides rides to and from COVID-19 vaccination sites for at-risk communities;
- *Voting Access* - provides rides to the polls during Federal elections, with a focus on supporting individuals who traditionally face barriers to voting, such as seniors, veterans and communities of color.
- *Disaster Response* - provides rides to support communities in the aftermath of natural or manmade disasters.
- *Bikeshare Access* - provides discounted bikeshare memberships and heavily discounted electric bike rides to income eligible riders across all Lyft-operated bikeshare systems.

Since 2017, our riders have been making their rides count for their community by rounding up their ride payments and donating the difference to an organization of their choice. To date, riders have donated more than \$30 million to support nonprofits and communities across the U.S. and Canada.

Corporate Governance

Our board of directors regularly evaluates our corporate governance structure and processes to help steer the company's direction and ensure it is operating with the utmost business integrity. More information about our directors, executive officers and corporate governance will be included in our definitive Proxy Statement for our 2023 Annual Meeting of Stockholders.

Corporate Information

We were incorporated in 2007 as Bounder Web, Inc., a Delaware corporation. In 2008, we changed our name to Zimride, Inc. We founded Lyft in 2012 and changed our name to Lyft, Inc. in 2013 when we sold the assets related to our Zimride operations.

Available Information

Our website is located at www.lyft.com, and our investor relations website is located at investor.lyft.com. Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission (the “SEC”). The SEC also maintains a website that contains our SEC filings at www.sec.gov.

We announce material information to the public about us, our products and services and other matters through a variety of means, including filings with the SEC, press releases, public conference calls, webcasts, the investor relations section of our website (investor.lyft.com), our Twitter accounts (@lyft, @Lyft_Comms, @johnzimmer and @logangreen) and our blogs (including: lyft.com/blog, lyft.com/hub and eng.lyft.com) in order to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD. The contents of our websites and corporate reports mentioned herein are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites or the contents of our websites are intended to be inactive textual references only.

Item 1A. Risk Factors.

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. Our business, financial condition, results of operations or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment. For the purposes of this “Item 1A. Risk Factors” section, riders are passengers who request rides from drivers in our ridesharing marketplace and renters of a shared bike, scooter or automobile.

Risk Factor Summary

Our business operations are subject to numerous risks, factors and uncertainties, including those outside of our control, that could cause our actual results to be harmed, including risks regarding the following:

General economic factors

- the impact of the COVID-19 pandemic and responsive measures;
- general macroeconomic conditions;
- natural disasters, economic downturns, public health crises or political crises;

Operational factors

- our limited operating history;
- our financial performance and any inability to achieve or maintain profitability in the future;
- competition in our industries;
- the unpredictability of our results of operations and uncertainty regarding the growth of the ridesharing and other markets;
- our ability to attract and retain qualified drivers and riders;
- our insurance coverage, the adequacy of our insurance reserves, and the ability of third-party insurance providers to service our auto-related insurance claims;
- our reputation, brand, and company culture;
- illegal or improper activity of users of our platform;
- the accuracy of background checks on potential or current drivers and our third party providers' ability to effectively conduct such background checks;
- changes to our pricing practices;
- the growth and development of our network of Light Vehicles and the quality of our Light Vehicles;
- our ability to manage our growth;
- our autonomous vehicle technology, partnerships with other companies who offer autonomous vehicle technologies, and the overall development of the autonomous vehicle industry;
- actual or perceived security or privacy breaches or incidents, as well as defects, errors or vulnerabilities in our technology and that of third-party providers or system failures and resulting interruptions in our availability or the availability of other systems and providers;
- our reliance on third parties, such as Amazon Web Services, vehicle rental partners, payment processors and other service providers;
- our ability to operate our Express Drive and Lyft Rentals programs;
- the development of new offerings on our platform and management of the complexities of such expansion;
- inaccuracies in or changes to our key metrics and estimates;
- our ability to offer high-quality user support and to deal with fraud;

- our ability to effectively match riders on our Shared Rides offering, efficiently balance driver supply and rider demand on our Wait & Save offering and to manage our up-front pricing methodologies;
- changes in the Internet, mobile device accessibility, mobile device operating systems and application marketplaces;
- the interoperability of our platform across third-party applications and services;
- factors relating to our intellectual property rights as well as the intellectual property rights of others;
- our presence outside the United States and any future international expansion;

Regulatory and Legal factors

- the classification status of drivers on our platform;
- changes in laws and the adoption and interpretation of administrative rules and regulations;
- compliance with laws and regulations relating to privacy, data protection and the protection or transfer of personal data;
- compliance with additional laws and regulations as we expand our offerings;
- litigation resulting from violation of the Telephone Consumer Protection Act, antitrust, and other laws and regulations;
- intellectual property litigation;
- assertions from taxing authorities that we should have collected or in the future should collect additional taxes;
- our ability to maintain an effective system of disclosure controls and internal control over financial reporting;
- costs related to operating as a public company;
- climate change and related regulatory developments;

Financing and Transactional Risks

- our future capital requirements and our ability to service our current and future debt, financial covenants and other operational restrictions contained in our current debt agreements, and counterparty risk with respect to our capped call transactions;
- our ability to make and successfully integrate acquisitions and investments or complete divestitures, joint ventures, partnerships or other strategic transactions;
- our tax liabilities, ability to use our net operating loss carryforwards and future changes in tax matters;

Governance Risks and Risks related to Ownership of our Capital Stock

- provisions of Delaware law and our certificate of incorporation and bylaws that may make a merger, tender offer or proxy contest difficult;
- exclusive forum provisions in our bylaws;
- the dual class structure of our common stock and its concentration of voting power with our Co-Founders; and
- the volatility of the trading price of our Class A common stock.

Risks Related to General Economic Factors

The COVID-19 pandemic has disrupted and harmed, and the pandemic and its related effects may continue to disrupt and harm, our business, financial condition and results of operations. We are unable to predict the extent to which the pandemic and related effects will continue to adversely impact our business, financial condition and results of operations and the achievement of our strategic objectives.

Our business, operations and financial performance have been negatively impacted by the COVID-19 pandemic and related public health responses, such as travel bans, travel restrictions and shelter-in-place orders. The pandemic, these responses and the related effects continue to evolve and have caused, and could continue to cause, a number of impacts to our business and our platform, including, but not limited to, those discussed below.

- The pandemic has led to declines in certain travel, including commuting and business and leisure travel, resulting in decreased demand for our platform and unpredictable earning opportunities for drivers on our platform. While travel has recovered to some degree, overall levels remain depressed and shifts towards remote or hybrid work environments, or other

behavioral changes as a result of the COVID-19 pandemic, have negatively impacted the frequency and nature of demand for travel, including commuting and business travel, and may reduce our long-term market opportunity. Additionally, the recovery of the economy and demand for our platform has varied by geography and certain markets where we have historically seen significant demand have been, and may continue to be, slow to recover or grow.

- Driver behaviors have also shifted throughout the COVID-19 pandemic, leading to imbalanced levels of driver availability on our platform relative to rider demand at times in certain markets. Limited driver availability has negatively impacted service levels, which led us to provide additional incentives to attract and retain drivers, and has also decreased demand for vehicles rented to drivers through our Express Drive program.
- We have also modified our business practices as a result of the COVID-19 pandemic, including by permitting corporate employees in nearly all of our locations to work remotely, limiting employee travel, adopting safety precautions for and holding virtual events and meetings. These shifts have led us to reduce our real estate footprint and may increase the risk of a cybersecurity breach or incident, result in decreased productivity, harm our company culture, adversely affect our ability to timely and accurately report our financial statements or maintain internal controls, or otherwise negatively affect our business, our financial condition and results of operations could be adversely affected.
- In response to the effects of the COVID-19 pandemic on our business, we have taken certain cost-cutting measures, including reductions-in-force, which may have adversely affected employee morale, our culture and our ability to attract and retain employees.
- The COVID-19 pandemic has also impacted our business operations relating to our Light Vehicles, our Express Drive program, and our autonomous vehicle partners. We design and contract to manufacture Light Vehicles and certain assets related to our network of shared Light Vehicles and have faced delays in manufacturing and delivery as well as increased costs associated with manufacturing and shipping. Our ability to operate the Express Drive program has been negatively impacted as a result of mandated closures from time to time, limited staffing availability, and increased costs for us to operate rental sites and for Flexdrive to transport, repossess, clean, and store unrented and returned vehicles. Further, the development of autonomous vehicle-related technology has been impacted both by direct impacts from the pandemic on health and safety conditions and shelter-in-place restrictions, as well as decisions by current or potential partners to reduce investments in developing and deploying autonomous vehicle-related technology due to macroeconomic factors.
- These impacts of the COVID-19 pandemic may continue and additional impacts due to new developments in the COVID-19 pandemic or the responses thereto may affect our business, financial condition and results of operations. The ultimate impact of the COVID-19 pandemic on our business, riders and drivers on our platform, and our business partners will depend on many factors outside of our control, such as governmental responses to the pandemic, shifts in consumer or business behavior and macroeconomic factors directly or indirectly related to the pandemic.
- In light of the evolving and unpredictable effects of COVID-19, we cannot be certain of the extent of the future negative impacts of the COVID-19 pandemic on our business, financial condition and results of operations.

A deterioration of general macroeconomic conditions could materially and adversely affect our business and financial results.

Our business and results of operations are subject to global economic conditions. Deteriorating macroeconomic conditions, including slower growth or recession, inflation, increases to fuel and other energy costs or vehicle costs, changes in the labor market or decreases in consumer spending power or confidence, are likely to result in decreased discretionary spending and reduced demand for our platform. Further, changes in corporate spending, including cost-cuts and layoffs, may adversely impact business travel, commuting and other business related expenditures. In addition, inflation and higher interest rates, increased fuel and other energy costs, increased labor and benefits costs and increased insurance costs have, and may continue to, put pressure on economic conditions, which has led, and could lead, to greater operating expenses. For example, inflation has increased and is expected to further increase medical costs and vehicle repair costs, including increased prices of new and used vehicle parts as a result of recent global supply chain challenges, which has resulted in increases in our insurance costs. Similarly, these factors, as well as increased fuel costs, increase costs as well as costs for drivers on our platform. . Many of these factors are out of our control and make it difficult to accurately forecast revenues and operating results, particularly in the long-term, and could negatively affect our ability to meet our target operating performance and our (and our strategic partners') ability to make decisions about future investments. Further, we may need to make changes to our business to respond to these conditions and be able to compete effectively. For example, as a result of the increase in gas prices at certain points in 2022, in order to support drivers on our platform, we implemented a temporary per ride fuel surcharge in most markets, which we removed in September 2022. Similarly, we have adjusted our pricing in response to competitive pressures caused by changes in our marketplace, which we expect will result in declines in our revenue. An economic downturn resulting in a prolonged recessionary period would likely have a further adverse effect on our revenue, financial condition and results of operations.

Our business could be adversely affected by natural disasters, public health crises, political crises, economic downturns or other unexpected events.

A significant natural disaster, such as an earthquake, fire, hurricane, tornado, flood or significant power outage, could disrupt our operations, mobile networks, the Internet or the operations of our third-party technology providers. In particular, our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity and increasingly for fires. The impact of climate change may increase these risks. In addition, any public health crises, such as the COVID-19 pandemic, other epidemics, political crises, such as terrorist attacks, war and other political or social instability and other geopolitical developments, or other catastrophic events, whether in the United States or abroad, could adversely affect our operations or the economy as a whole. For example, we have offices and employees in Belarus and Ukraine that have been and may continue to be adversely affected by the current war in the region, including displacement of our employees. The impact of any natural disaster, act of terrorism or other disruption to us or our third-party providers' abilities could result in driver supply and rider demand imbalances, decreased demand for our offerings or a delay in the provision of our offerings, or increase our costs and operating expenses, which could adversely affect our business, financial condition and results of operations. All of the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate.

Risks Related to Operational Factors

Our limited operating history and our evolving business make it difficult to evaluate our future prospects and the risks and challenges we may encounter.

While we have primarily focused on ridesharing since our ridesharing marketplace launched in 2012, our business continues to evolve. We regularly expand our platform features, offerings and services and change our pricing methodologies. In recent periods, we have also reevaluated and changed our cost structure and focused our business model. Through the acquisition of PBSC we have expanded our business to include licensing of certain of our technology and sales of bikes and stations. Our evolving business, industry and markets make it difficult to evaluate our future prospects and the risks and challenges we may encounter. Risks and challenges we have faced or expect to face include our ability to:

- forecast our revenue and operating results and budget for and manage our expenses;
- attract new qualified drivers and new riders, and retain existing qualified drivers and existing riders in a cost-effective manner;
- effectively and competitively price our services and determine appropriate pricing methodologies;
- comply with existing and new or modified laws and regulations applicable to our business;
- manage our platform and our business assets and expenses in light of the COVID-19 pandemic and related developments, including changes in rider behavior and demand for our services;
- plan for and manage capital expenditures for our current and future offerings, including our network of Light Vehicles and certain vehicles in the Express Drive program, and manage our supply chain and supplier relationships related to our current and future offerings;
- develop, manufacture, source, deploy, sell, maintain and ensure utilization of our assets, including our network of Light Vehicles, our Driver Hub, and certain vehicles in the Express Drive program;
- anticipate and respond to macroeconomic changes and changes in market dynamics in the markets in which we operate;
- maintain and enhance the value of our reputation and brand;
- effectively manage our growth and business operations, including the impacts of the COVID-19 pandemic on our business;
- successfully expand our geographic reach;
- hire, integrate and retain talented people at all levels of our organization;
- successfully develop new platform features, offerings and services to enhance the experience of users; and
- right-size our real estate portfolio.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this "Risk Factors" section, our business, financial condition and results of operations could be adversely affected. Further, because we have an evolving financial model and operate in a rapidly evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a static financial model or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks

successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

Our financial performance in recent periods may not be indicative of future performance, and we may not be able to achieve or maintain profitability in the future.

Prior to COVID-19, we grew rapidly. In 2020, due to COVID-19 and the related government and public health measures, our revenue declined significantly, though it has since recovered, the timeline for a full recovery of rideshare demand, driver supply and other aspects of our business in each of our markets is uncertain. Accordingly, our recent revenue growth rate and financial performance, including prior to the effects of COVID-19, the decline related to COVID-19 and recent growth rates compared to periods in the midst of the COVID-19 pandemic, may not be indicative of our future performance. Further, we have incurred net losses each year since our inception, and we expect that our financial performance, including Adjusted EBITDA, will continue to fluctuate in future periods. We can provide no assurances that we will achieve or maintain Adjusted EBITDA profitability in the future, on a quarterly or annual basis, or that we will ever achieve profitability on a GAAP basis.

While we remain focused on operating efficiently, our expenses will likely increase in the future as we develop and launch new offerings and platform features, expand in existing and new markets and continue to invest in our platform and customer engagement. In addition, certain costs, such as insurance and driver pay and incentives have increased or fluctuated as a result of the COVID-19 pandemic, macroeconomic factors and the development and maturation of our business and the rideshare industry and may continue to do so. We may be unable to accurately predict these costs and our investments may not result in increased revenue or growth in our business. For example, we have incurred and will continue to incur additional costs and expenses associated with the passage of Proposition 22 in California and HB 2076 in Washington, including providing drivers in these states with new earnings opportunities and protections, including contributions towards on-the-job injury insurance, other benefits and minimum guaranteed earnings. Due to various factors, including inflation, we anticipate that our insurance costs will increase and will impact our profitability. Furthermore, we have expanded over time to include more asset-intensive offerings such as our network of Light Vehicles, Flexdrive and Lyft Car Maintenance. We have established environmental programs, such as our commitment to 100% EVs on our platform by the end of 2030. These offerings and programs require significant capital investments and recurring costs, including debt payments, maintenance, depreciation, asset life and asset replacement costs, and if we are not able to maintain sufficient levels of utilization of such assets, such offerings are otherwise not successful or we decide to shut down any such offerings, our investments may not generate sufficient returns and our financial condition may be adversely affected. In addition to the above, a determination in, or settlement of, any legal proceeding that classifies a driver on a ridesharing platform as an employee may require us to significantly alter our existing business model and operations (including potentially suspending or ceasing operations in impacted jurisdictions), increase our costs and impact our ability to add qualified drivers to our platform and grow our business, which could have an adverse effect on our business, financial condition and results of operations, and our ability to achieve or maintain profitability in the future. Additionally, stock-based compensation expense related to restricted stock units (“RSUs”) and other equity awards is expected to continue to be a significant expense in future periods, and as of December 31, 2022, we had \$499.5 million of unrecognized stock-based compensation expense related to RSUs, net of estimated forfeitures, that will be recognized over a weighted-average period of approximately 1.0 years. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition and results of operations could be adversely affected.

As our business recovers from the effects of COVID-19 and we endeavor to return to pre-COVID-19 financial performance, our revenue growth rates and results of operations will fluctuate due to a number of reasons, which may include long-term impacts of the COVID-19 pandemic on our business, changes in the macroeconomic environment, slowing demand for our offerings, increasing competition or changes in market dynamics, a decrease in the growth of our overall market or market saturation, increasing regulatory costs and challenges and resulting changes to our business model and our failure to capitalize on growth opportunities. If we are unable to generate adequate revenue growth and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or maintain profitability.

We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations.

The market for TaaS networks is intensely competitive and characterized by rapid changes in technology, shifting levels of supply and demand and frequent introductions of new services and offerings. We expect competition to continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic or technological advantages. If we are unable to anticipate or successfully react to competitive challenges in a timely manner, our competitive position could weaken, or fail to improve, and we could experience fluctuations or a decline in market share, a decline in revenue or growth stagnation that could adversely affect our business, financial condition and results of operations. Our market share has fluctuated over time and we may need to take actions that have negative impacts on our financial results in the short term, either because of decreased revenue or increased investments, or both, that we believe will benefit our company in the long term.

Our main ridesharing competitor in the United States and Canada is Uber, though we also compete with other transportation network companies and taxi cab and livery companies, as well as traditional automotive manufacturers and technology companies. Our main competitors in the bike and scooter sharing market include Lime, Bird, Fifteen and Tier. We also compete with other manufacturers of bike and scooter sharing equipment for sales of such equipment, particularly in markets outside of the United States. Our main competitors in the consumer vehicle rental market include Enterprise and Avis Budget Group as well as emerging car-share marketplaces.

Additionally, there are other non-U.S.-based TaaS network companies, bike and scooter sharing companies, consumer vehicle rental companies, non-ridesharing transportation network companies and traditional automotive manufacturers that may expand into the United States and Canada. There are also a number of companies developing autonomous vehicle technology and TaaS offerings that may compete with us in the future, including Alphabet (Waymo), Amazon (Zoox), Apple, Aurora, Baidu, General Motors (Cruise), Motionai, and Tesla as well as many other technology companies and automobile manufacturers and suppliers. We anticipate continued challenges from current competitors as well as from new entrants into the TaaS market.

Certain of our competitors and potential competitors have greater financial, technical, marketing, research and development, manufacturing and other resources, greater name recognition, longer operating histories or a larger user base than we do. They may be able to devote greater resources to the development, promotion and sale of offerings and offer lower prices than we do, which could adversely affect our results of operations. Further, they may have greater resources to deploy towards the research, development and commercialization of new technologies, including autonomous vehicle technology or Light Vehicles, or they may have other financial, technical or resource advantages. These factors may allow our competitors or potential competitors to derive greater revenue and profits from their existing user bases, attract and retain qualified drivers and riders at lower costs, offer more attractive pricing on their platforms or respond more quickly to new and emerging technologies and trends. Our current and potential competitors may also establish cooperative or strategic relationships, or consolidate, amongst themselves or with third parties that may further enhance their resources and offerings.

We believe that our ability to compete effectively depends upon many factors both within and beyond our control, and if we are unable to compete successfully, our business, financial condition and results of operations could be adversely affected.

Our results of operations vary and are unpredictable from period-to-period, which could cause the trading price of our Class A common stock to decline.

Our results of operations have historically varied from period-to-period and we expect that our results of operations will continue to do so for a variety of reasons, many of which are outside of our control and difficult to predict. Because our results of operations may vary significantly from quarter-to-quarter and year-to-year, the results of any one period should not be relied upon as an indication of future performance. We have presented many of the factors that may cause our results of operations to fluctuate in this “Risk Factors” section. Fluctuations in our results of operations may cause such results to fall below our financial guidance or other projections, or the expectations of analysts or investors, which could cause the trading price of our Class A common stock to decline.

The ridesharing market and the market for our other offerings, such as our network of Light Vehicles, are still in relatively early stages of growth and development and if such markets do not continue to grow, grow more slowly than we expect or fail to grow as large or otherwise develop as we expect, our business, financial condition and results of operations could be adversely affected.

Prior to COVID-19, the ridesharing market grew rapidly, but it is still relatively new, and it is uncertain to what extent market acceptance will continue to grow, particularly after the COVID-19 pandemic, if at all. In addition, the market for our other offerings, such as our network of Light Vehicles, is relatively new and unproven, and it is uncertain whether demand for bike and scooter sharing will continue to grow and achieve wide market acceptance. Our success will depend to a substantial extent on the willingness of people to widely adopt ridesharing and our other offerings across a variety of use cases. We cannot be certain whether the COVID-19 pandemic will continue to negatively impact the willingness of drivers or riders to participate in ridesharing or the willingness of riders to use shared bikes or scooters, or whether lasting impacts from the COVID-19 pandemic, such as increased remote work opportunities, will otherwise limit market growth. In addition, we paused our shared rides offerings (though we relaunched our shared rides offerings in select markets beginning in July 2021), and we were temporarily restricted from operating our scooter share program in one jurisdiction due to public health and safety measures implemented in response to the COVID-19 pandemic and subsequently discontinued operations due to concerns with certain aspects of the program. In the event of a resurgence of COVID-19 or other events beyond our control, we may be required or believe it is advisable to suspend such offerings again. If the public does not perceive ridesharing or our other offerings as beneficial, or chooses not to adopt them as a result of concerns regarding public health or safety, affordability or for other reasons, whether as a result of incidents on our platform or on our competitors’ platforms, the COVID-19 pandemic, or otherwise, then the market for our offerings may not further develop, may develop more slowly than we expect or may not achieve the growth potential we expect. Additionally, from time to time we re-evaluate the markets in which we operate and the performance of our network of Light Vehicles, and we have discontinued and may in the future discontinue operations in certain markets as a result of such evaluations. Any of the foregoing risks and challenges could adversely affect our business, financial condition and results of operations.

If we fail to cost-effectively attract and retain qualified drivers on our platform, or to increase the utilization of our platform by existing drivers, our business, financial condition and results of operations could be harmed.

Our continued growth depends in part on our ability to cost-effectively attract and retain qualified drivers who satisfy our screening criteria and procedures and to increase their utilization of our platform. To attract and retain qualified drivers, we have, among other things, offered sign-up and referral bonuses and provided access to third-party vehicle rental programs for drivers who do not have or do not wish to use their own vehicle. Drivers are generally able to switch between our platform and competing platforms. If we do not continue to provide drivers with flexibility on our platform, compelling opportunities to increase earnings and other incentive programs, such as demand-based bonuses, that are comparable or superior to those of our competitors and other companies in the app-based work industry, or if drivers become dissatisfied with our programs and benefits or our requirements for drivers, including requirements regarding the vehicles they drive, we may fail to attract new drivers, retain current drivers or increase their utilization of our platform, or we may experience complaints, negative publicity, strikes or other work stoppages that could adversely affect our users and our business. For example, during the COVID-19 pandemic, we experienced a shortage of available drivers relative to rider demand in certain markets and offered increased incentives to improve driver supply. To the extent that driver availability remains limited and we offer increased incentives to improve supply, our revenue and results of operations may be negatively impacted. Additionally, following the passage of Proposition 22 in California, drivers have been able to access the earning opportunities described in the ballot measure. Further, other jurisdictions may adopt similar laws and regulations, which would likely increase our expenses. Ongoing litigation seeking to reclassify drivers as employees is pending in multiple jurisdictions, including as described in the “Legal Proceedings” subheading in Note 9, Commitments and Contingencies to the consolidated financial statements included in this Annual Report on Form 10-K. If such litigation is successful in one or more jurisdictions, we may be required to classify drivers as employees rather than independent contractors in those jurisdictions. If this occurs, we may need to develop and implement an employment model that we have not historically used or to cease operations, whether temporarily or permanently, in affected jurisdictions. We may face specific risks relating to our ability to onboard drivers as employees, our ability to partner with third-party organizations to source drivers and our ability to effectively utilize employee drivers to meet rider demand.

If drivers are unsatisfied with our partners, including our third-party vehicle rental partners, our ability to attract and retain qualified drivers and to increase their utilization of our platform could be adversely affected. Further, incentives we provide to attract drivers could fail to attract and retain qualified drivers or fail to increase utilization, or could have other unintended adverse consequences. In addition, changes in certain laws and regulations, including immigration, labor and employment laws or background check requirements, may result in a shift or decrease in the pool of qualified drivers, which may result in increased competition for qualified drivers or higher costs of recruitment, operation and retention. As part of our business operations or research and development efforts, data on the vehicle may be collected and drivers may be uncomfortable or unwilling to drive knowing that data is being collected. Other factors outside of our control, such as the COVID-19 pandemic, concerns about personal health and safety, increases in the price of gasoline, vehicles or insurance, or concerns about the availability of government or other assistance programs if drivers continue to drive on our platform, may also reduce the number of drivers on our platform or their utilization of our platform, or impact our ability to onboard new drivers. If we fail to attract qualified drivers on favorable terms, fail to increase their utilization of our platform or lose qualified drivers to our competitors, we may not be able to meet the demand of riders, including maintaining a competitive price of rides to riders, and our business, financial condition and results of operations could be adversely affected.

If we fail to cost-effectively attract new riders, or to increase utilization of our platform by existing riders, our business, financial condition and results of operations could be harmed.

Our success depends in part on our ability to cost-effectively attract new riders, retain existing riders and increase utilization of our platform by current riders. Riders have a wide variety of options for transportation, including personal vehicles, rental cars, taxis, public transit and other ridesharing and bike and scooter sharing offerings. Rider preferences may also change from time to time. To expand our rider base, we must appeal to new riders who have historically used other forms of transportation or other ridesharing or bike and scooter sharing platforms. We believe that our paid marketing initiatives have been critical in promoting awareness of our offerings, which in turn drives new rider growth and rider utilization. However, our reputation, brand and ability to build trust with existing and new riders may be adversely affected by complaints and negative publicity about us, our offerings, our policies, including our pricing algorithms and pricing policies, drivers on our platform, or our competitors, even if factually incorrect or based on isolated incidents. Further, if existing and new riders do not perceive the transportation services provided by drivers on our platform to be reliable, safe and affordable, or if we fail to offer new and relevant offerings and features on our platform, we may not be able to attract or retain riders or to increase their utilization of our platform. As we continue to expand into new geographic areas, we will be relying in part on referrals from our existing riders to attract new riders, and therefore we must ensure that our existing riders remain satisfied with our offerings. In addition, we have experienced and may continue to experience seasonality in both ridesharing and Light Vehicle rentals during the winter months, which may harm our ability to attract and retain riders during such periods. Further, the COVID-19 pandemic has decreased the utilization of our platform by riders and may continue to affect utilization of our platform by riders, including longer term. If we fail to continue to grow our rider base, retain existing riders or increase the overall utilization of our platform by existing riders, we may not be able to provide drivers with an adequate level of ride requests, and our business, financial condition and results of operations could be adversely affected. In addition, if we do not achieve sufficient utilization of our asset-intensive offerings such as our network of Light Vehicles, our business, financial condition and results of operations could be adversely affected.

We rely substantially on our wholly-owned subsidiary and deductibles to insure auto-related risks and on third-party insurance policies to insure and reinsure our operations-related risks. If our insurance or reinsurance coverage is insufficient for the needs of our business or our insurance providers are unable to meet their obligations, we may not be able to mitigate the risks facing our business, which could adversely affect our business, financial condition and results of operations.

From the time a driver becomes available to accept rides in the Lyft Driver App until the driver logs off and is no longer available to accept rides, we, through our wholly-owned insurance subsidiary and deductibles, often bear substantial financial risk with respect to auto-related incidents, including auto liability, uninsured and underinsured motorist, auto physical damage, first party injury coverages including personal injury protection under state law and general business liabilities up to certain limits. To comply with certain United States and Canadian province insurance regulatory requirements for auto-related risks, we procure a number of third-party insurance policies which provide the required coverage in such jurisdictions. In all U.S. states, our insurance subsidiary reinsures a portion, which may change from time to time, of the auto-related risk from some third-party insurance providers. In connection with our reinsurance and deductible arrangements, we deposit funds into trust accounts with a third-party financial institution from which some third-party insurance providers are reimbursed for claims payments. If we fail to comply with state insurance regulatory requirements or other regulations governing insurance coverage, our business, financial condition and results of operations could be adversely affected. If any of our third-party insurance providers or administrators who handle the claim on behalf of the third-party insurance providers become insolvent, they could be unable to pay any operations-related claims that we make.

We also procure third-party insurance policies to cover various operations-related risks including employment practices liability, workers' compensation, business interruptions, cybersecurity and data breaches, crime, directors' and officers' liability and general business liabilities, including product liability. For certain types of operations-related risks or future risks related to our new and evolving offerings, we may not be able to, or may choose not to, acquire insurance. In addition, we may not obtain enough insurance to adequately mitigate such operations-related risks or risks related to our new and evolving offerings, and we may have to pay high premiums, self-insured retentions or deductibles for the coverage we do obtain. Additionally, if any of our insurance or reinsurance providers becomes insolvent, it could be unable to pay any operations-related claims that we make. Certain losses may be excluded from insurance coverage including, but not limited to losses caused by intentional act, pollution, contamination, virus, bacteria, terrorism, war and civil unrest.

The amount of one or more auto-related claims or operations-related claims has exceeded and could continue to exceed our applicable aggregate coverage limits, for which we have borne and could continue to bear a portion of the excess, in addition to amounts already incurred in connection with deductibles, self-insured retentions or otherwise paid by our insurance subsidiary. Insurance providers have raised premiums and deductibles for many types of coverages and for a variety of commercial risks and are likely to do so in the future. As a result, our insurance and claims expenses could increase, or we may decide to raise our deductibles or self-insured retentions when our policies are renewed or replaced to manage pricing pressure. Our business, financial condition and results of operations could be adversely affected if (i) cost per claim, premiums or the number of claims significantly exceeds our historical experience, (ii) we experience a claim in excess of our coverage limits, (iii) our insurance providers fail to pay on our insurance claims, (iv) we experience a claim for which coverage is not provided, (v) the number of claims and average claim cost under our deductibles or self-insured retentions differs from historic averages or (vi) an insurance policy is canceled or non-renewed.

Our actual losses may exceed our insurance reserves, which could adversely affect our financial condition and results of operations.

We establish insurance reserves for claims incurred but not yet paid and claims incurred but not yet reported and any related estimable expenses, and we periodically evaluate and, as necessary, adjust our actuarial assumptions and insurance reserves as our experience develops or new information is learned. We employ various predictive modeling and actuarial techniques and make numerous assumptions based on available historical experience and industry statistics to estimate our insurance reserves. Estimating the number and severity of claims, as well as related judgment or settlement amounts, is inherently difficult, subjective and speculative. While an independent actuarial firm periodically reviews our reserves for appropriateness and provides claims reserve valuations, a number of external factors can affect the actual losses incurred for any given claim, including but not limited to the length of time the claim remains open, increases in healthcare costs, increases in automotive costs (including rental vehicles), legislative and regulatory developments, judicial developments and unexpected events such as the COVID-19 pandemic. Such factors can impact the reserves for claims incurred but not yet paid as well as the actuarial assumptions used to estimate the reserves for claims incurred but not yet reported and any related estimable expenses for current and historical periods. The automotive insurance industry has experienced rising costs due to, among other things, inflation, supply chain challenges, and the increasing cost of medical care, which has driven an increase in actual losses in recent periods, and we expect these costs to continue to drive increased actual losses. Additionally, we have encountered in the past, and may encounter in the future, instances of insurance fraud, which could increase our actual insurance-related costs. For any of the foregoing reasons, our actual losses for claims and related expenses may deviate, individually or in the aggregate, from the insurance reserves reflected in our consolidated financial statements. If we determine that our estimated insurance reserves are inadequate, we may be required to increase such reserves at the time of the determination, which could result in an increase to our net loss in the period in which the shortfall is determined and negatively impact our financial condition and results of operations. For example, we have in the past experienced adverse development where we have

needed to increase historical reserves attributable to liabilities in prior periods, and in the fourth quarter of 2022, we strengthened our insurance reserves and accrued and other current liabilities by \$375 million.

We rely on a limited number of third-party insurance service providers for our auto-related insurance claims, and if such providers fail to service insurance claims to our expectations or we do not maintain business relationships with them, our business, financial condition and results of operations could be adversely affected.

We rely on a limited number of third-party insurance service providers to service our auto-related claims. If any of our third-party insurance service providers fails to service claims to our expectations, discontinues or increases the cost of coverage or changes the terms of such coverage in a manner not favorable to drivers or to us, we cannot guarantee that we would be able to secure replacement coverage or services on reasonable terms in an acceptable time frame or at all. If we cannot find alternate third-party insurance service providers on terms acceptable to us, we may incur additional expenses related to servicing such auto-related claims using internal resources.

In recent periods, the automotive insurance industry has experienced rising costs due to, among other things, inflation, supply chain challenges, and the cost of medical care, which has harmed our business, financial condition and results of operations, including through increased insurance renewal costs, and we expect it to continue to negatively impact the automotive insurance industry and our business, financial condition and results of operations.

We have, from time to time, sold portions of retained insurance risk to third-parties, including as described in the “Insurance Reserves” subheading in Note 6, Supplemental Financial Statement Information to the consolidated financial statements included in this Annual Report on Form 10-K. These transactions may cause us to incur additional expenses in the total cost of this risk, and we are subject to recapture of the risk if any third party reinsurer were to default on their reinsurance obligation.

Any negative publicity related to any of our third-party insurance service providers could adversely affect our reputation and brand and could potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

Our reputation, brand and the network effects among the drivers and riders on our platform are important to our success, and if we are not able to maintain and continue developing our reputation, brand and network effects, our business, financial condition and results of operations could be adversely affected.

We believe that building a strong reputation and brand as a safe, reliable and affordable platform and continuing to increase the strength of the network effects among the drivers and riders on our platform are critical to our ability to attract and retain qualified drivers and riders. The successful development of our reputation, brand and network effects will depend on a number of factors, many of which are outside our control. Negative perception of our platform or company may harm our reputation, brand and networks effects, including as a result of:

- complaints or negative publicity about us, drivers on our platform, riders, our product offerings, pricing or our policies and guidelines, including our practices and policies with respect to drivers, or the ridesharing industry, even if factually incorrect or based on isolated incidents;
- illegal, negligent, reckless or otherwise inappropriate behavior by drivers or riders or third parties, or concerns about the safety of our platform or ridesharing in general;
- a failure to provide drivers with a sufficient level of ride requests, charge drivers competitive fees and commissions or provide drivers with competitive fares and incentives;
- a failure to offer riders competitive ride pricing and pick-up times or the desired range of ride types;
- actual or perceived disruptions of or defects in our platform, such as privacy or data security breaches or incidents, site outages, payment disruptions or other incidents that impact the reliability of our offerings;
- litigation over, or investigations by regulators into, our platform or our business;
- users’ lack of awareness of, or compliance with, our policies, changes to our policies that are negatively received, or a failure to enforce our policies in a manner perceived as effective, fair and transparent;
- a failure to operate our business in a way that is consistent with our stated values and mission, including modification or discontinuation of our community or sustainability programs, illegal or otherwise inappropriate behavior by our management team or other employees or contractors, or negative perception of our treatment of employees;
- inadequate or unsatisfactory user support service experiences;
- negative responses by drivers or riders to new offerings on our platform;

- accidents, defects or other negative incidents involving autonomous vehicles or Light Vehicles on our platform or Light Vehicles sold to third parties;
- political or social policies or activities, including our response to employee sentiment related to these matters; or
- any of the foregoing with respect to our competitors, to the extent such resulting negative perception affects the public's perception of us or our industry as a whole.

If we do not successfully maintain and develop our brand, reputation and network effects and successfully differentiate our offerings from competitive offerings, our business may not grow, we may not be able to compete effectively and we could lose existing qualified drivers or existing riders or fail to attract new qualified drivers or new riders, any of which could adversely affect our business, financial condition and results of operations. In addition, changes we may make to enhance and improve our offerings and balance the needs and interests of the drivers and riders on our platform may be viewed positively from one group's perspective (such as riders) but negatively from another's perspective (such as drivers), or may not be viewed positively by either drivers or riders. If we fail to balance the interests of drivers and riders or make changes that they view negatively, drivers and riders may stop using our platform, take fewer rides or use alternative platforms, any of which could adversely affect our reputation, brand, business, financial condition and results of operations.

Illegal, improper or otherwise inappropriate activity of users, whether or not occurring while utilizing our platform, has and could continue to expose us to liability and harm our business, brand, financial condition and results of operations.

Illegal, improper or otherwise inappropriate activities by users, including the activities of individuals who may have previously engaged with, but are not then receiving or providing services offered through, our platform or individuals who are intentionally impersonating users of our platform could adversely affect our brand, business, financial condition and results of operations. These activities may include assault, theft, unauthorized use of credit and debit cards or bank accounts, sharing of rider or driver accounts and other misconduct. While we have implemented various measures intended to anticipate, identify and address the risk of these types of activities, these measures may not adequately address, and are unlikely to prevent, all illegal, improper or otherwise inappropriate activity by these parties from occurring in connection with our offerings. Such conduct has and could continue to expose us to liability or adversely affect our brand or reputation. At the same time, if the measures we have taken to guard against these illegal, improper or otherwise inappropriate activities, such as our requirement that all drivers undergo annual background checks or our two-way rating system and related policies, are too restrictive and inadvertently prevent qualified drivers and riders otherwise in good standing from using our offerings, or if we are unable to implement and communicate these measures fairly and transparently or are perceived to have failed to do so, the growth and retention of the number of qualified drivers and riders on our platform and their utilization of our platform could be negatively impacted. Further, any negative publicity related to the foregoing, whether such incident occurred on our platform, on our competitors' platforms, or on any ridesharing platform, could adversely affect our reputation and brand or public perception of the ridesharing industry as a whole, which could negatively affect demand for platforms like ours, and potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could harm our business, financial condition and results of operations.

We rely on third-party background check providers to screen potential and existing drivers, and if such providers fail to provide accurate information, or if providers are unable to complete background checks because of data access restrictions, court closures or other unforeseen government shutdowns, or we do not maintain business relationships with them, our business, financial condition and results of operations could be adversely affected.

We rely on third-party background check providers to screen the records of potential and existing drivers to help identify those that are not qualified to utilize our platform pursuant to applicable laws or our internal standards. Our business has been and may continue to be adversely affected to the extent we cannot attract or retain qualified drivers as a result of such providers being unable to complete certain background checks, or being significantly delayed in completing certain background checks, because of data access restrictions, or to the extent that they do not meet their contractual obligations, our expectations or the requirements of applicable laws or regulations. If any of our third-party background check providers terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we may need to find an alternate provider, and may not be able to secure similar terms or replace such partners in an acceptable time frame. If we cannot find alternate third-party background check providers on terms acceptable to us, we may not be able to timely onboard potential drivers, and as a result, our platform may be less attractive to qualified drivers. Further, if the background checks conducted by our third-party background check providers do not meet our expectations or the requirements under applicable laws and regulations, unqualified drivers may be permitted to provide rides on our platform, and as a result, our reputation and brand could be adversely affected and we could be subject to increased regulatory or litigation exposure.

We are also subject to a number of laws and regulations applicable to background checks for potential and existing drivers on our platform. If we or drivers on our platform fail to comply with applicable laws, rules and legislation, our reputation, business, financial condition and results of operations could be adversely affected.

Any negative publicity related to any of our third-party background check providers, including publicity related to safety incidents or data security breaches or incidences, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

Changes to our pricing could adversely affect our ability to attract or retain qualified drivers and riders.

Demand for our offerings is highly sensitive to the price of rides, the rates for time and distance driven, incentives paid to drivers and the fees we charge drivers. Many factors, including operating costs, legal and regulatory requirements or constraints and our current and future competitors' pricing and marketing strategies including increased incentives for drivers, could significantly affect our pricing strategies. Certain of our competitors offer, or may in the future offer, lower-priced or a broader range of offerings. Similarly, certain competitors may use marketing strategies that enable them to attract or retain qualified drivers and riders at a lower cost than we do. This includes the use of algorithms to set dynamic prices for riders and earnings for drivers that are dependent on various factors, such as the route, time of day, and pick-up and drop-off locations of riders. From time to time, we have made pricing changes and spent significant amounts on marketing and both rider and driver incentives, and we expect that, from time to time, we will be required, through competition, regulation or otherwise, to reduce the price of rides for riders, increase the incentives we pay to drivers on our platform or reduce the fees we charge the drivers on our platform, or to increase our marketing and other expenses to attract and retain qualified drivers and riders in response to competitive pressures. These actions may adversely affect our business and financial results and may not have the desired benefits. In addition, gas prices rose significantly at certain points in 2022 and in light of those costs, we implemented a temporary per ride fuel surcharge in most markets, which we removed in September 2022. Furthermore, the economic sensitivity of drivers and riders on our platform may vary by geographic location, and as we expand, our pricing methodologies may not enable us to compete effectively in these locations. Local regulations may affect our pricing in certain geographic locations, which could amplify these effects. For example, state and local laws and regulations regarding pricing limitations during a government declared State of Emergency, including those issued in connection with the COVID-19 pandemic, have imposed limits on prices for certain services and certain local regulations regarding minimum earnings standards for drivers have caused us to revise our pricing methodology in certain markets, including New York City and Seattle. We have tested or launched, and expect to in the future test or launch, new pricing strategies and initiatives, such as subscription packages and driver or rider loyalty programs. We have also modified, and expect to in the future modify, existing pricing methodologies, such as our up-front pricing policy. To the extent any modifications to our pricing methodologies lead to real or perceived harm to driver earnings, our ability to attract or retain qualified drivers may be adversely affected. Any of the foregoing actions may not ultimately be successful in attracting and retaining qualified drivers and riders or may result in loss of market share, negative public perception and harm to our reputation.

While we continue to maintain that drivers on our platform are independent contractors in legal and administrative proceedings, our arguments may ultimately be unsuccessful. A determination in, or settlement of, any legal proceeding, whether we are party to such legal proceeding or not, that classifies a driver utilizing a ridesharing platform as an employee, may require us to revise our pricing methodologies to account for such a change to driver classification. The passage of Proposition 22 in California and HB 2076 in Washington has enabled us to provide additional earning opportunities to drivers in those states, including guaranteed earnings. The transition has, and will continue to, require additional costs and we expect to face other challenges as we transition drivers to this new model, including changes to our pricing. We have also tested or launched, and may in the future test or launch, certain changes to the rates, fees and payment structure for drivers on our platform, which may not ultimately be successful in attracting and retaining qualified drivers. Moreover, successful litigation to overturn Proposition 22, or the reclassification of drivers on our platform as employees could reduce the available supply of drivers as drivers leave the platform due to the changes in flexibility under an employment model. While we do and will attempt to optimize ride prices and balance supply and demand in our ridesharing marketplace, our assessments may not be accurate. We have experienced in the past and may experience in the future underpricing or overpricing of our offerings due to changes we make to the technology used in our pricing. In addition, if the offerings on our platform change, then we may need to revise our pricing methodologies. As we continue to launch new and develop existing asset-intensive offerings such as our network of Light Vehicles, our Driver Hub, and certain vehicles in our Express Drive program, factors such as maintenance, debt service, depreciation, asset life, supply chain efficiency and asset replacement may affect our pricing methodologies. In addition, we have established environmental programs, such as our commitment to 100% EVs on our platform by the end of 2030, that may also affect our pricing. Any such changes to our pricing methodologies or our ability to efficiently price our offerings could adversely affect our business, financial condition and results of operations.

If we are unable to efficiently grow and further develop our network of Light Vehicles, which may not grow as we expect or become profitable over time, and manage the related risks, our business, financial condition and results of operations could be adversely affected.

While some major cities have widely adopted bike and scooter sharing, there can be no assurance that new markets we enter will accept, or existing markets will continue to accept, bike and scooter sharing, and even if they do, that we will be able to execute on our business strategy or that our related offerings will be successful in such markets. For example, in 2021, in New York City, a competing operator named Joco attempted to launch a bike share program in violation of Citi Bike's exclusivity, arguing that New York City could not regulate Joco because Joco's stations were in private garages. The City successfully obtained a preliminary

injunction against Joco, and litigation is ongoing. A negative determination in other legal disputes regarding bike and scooter sharing, including an adverse determination regarding our existing rights to operate, could adversely affect our competitive position and results of operations. Additionally, we may from time to time be denied permits to operate, or be temporarily restricted from operating due to public health and safety measures, our bike share program or scooter share program in certain jurisdictions. While we do not expect any denial or suspension in an individual region to have a material impact, these denials or suspensions in the aggregate could adversely affect our business and results of operations. Even if we are able to successfully develop and implement our network of Light Vehicles, there may be heightened public skepticism of this nascent service offering. In particular, there could be negative public perception surrounding bike and scooter sharing, including the overall safety and the potential for injuries occurring as a result of accidents involving an increased number of bikes and scooters on the road, and the general safety of the bikes and scooters themselves. Such negative public perception may result from incidents on our platform or incidents involving our competitors' offerings.

We design and contract to manufacture bikes and scooters using a limited number of external suppliers, and a continuous, stable and cost-effective supply of bikes and scooters that meets our standards is critical to our operations. We expect to continue to rely on external suppliers in the future. There can be no assurance we will be able to maintain our existing relationships with these suppliers and continue to be able to source our bikes and scooters on a stable basis, at a reasonable price or at all. We also design and contract to manufacture certain assets related to our network of Light Vehicles and we rely on a small number of suppliers, and in some instances a sole supplier, for components and manufacturing services.

The revenue we generate from our network of Light Vehicles may fluctuate from quarter to quarter due to, among other things, seasonal factors including weather. Our limited operating history makes it difficult for us to assess the exact nature or extent of the effects of seasonality on our network of Light Vehicles, however, we generally experience a decline in demand for our bike and scooter rentals over the winter season and an increase during more temperate and dry seasons. Additionally, from time to time we may re-evaluate the markets in which we operate and the performance of our network of Light Vehicles, and we have discontinued and may in the future discontinue operations in certain markets as a result of such evaluations. For example, in July and November 2022, we discontinued our shared scooter programs in San Diego and Los Angeles, respectively, due to a number of factors including onerous contractual requirements, institutionalized theft, and lack of public investment. Any of the foregoing risks and challenges could adversely affect our business, financial condition and results of operations.

Challenges relating to the supply chain for our bikes and scooters could adversely affect our business, financial condition and results of operations.

The supply chain for our bikes and scooters exposes us to multiple potential sources of delivery failure or shortages and our recent acquisition of PBSC, a producer and seller of bikes, has increased that exposure. In the event that our supply of bikes and scooters or key components is interrupted or there are significant increases in prices, our business, financial condition and results of operations could be adversely affected. Changes in business conditions, force majeure, any public health crises, such as the COVID-19 pandemic, governmental or regulatory changes and other factors beyond our control have affected and could continue to affect our suppliers' ability to deliver products and our ability to deploy products to the market, or deliver products to third parties, on a timely basis.

We incur significant costs related to the design, purchase, sourcing and operations of our network of Light Vehicles and we expect to continue incurring such costs as we expand our network of Light Vehicles. The prices and availability of bikes and scooters and related products may fluctuate depending on factors beyond our control including market and economic conditions, tariffs, changes to import or export regulations and demand. Substantial increases in prices of these assets or the cost of our operations would increase our costs and reduce our margins, which could adversely affect our business, financial condition and results of operations. Further, customs authorities may challenge or disagree with our classification, valuation or country of origin determinations of our imports. Such challenges could result in tariff liabilities, including tariffs on past imports, as well as penalties and interest. Although we have reserved for potential payments of possible tariff liabilities in our financial statements, if these liabilities exceed such reserves, our financial condition could be harmed.

Our bikes and scooters or components thereof, including bikes and scooters and components that we design and contract to manufacture using third-party suppliers, have experienced and may in the future experience quality problems, product issues or acts of vandalism or theft from time to time, which could result in decreased usage of our network of Light Vehicles or loss of our bikes or scooters. There can be no assurance we will be able to detect and fix all product issues, vandalism or theft of our Light Vehicles. Failure to do so could result in lost revenue, litigation or regulatory challenges, including personal injury or products liability claims, and harm to our reputation.

If we are unable to efficiently develop, enable, or implement partnerships with other companies to offer autonomous vehicle technologies on our platforms in a timely manner, our business, financial condition and results of operations could be adversely affected.

We partner with several companies to develop autonomous vehicle technology and offerings. Autonomous driving is a new and evolving market, which makes it difficult to predict its acceptance, its growth, and the magnitude and timing of necessary investments and other trends, including when it may be more broadly or commercially available. Our initiatives may not perform as

expected, which would reduce the return on our investments in this area and our partners may decide to terminate or scale back their partnerships with us. For example, in October 2022, one of our autonomous vehicle partners announced its wind-down, and as a result we incurred a total impairment charge of \$135.7 million consisting of impairments of our non-marketable equity investment in such company and other assets. In addition, the COVID-19 pandemic did, and may in the future, delay or prevent us, or our current or prospective partners and suppliers, from being able to develop or deploy autonomous vehicle technology. Following the sale of our Level 5 self-driving vehicle division in 2021, we no longer develop our own autonomous vehicle technology, so we must develop and maintain partnerships with other companies to offer autonomous vehicle technology on our platforms, and if we are unable to do so, or if we do so at a slower pace or at a higher cost or if our technology is less capable relative to our competitors, or if our efforts to optimize our strategy with regard to our autonomous vehicle technology development are not successful, our business, financial condition and results of operations could be adversely affected. Likewise, if our autonomous vehicle technology partners are delayed or prevented from developing autonomous vehicle technology, our business, financial condition and results of operations could be adversely affected. For example, a general decrease in available capital, as well as an increase in regulatory scrutiny could delay or prevent the development of autonomous vehicle technology by our partners.

The autonomous vehicle industry may not continue to develop, or autonomous vehicles may not be adopted by the market, which could adversely affect our prospects, business, financial condition and results of operations.

We have invested, and plan to continue to invest, in the development of autonomous vehicle-related technology for use on our platform. Autonomous driving involves a complex set of technologies, including the continued development of sensing, computing and control technology. We have relied on building strategic partnerships with third-party developers of such technologies, as such technologies are costly and in varying stages of maturity. There is no assurance that these partnerships will result in the development of market-viable technologies or commercial success in a timely manner or at all. In order to gain acceptance, the reliability of autonomous vehicle technology must continue to advance.

Additional challenges to the development and deployment of autonomous vehicle technology, all of which are outside of our control, include:

- market acceptance of autonomous vehicles;
- state, federal or municipal licensing requirements, safety standards, and other regulatory measures;
- necessary changes to infrastructure to enable adoption;
- concerns regarding electronic security and privacy;
- levels of investment by developers of autonomous vehicle technology; and
- public perception regarding the safety of autonomous vehicles for drivers, riders, pedestrians and other vehicles on the road.

There are a number of existing laws, regulations and standards that may apply to autonomous vehicle technology, including vehicle standards that were not originally intended to apply to vehicles that may not have a human driver. Such regulations continue to rapidly evolve, which may increase the likelihood of complex, conflicting or otherwise inconsistent regulations, which may delay our ability to bring autonomous vehicle technology to market or significantly increase the compliance costs associated with this business strategy. In addition, there can be no assurance that the market will accept autonomous vehicles or the timing of such acceptance, if at all, and even if it does, that we will be able to execute on our business strategy or that our offerings will be successful in the market. Even if autonomous vehicle technology is successfully developed and implemented, there may be heightened public skepticism of this nascent technology and its adopters. In particular, there could be negative public perception surrounding autonomous vehicles, including the overall safety and the potential for injuries or death occurring as a result of accidents involving autonomous vehicles and the potential loss of income to human drivers resulting from widespread market adoption of autonomous vehicles. Such negative public perception may result from incidents on our platform, incidents on our partners' or competitors' platforms, or events around autonomous vehicles more generally. Any of the foregoing risks and challenges could adversely affect our prospects, business, financial condition and results of operations.

Claims from riders, drivers or third parties that allege harm, whether or not our platform is in use, adversely affect our business, brand, financial condition and results of operations.

We are regularly subject to claims, lawsuits, investigations and other legal proceedings relating to injuries to, or deaths of, riders, drivers or third-parties that are attributed to us through our offerings. We are also subject to claims alleging that we are directly or vicariously liable for the acts of the drivers on our platform or for harm related to the actions of drivers, riders, or third parties, or the management and safety of our platform and our assets. We are also subject to personal injury claims whether or not such injury actually occurred as a result of activity on our platform. For example, platform users and third parties have in the past asserted legal claims against us in connection with personal injuries related to the actions of a driver or rider who may have previously utilized our platform, but was not at the time of such injury. We have incurred expenses to settle personal injury claims, which we sometimes choose to settle for reasons including expediency, protection of our reputation and to prevent the uncertainty of litigating, and we expect that such expenses will continue to increase as our business grows and we face increasing public scrutiny. Regardless of the

outcome of any legal proceeding, any injuries to, or deaths of, any riders, drivers or third parties could result in negative publicity and harm to our brand, reputation, business, financial condition and results of operations. Our insurance policies and programs may not provide sufficient coverage to adequately mitigate the potential liability we face, especially where any one incident, or a group of incidents, could cause disproportionate harm, and we may have to pay high premiums or deductibles for our coverage and, for certain situations and/or categories of claims, we may not be able to secure coverage at all.

As we expand our network of Light Vehicles, we are subject to an increasing number of claims, lawsuits, investigations or other legal proceedings related to injuries to, or deaths of, riders of our Light Vehicles, including potential indemnification claims. In some cases, we could be required to indemnify governmental entities or operating partners for claims arising out of issues, including issues that may be outside of our control, such as the condition of the public right of way. Any such claims arising from the use of our Light Vehicles, regardless of merit or outcome, could lead to negative publicity, harm to our reputation and brand, significant legal, regulatory or financial exposure or decreased use of our Light Vehicles. Further, the bikes and scooters we design and contract to manufacture using third-party suppliers and manufacturers, including certain assets and components we design and have manufactured for us, have in the past contained and could in the future contain design or manufacturing product issues, which could also lead to injuries or death to riders. There can be no assurance we will be able to detect, prevent, or fix all product issues, and failure to do so could harm our reputation and brand or result in personal injury or products liability claims or regulatory proceedings. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

Our bikes and scooters have experienced product issues from time to time, which has in the past resulted in, and, in the future may result in, product recalls and removal from service, injuries, litigation, enforcement actions and regulatory proceedings, and could adversely affect our business, brand, financial condition and results of operations.

We design, contract to design and manufacture, sell, and directly and indirectly modify, maintain and repair bikes and scooters for our network of Light Vehicles. Such bikes and scooters have in the past contained, and, in the future may contain, product issues related to their design, materials or construction, may be improperly maintained or repaired or may be subject to vandalism. These product issues, improper maintenance or repair or vandalism have in the past unexpectedly interfered, and could in the future unexpectedly interfere, with the intended operations of the bikes or scooters, and have resulted, and could in the future result, in other safety concerns, including alleged injuries to riders or third parties. Although we, our contract manufacturers, and our third-party service providers test our bikes and scooters before they are deployed onto our network or sold, there can be no assurance we will be able to detect or prevent all product issues.

Failure to detect, prevent, fix or timely report real or perceived product issues and vandalism, or to properly maintain or repair our bikes and scooters has resulted or may result in a variety of consequences including product recalls and removal from service, service interruptions, alleged injuries, litigation, enforcement actions, including fines or penalties, regulatory proceedings, and negative publicity. Even if injuries to riders or third parties are not the result of any product issues in, vandalism of, or the failure to properly maintain or repair our bikes or scooters, we may incur expenses to defend or settle any claims or respond to regulatory inquiries, and our brand and reputation may be harmed. Any of the foregoing risks could also result in decreased usage of our network of Light Vehicles and adversely affect our business, brand, financial conditions and results of operations.

If we fail to effectively manage our growth, our business, financial condition and results of operations could be adversely affected.

Since 2012 and prior to the COVID-19 pandemic, we generally experienced rapid growth in our business, the number of users on our platform and our geographic reach, and we expect to continue to experience growth in the future following the recovery of the world economy. This growth placed, and may continue to place, significant demands on our management and our operational and financial infrastructure. While employee growth has rapidly occurred at our San Francisco headquarters and across the United States and internationally, from time to time, we have undertaken restructuring actions to better align our financial model and our business. For example, in the second quarter of 2020, we implemented a plan of termination to reduce operating expenses and adjust cash flows in light of the ongoing economic challenges resulting from the COVID-19 pandemic and its impact on our business, which plan involved the termination of approximately 17% of our employees. In November 2022, we committed to a plan of termination as part of our efforts to reduce operating expenses and adjust cash flows, which plan involves the termination of approximately 13% of our employees. We may need to take additional restructuring actions in the future to align our business with the market. Steps we take to manage our business operations, including remote work policies for employees, and to align our operations with our strategies for future growth may adversely affect our reputation and brand, our ability to recruit, retain and motivate highly skilled personnel.

Our ability to manage our growth and business operations effectively and to integrate new employees, technologies and acquisitions into our existing business will require us to continue to expand our operational and financial infrastructure and to continue to retain, attract, train, motivate and manage employees. Continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel and maintain user satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our offerings could suffer, which could negatively affect our reputation and brand, business, financial condition and results of operations.

Any actual or perceived security or privacy breach or incident could interrupt our operations, harm our brand and adversely affect our reputation, brand, business, financial condition and results of operations.

Our business involves the collection, storage, processing and transmission of our users' personal data and other sensitive data. Additionally, we maintain other confidential, proprietary, or otherwise sensitive information relating to our business, including intellectual property, and similar information we receive from third parties. Unauthorized parties have in the past gained access, and may in the future gain access, to systems or facilities we maintain or use in our business through various means, including gaining unauthorized access into our systems or facilities or those of our service providers, partners or users on our platform, or attempting to fraudulently induce our employees, service providers, partners, users or others into disclosing rider names, passwords, payment card information or other sensitive information, which may in turn be used to access our information technology systems, or attempting to fraudulently induce our employees, partners or others into manipulating payment information, resulting in the fraudulent transfer of funds to criminal actors. In addition, users on our platform could have vulnerabilities on their own devices that are entirely unrelated to our systems and platform, but could mistakenly attribute their own vulnerabilities to us. Further, breaches or incidents experienced by other companies may also be leveraged against us. For example, credential stuffing attacks are common and sophisticated actors can mask their attacks, making them difficult to identify and prevent. Certain efforts may be state-sponsored or supported by significant financial and technological resources, making them even more difficult to detect.

Although we have developed systems and processes that are designed to protect our users' data and prevent breaches and incidents, these measures cannot guarantee total security or prevent incidents from impacting our platform. Our information technology and infrastructure may be vulnerable to cyberattacks, breaches or incidents, including ransomware or other malware that may result in interruptions to our operations or unavailability of our platform, and third parties may be able to access our users' personal information and payment card data that are accessible through those systems. Additionally, as we expand our operations, including licensing or sharing data with third parties, have employees or third-party relationships in jurisdictions outside the United States, or expand work-from-home practices of our employees, our exposure to cyberattacks, breaches and incidents may increase. As a result of the war in Ukraine, there may be a heightened risk of potential cyberattacks by state actors or others. Further, employee and service provider error, malfeasance or other vulnerabilities, bugs or errors in the storage, use or transmission of personal information could result in an actual or perceived breach or incident. In the past, there have been allegations regarding violations of our policies restricting access to personal information we store, and we may be subject to these types of allegations in the future. Our service providers also face various security threats, and we and our third-party service providers may not have the resources or technical sophistication to anticipate, prevent, respond to, or mitigate cyberattacks or security breaches or incidents, and we or they may face difficulties or delays in identifying and responding to cyberattacks, breaches and incidents.

Any actual or perceived breach or incident affecting us or other parties with which we share data or processing data on our behalf could interrupt our operations, result in our platform being unavailable or otherwise disrupted, result in loss, alteration, unavailability or improper use or disclosure of data, result in fraudulent transfer of funds, harm our reputation and brand, damage our relationships with third-party partners, result in regulatory investigations and other proceedings, private claims, demands, litigation and other proceedings, loss of our ability to accept credit or debit card payments, increased card processing fees, and other significant legal, regulatory and financial exposure and lead to loss of driver or rider confidence in, or decreased use of, our platform, any of which could adversely affect our business, financial condition and results of operations. In addition, any actual or perceived breach or incident impacting autonomous vehicles, whether through our platform or our competitors', could result in legal, regulatory and financial exposure and lead to loss of rider confidence in our platform, which could significantly undermine our business. Further, any cyberattacks directed toward, or breaches or incidents impacting, our competitors could reduce confidence in the ridesharing industry as a whole and, as a result, reduce confidence in us.

We incur significant costs in an effort to detect and prevent security breaches and other security-related incidents and we expect our costs will increase as we continue to implement systems and processes designed to prevent and otherwise address security breaches and incidents. In the event of a future breach or incident, we could be required to expend additional significant capital and other resources in an effort to respond to or prevent further breaches or incidents, which may require us to divert substantial resources. Moreover, we could be required or otherwise find it appropriate to expend significant capital and other resources to respond to, notify third parties of, and otherwise address the breach or incident and its root cause.

Additionally, defending against claims or litigation based on any actual or perceived privacy or security breach or incident, regardless of their merit, could be costly and divert management's attention. We cannot be certain that our insurance coverage will be adequate for such liabilities, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our reputation, brand, business, financial condition and results of operations.

We primarily rely on Amazon Web Services to deliver our offerings to users on our platform, and any disruption of or interference with our use of Amazon Web Services could adversely affect our business, financial condition and results of operations.

We currently host our platform and support our operations using Amazon Web Services, or AWS, a third-party provider of cloud infrastructure services. We do not have control over the operations of the facilities of AWS that we use. AWS' facilities are vulnerable to damage or interruption from natural disasters, cybersecurity attacks, terrorist attacks, power outages and similar events or acts of misconduct. Our platform's continuing and uninterrupted performance is critical to our success. We have experienced, and expect that in the future we will experience interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. In addition, any changes in AWS' service levels may adversely affect our ability to meet the requirements of users. Since our platform's continuing and uninterrupted performance is critical to our success, sustained or repeated system failures would reduce the attractiveness of our offerings. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times, as we expand and the usage of our offerings increases. Any negative publicity arising from these disruptions could harm our reputation and brand and may adversely affect the usage of our offerings.

Our commercial agreement with AWS will remain in effect until terminated by AWS or us. AWS may only terminate the agreement for convenience after complying with a one-year advance notice requirement. AWS may also terminate the agreement for cause upon a breach of the agreement or for failure to pay amounts due, in each case, subject to AWS providing prior written notice and a 30-day cure period. In the event that our agreement with AWS is terminated or we add additional cloud infrastructure service providers, we may experience significant costs or downtime in connection with the transfer to, or the addition of, new cloud infrastructure service providers. Any of the above circumstances or events may harm our reputation and brand, reduce the availability or usage of our platform, lead to a significant short term loss of revenue, increase our costs and impair our ability to attract new users, any of which could adversely affect our business, financial condition and results of operations.

On February 1, 2022 we entered into an addendum to our commercial agreement with AWS, pursuant to which we committed to spend an aggregate of at least \$350 million between February 2022 and January 2026 on AWS services, with a minimum amount of \$80 million in each of the four years. If we fail to meet the minimum purchase commitment during any year, we may be required to pay the difference, which could adversely affect our financial condition and results of operations.

We rely on third-party and affiliate vehicle rental partners for our Express Drive program and Lyft Rentals program, as well as third-party vehicle supply, fleet management and finance partners to support our Express Drive program, and if we cannot manage our relationships with such parties and other risks related to our Express Drive and Lyft Rentals program, our business, financial condition and results of operations could be adversely affected.

We rely on third-party and affiliate vehicle rental partners as well as third-party vehicle supply, fleet management and finance partners to supply vehicles to drivers for our Express Drive program. If any of our third-party vehicle rental partners or third-party vehicle supply, fleet management and finance partners terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, the availability of vehicles for drivers in certain markets could be adversely impacted, and we may need to find an alternate provider, and may not be able to secure similar terms or replace such partners in an acceptable time frame. Similarly, in the event that vehicle manufacturers issue recalls that affect the usage or the supply of vehicles or automotive parts is interrupted, including as a result of public health crises, such as the COVID-19 pandemic, affecting vehicles in these partners' fleets, the supply of vehicles available from these partners could become constrained. In addition, in May 2020, Hertz filed for bankruptcy protection, which affected its ability to meet the requirements of our Express Drive program. If we cannot find alternate third-party vehicle rental providers on terms acceptable to us, or these partners' fleets are impacted by events such as vehicle recalls, we may not be able to meet the driver and consumer demand for rental vehicles, and as a result, our platform may be less attractive to qualified drivers and consumers. In addition, due to a number of factors, including our agreements with our vehicle rental partners and our auto-related insurance program, we incur an incrementally higher insurance cost from our Express Drive program compared to the corresponding cost from the rest of our ridesharing marketplace offerings. If Flexdrive, Lyft's independently managed subsidiary, is unable to manage costs of operating Flexdrive's fleet and potential shortfalls between such costs and the rental fees collected from drivers, Lyft and Flexdrive may update the pricing methodologies related to Flexdrive's offering in Lyft's Express Drive program which could increase prices, and in turn adversely affect our ability to attract and retain qualified drivers through the Express Drive program.

Any negative publicity related to any of our third-party and affiliate vehicle rental partners, including publicity related to quality standards or safety concerns, could adversely affect our reputation and brand and could potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

Our Express Drive program and potential future fleet businesses expose us to certain risks, including reductions in the utilization of vehicles in the fleets.

For the Express Drive vehicle rental program for drivers operated by our independently managed subsidiary, Flexdrive, a portion of the fleet is sourced from a range of auto manufacturers. In addition, we have established environmental programs, such as our commitment to 100% EVs on our platform by the end of 2030, that may limit the range of auto manufacturers or vehicles that Flexdrive sources from or purchase. To the extent that any of these auto manufacturers significantly curtail production, increase the

cost of purchasing cars or decline to provide cars to Flexdrive on terms or at prices consistent with past agreements, despite sourcing vehicles from the used car market and other efforts to mitigate, Flexdrive may be unable to obtain a sufficient number of vehicles for Lyft to operate the Express Drive business without significantly increasing fleet costs or reducing volumes. Similarly, where events, such as natural disasters or public health crises such as the COVID-19 pandemic, make operating rental locations difficult or impossible, or adversely impact rider demand, the demand for or Flexdrive's ability to make vehicles available for rent through the Express Drive program has been and could continue to be adversely affected, resulting in reduced utilization of the vehicles in the fleets.

Flexdrive continues to experience production and delivery delays with new vehicle inventory which hinders its ability to meet current demand and grow the fleet. New vehicle production delays also lead to holding onto existing vehicles longer which in turn leads to increased costs relating to those vehicles. We expect these issues to continue through at least the end of the first quarter of 2023.

The costs of the fleet vehicles may also be adversely impacted by the relative strength of the used car market. Flexdrive currently sells vehicles through auctions, third-party resellers and other channels in the used vehicle marketplace. Such channels may not produce stable used vehicle prices. It may be difficult to estimate the residual value of vehicles used in ridesharing, such as those rented to drivers through our Express Drive program. If Flexdrive is unable to obtain and maintain the fleet of vehicles cost-efficiently or if Flexdrive is unable to accurately forecast the residual values of vehicles in the fleet, our business, financial condition and results of operations could be adversely affected.

We rely on third-party payment processors to process payments made by riders and payments made to drivers on our platform, and if we cannot manage our relationships with such third parties and other payment-related risks, our business, financial condition and results of operations could be adversely affected.

We rely on a limited number of third-party payment processors to process payments made by riders and payments made to drivers on our platform. If any of our third-party payment processors terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternate payment processor, and may not be able to secure similar terms or replace such payment processor in an acceptable time frame. Further, the software and services provided by our third-party payment processors may not meet our expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions or make timely payments to drivers on our platform, any of which could make our platform less convenient and attractive to users and adversely affect our ability to attract and retain qualified drivers and riders.

Nearly all rider payments and driver payouts are made by credit card, debit card or through third-party payment services, which subjects us to certain payment network or service provider operating rules, to certain regulations and to the risk of fraud. We may in the future offer new payment options to riders that may be subject to additional operating rules, regulations and risks. We may also be subject to a number of other laws and regulations relating to the payments we accept from riders, including with respect to money laundering, money transfers, privacy, data protection and information security. If we fail to comply with applicable rules and regulations, we may be subject to civil or criminal penalties, fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions, which could make our offerings less convenient and attractive to riders. If any of these events were to occur, our business, financial condition and results of operations could be adversely affected.

For example, if we are deemed to be a money transmitter as defined by applicable regulation, we could be subject to certain laws, rules and regulations enforced by multiple authorities and governing bodies in the United States and numerous state and local agencies who may define money transmitter differently. For example, certain states may have a more expansive view of who qualifies as a money transmitter. Additionally, outside of the United States, we could be subject to additional laws, rules and regulations related to the provision of payments and financial services, and if we expand into new jurisdictions, the foreign regulations and regulators governing our business that we are subject to will expand as well. If we are found to be a money transmitter under any applicable regulation and we are not in compliance with such regulations, we may be subject to fines or other penalties in one or more jurisdictions levied by federal, state or local regulators, including state Attorneys General, as well as those levied by foreign regulators. In addition to fines, penalties for failing to comply with applicable rules and regulations could include criminal and civil proceedings, forfeiture of significant assets or other enforcement actions. We could also be required to make changes to our business practices or compliance programs as a result of regulatory scrutiny.

For various payment options, we are required to pay fees such as interchange and processing fees that are imposed by payment processors, payment networks and financial institutions. These fees are subject to increases, which could adversely affect our business, financial condition, and results of operations. Additionally, our payment processors require us to comply with payment card network operating rules, which are set and interpreted by the payment card networks and which include, among other obligations, requirements to comply with security standards. The payment card networks could adopt new operating rules or interpret or re-interpret existing rules in ways that might prohibit us from providing certain offerings to some users, be costly to implement or difficult to follow, and if we fail or are alleged to fail to comply with applicable rules or requirements of payment card networks, we may be subject to fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions. We have agreed to reimburse our payment processors for fines they are assessed by payment card networks if we or the

users on our platform violate these rules. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

We rely on other third-party service providers and if such third parties do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition and results of operations could be adversely affected.

Our success depends in part on our relationships with other third-party service providers. For example, we rely on third-party encryption and authentication technologies licensed from third parties that are designed to securely transmit personal information provided by drivers and riders on our platform. Further, from time to time, we enter into strategic commercial partnerships in connection with the development of new technology, the growth of our qualified driver base, the provision of new or enhanced offerings for users on our platform and our expansion into new markets. For example, our roadside assistance offering, our vehicle services offering, and our parking offering are all dependent on third-party service provider partners. If any of our partners terminates its relationship with us, or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternate provider, and may not be able to secure similar terms or replace such providers in an acceptable time frame. Similarly, in the event that our strategic partners experience a disruption in their operations, our ability to continue providing certain product offerings could become constrained. If we cannot find alternate partners, we may not be able to meet the demand for these product offerings, and as a result, these offerings and our platform may become less attractive. We also rely on other software and services supplied by third parties, such as communications and internal software, and our business may be adversely affected to the extent such software and services do not meet our expectations, contain errors or vulnerabilities, are compromised or experience outages. Any of these risks could increase our costs and adversely affect our business, financial condition and results of operations. Further, any negative publicity related to any of our third-party partners, including any publicity related to quality standards or safety concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. In addition, in certain cases, we rely on these third-party partners to provide certain data that is important to the management of our business. Errors in the data, or failure to provide data in a timely manner, could adversely affect our ability to manage our business and could impact the accuracy of our financial reporting.

We incorporate technology from third parties into our platform, products, and services. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. Some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to develop our platform or products containing that technology or provide services using that technology could be severely limited and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards and may subject us to certain risks discussed in the preceding paragraph that are currently borne by third parties. This would limit and delay our ability to provide new or competitive offerings and increase our costs. If alternate technology cannot be obtained or developed or if we are unable to develop such alternate technology at commercially reasonable levels of risk, we may not be able to offer certain functionality as part of our offerings, which could adversely affect our business, financial condition and results of operations.

If we are not able to successfully develop new offerings on our platform and enhance our existing offerings, our business, financial condition and results of operations could be adversely affected.

Our ability to attract new qualified drivers and new riders, retain existing qualified drivers and existing riders and increase utilization of our offerings will depend in part on our ability to successfully create and introduce new offerings and to improve upon and enhance our existing offerings. As a result, we may introduce significant changes to our existing offerings or develop and introduce new and unproven offerings. If these new or enhanced offerings are unsuccessful, including as a result of any inability to obtain and maintain required permits or authorizations or other regulatory constraints or because they fail to generate sufficient return on our investments, our business, financial condition and results of operations could be adversely affected. Furthermore, new driver or rider demands regarding service or platform features, the availability of superior competitive offerings or a deterioration in the quality of our offerings or our ability to bring new or enhanced offerings to market quickly and efficiently could negatively affect the attractiveness of our platform and the economics of our business and require us to make substantial changes to and additional investments in our offerings or our business model. In addition, we frequently experiment with and test different offerings and marketing strategies. If these experiments and tests are unsuccessful, or if the offerings and strategies we introduce based on the results of such experiments and tests do not perform as expected, our ability to attract new qualified drivers and new riders, retain existing qualified drivers and existing riders and maintain or increase utilization of our offerings may be adversely affected.

Developing and launching new offerings or enhancements to the existing offerings on our platform involves significant risks and uncertainties, including risks related to the reception of such offerings by existing and potential future drivers and riders, increases in operational complexity, unanticipated delays or challenges in implementing such offerings or enhancements, increased strain on our operational and internal resources (including an impairment of our ability to accurately forecast rider demand and the number of drivers using our platform), our dependence on strategic commercial partnerships, and negative publicity in the event such new or enhanced offerings are perceived to be unsuccessful. We have scaled our business rapidly, and significant new initiatives have in the

past resulted in, and in the future may result in, operational challenges affecting our business. In addition, developing and launching new offerings and enhancements to our existing offerings may involve significant up-front capital investments and such investments may not generate sufficient returns on investment. Further, from time to time we may reevaluate, discontinue and/or reduce these investments and decide to discontinue one or more offerings. For example, in 2020, we began piloting a delivery service platform that we recently shut down. Any of the foregoing risks and challenges could negatively impact our ability to attract and retain qualified drivers and riders, our ability to increase utilization of our offerings and our visibility into expected results of operations, and could adversely affect our business, financial condition and results of operations. Additionally, since we are focused on building our community and ecosystems for the long-term, our near-term results of operations may be impacted by our investments in the future.

If we are unable to successfully manage the complexities associated with our expanding multimodal platform, our business, financial condition and results of operations could be adversely affected.

Our expansion, either through our first party offerings or third-party offerings through our partnerships, into bike and scooter sharing, other modes of transportation, car maintenance services, roadside assistance, parking services, vehicle rental program has increased the complexity of our business. These new offerings have required us to develop new expertise and marketing and operational strategies, and have subjected us to new laws, regulations and risks. For example, we face the risk that our network of Light Vehicles, our Nearby Transit offering, which integrates third-party public transit data into the Lyft App, and other future transportation offerings could reduce the use of our ridesharing offering. Additionally, from time to time we may reevaluate our offerings on our multimodal platform and decide to discontinue an offering or certain features. Such actions may negatively impact revenue in the short term and may not provide the benefits we expect in the long term. If we are unable to successfully manage the complexities associated with our expanding multimodal platform, including the effects our new and evolving offerings have on our existing business, our business, financial condition and results of operations could be adversely affected.

Our metrics and estimates, including the key metrics included in this report, are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may harm our reputation and negatively affect our business.

We regularly review and may adjust our processes for calculating our metrics used to evaluate our growth, measure our performance and make strategic decisions. These metrics are calculated using internal company data and have not been evaluated by a third-party. Our metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or the assumptions on which we rely, and we may make material adjustments to our processes for calculating our metrics in order to enhance accuracy, reflect newly available information, address errors in our methodologies, or other reasons, which may result in changes to our metrics. The estimates and forecasts we disclose relating to the size and expected growth of our addressable market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth we have forecasted, our business could fail to grow at similar rates, if at all. Further, as our business develops, we may introduce, revise or cease reporting certain metrics if we determine that such metrics need adjusting to accurately or appropriately measure our performance, no longer represent an effective way to evaluate our business, or if we change how we manage our business such that new metrics are appropriate. If investors or analysts do not consider our metrics to be accurate representations of our business or compare our metrics to third party estimates or similarly titled metrics of our competitors or others in our industry that are not calculated on the same basis, or if we discover material inaccuracies in our metrics, then the trading price of our Class A common stock and our business, financial condition and results of operations could be adversely affected.

Any failure to offer high-quality user support may harm our relationships with users and could adversely affect our reputation, brand, business, financial condition and results of operations.

Our ability to attract and retain qualified drivers and riders is dependent in part on the ease and reliability of our offerings, including our ability to provide high-quality support, including both in-person and remote support. Users on our platform depend on our support organization to resolve any issues relating to our offerings, such as being overcharged for a ride, leaving something in a driver's vehicle or reporting a safety incident. Our ability to provide effective and timely support is largely dependent on our ability to attract and retain service providers who are qualified to support users and sufficiently knowledgeable regarding our offerings. As we continue to grow our business and improve our offerings, we will face challenges related to providing quality support services at scale. If we grow our international rider base and the number of international drivers on our platform, our support organization will face additional challenges, including those associated with delivering support in languages other than English. Furthermore, the COVID-19 pandemic may impact our ability to provide effective and timely support, including as a result of a decrease in the availability of service providers and increase in response time. Any failure to provide efficient and effective user support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, brand, business, financial condition and results of operations.

Failure to deal effectively with fraud could harm our business.

We have in the past incurred, and may in the future incur, losses from various types of fraud, including use of stolen or fraudulent credit card data, claims of unauthorized payments by a rider, attempted payments by riders with insufficient funds, fraud committed by drivers and fraud committed by riders in concert with drivers. Bad actors use increasingly sophisticated methods to engage in illegal activities involving personal information, such as unauthorized use of another person's identity, account information or payment information and unauthorized acquisition or use of credit or debit card details, bank account information and mobile phone

numbers and accounts. Under current card payment practices, we may be liable for rides facilitated on our platform with fraudulent credit card data, even if the associated financial institution approved the credit card transaction. Despite measures that we have taken to detect and reduce the occurrence of fraudulent or other malicious activity on our platform, we cannot guarantee that any of our measures will be effective or will scale efficiently with our business. Our inability to adequately detect or prevent fraudulent transactions could harm our reputation or brand, result in litigation or regulatory action and lead to expenses that could adversely affect our business, financial condition and results of operations.

We have also incurred, and may in the future incur, losses from fraud and other misuse of our platform by drivers and riders, including in connection with programs we put in place in response to the COVID-19 pandemic. For example, we have experienced reduced revenue from actual and alleged unauthorized rides fulfilled and miles traveled in connection with our Concierge offering. If we are unable to adequately anticipate and address such misuse either through increased controls, platform solutions or other means, our partner relationships, business, financial condition and results of operations could be adversely affected.

If we fail to effectively match riders on our Shared Rides offering and manage the related pricing methodologies, or if we fail to effectively balance driver supply and rider demand on our Wait & Save offering, our business, financial condition and results of operations could be adversely affected.

Shared Rides enables unrelated parties traveling along similar routes to benefit from a discounted fare at the cost of possibly longer travel times. With a Shared Ride, when the first rider requests a ride, our algorithms use the first rider's destination and attempt to match them with other riders traveling along a similar route. If a match between riders is made, our algorithms re-route the driver to include the pick-up location of the matched rider on the active route. For Shared Rides, drivers earn a fixed amount based on a number of factors, including the time and distance of the ride and the level of rider demand. We determine the rider fare based on the predicted time and distance of the ride, the level of rider demand and the likelihood of being able to match additional riders along the given route, and such fare is quoted to the riders prior to their commitment to the ride. The fare charged to the riders is decoupled from the payment made to the driver as we do not adjust the driver payment based on the success or failure of a match. Accordingly, if the discounted fare quoted and charged to our Shared Rides riders is less than the fixed amount that drivers earn or if our algorithms are unable to consistently match Shared Rides riders, then our business, financial condition and results of operations could be adversely affected.

If we fail to efficiently balance driver supply and rider demand on our Wait & Save offering and manage the related pricing methodologies and logistics, our business, financial condition and results of operations could be adversely affected. Wait & Save enables riders to opt for a longer wait time but pay a lower fare than for a Standard ride, while drivers earn the same as they do for a Standard ride. Wait & Save allows for the rider to be matched with the best-located driver and involves inherent challenges in predicting the future location of drivers. Accordingly, if our algorithms are unable to consistently match Wait & Save riders, or with appropriate drivers, then our business, financial condition and results of operations could be adversely affected.

If we fail to effectively manage our up-front pricing methodology, our business, financial condition and results of operations could be adversely affected.

With our up-front pricing methodology, we quote a price to riders of our ridesharing offering before they request a ride. We earn platform and service fees from drivers. Service fees are a set fee per ride. Platform fees are variable fees, based upon the amount paid by a rider, which is generally based on an up-front quoted fare, less the amount earned by the driver (which is based on one or both of the following: (a) the actual time and distance for the trip, or (b) an up-front fare), the service fee, any applicable driver bonuses or incentives, and any pass-through amounts paid to drivers and third parties. For more information on platform fees, see our Terms of Service, including the Driver Addendum. As we do not control the driver's actions at any point in the transaction to limit the time and distance for the trip, we take on risks related to the driver's actions which may not be fully mitigated. We may incur a loss from a transaction where an up-front quoted fare paid by a rider is less than the amount we committed to pay a driver. In addition, riders' price sensitivity varies by geographic location, among other factors, and if we are unable to effectively account for such variability in our up-front prices, our ability to compete effectively in these locations could be adversely affected. We may from time to time adjust our prices due to these factors, which may harm our results of operations. If we are unable to effectively manage our up-front pricing methodology in conjunction with our existing and future pricing and incentive programs, our business, financial condition and results of operations could be adversely affected.

Our company culture has contributed to our success and if we cannot maintain this culture as we grow, our business could be harmed.

We believe that our company culture, which promotes authenticity, empathy and support for others, has been critical to our success. We face a number of challenges that may affect our ability to sustain our corporate culture, including:

- failure to identify, attract, reward and retain people in leadership positions in our organization who share and further our culture, values and mission;
- the increasing size and geographic diversity of our workforce;
- our flexible workplace strategies, which enable certain of our employees to work remotely;

- the inability to achieve adherence to our internal policies and core values, including our diversity, equity and inclusion practices and initiatives;
- competitive pressures to move in directions that may divert us from our mission, vision and values;
- the continued challenges of a rapidly-evolving industry;
- the impact of our cost reduction initiatives, including reductions in force and other actions we may take to drive operating efficiencies;
- the increasing need to develop expertise in new areas of business that affect us;
- negative perception of our treatment of employees or our response to employee sentiment related to political or social causes or actions of management;
- the provision of employee benefits in a hybrid and remote work environment; and
- the integration of new personnel and businesses from acquisitions.

From time to time, we have undertaken workforce reductions in order to better align our operations with our strategic priorities, manage our cost structure or in connection with acquisitions. For example, in response to the effects of the macroeconomic environment and efforts to reduce operating expenses, in November 2022, we announced certain cost-cutting measures, including lay-offs of approximately 13% of our employees, which may adversely affect employee morale, our culture and our ability to attract and retain employees. These actions may adversely affect our ability to attract and retain personnel and maintain our culture. If we are not able to maintain our culture, our business, financial condition and results of operations could be adversely affected.

We depend on our key personnel and other highly skilled personnel, and if we fail to attract, retain, motivate or integrate our personnel, our business, financial condition and results of operations could be adversely affected.

Our success depends in part on the continued service of our founders, senior management team, key technical employees and other highly skilled personnel and on our ability to identify, hire, develop, motivate, retain and integrate highly qualified personnel for all areas of our organization. We may not be successful in attracting and retaining qualified personnel to fulfill our current or future needs and actions we take in response to the impact of the COVID-19 pandemic and global economic uncertainty on our business may harm our reputation or impact our ability to recruit qualified personnel in the future. For example, in response to the effects of the COVID-19 pandemic and global economic uncertainty on our business, we have undertaken certain cost-cutting measures, including lay-offs, furloughs, hiring freezes and salary reductions, including the termination of approximately 13% of our employees announced in November 2022. These actions may adversely affect employee morale, our culture and our ability to attract and retain employees. Also, all of our U.S.-based employees, including our management team, work for us on an at-will basis, and there is no assurance that any such employee will remain with us. Our competitors may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms or at all. If we are unable to attract and retain the necessary personnel, particularly in critical areas of our business, we may not achieve our strategic goals.

We face intense competition for highly skilled personnel, especially in the San Francisco Bay Area where we have a substantial presence and need for highly skilled personnel. This competition has intensified in recent periods, and could continue to intensify for such personnel. To attract and retain top talent, we have had to offer, and we believe we will need to continue to offer, competitive compensation and benefits packages. Job candidates and existing personnel often consider the value of the equity awards they receive in connection with their employment. The decline in our stock price and our cost reduction initiatives may adversely affect our ability to attract and retain highly qualified personnel, and we may experience increased attrition or we may need to provide additional cash or equity compensation to retain employees. Certain of our employees have received significant proceeds from sales of our equity in private transactions and many of our employees have received and may continue to receive significant proceeds from sales of our equity in the public markets, which may reduce their motivation to continue to work for us. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train and integrate such employees, and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts and employee morale, productivity and retention could suffer, which could adversely affect our business, financial condition and results of operations.

Our business could be adversely impacted by changes in the Internet and mobile device accessibility of users and unfavorable changes in or our failure to comply with existing or future laws governing the Internet and mobile devices.

Our business depends on users' access to our platform via a mobile device and the Internet. We may operate in jurisdictions that provide limited Internet connectivity, particularly as we expand internationally. Internet access and access to a mobile device are frequently provided by companies with significant market power that could take actions that degrade, disrupt or increase the cost of users' ability to access our platform. In addition, the Internet infrastructure that we and users of our platform rely on in any particular

geographic area may be unable to support the demands placed upon it. Any such failure in Internet or mobile device accessibility, even for a short period of time, could adversely affect our results of operations.

Moreover, we are subject to a number of laws and regulations specifically governing the Internet and mobile devices that are constantly evolving. Existing and future laws and regulations, or changes thereto, may impede the growth and availability of the Internet and online offerings, require us to change our business practices or raise compliance costs or other costs of doing business. These laws and regulations, which continue to evolve, cover taxation, privacy and data protection, information security, pricing, copyrights, distribution, mobile and other communications, advertising practices, consumer protections, web and app accessibility, antitrust and competition, the provision of online payment services, unencumbered Internet access to our offerings and the characteristics and quality of online offerings, among other things. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation and brand, a loss in business and proceedings or actions against us by governmental entities or others, which could adversely impact our results of operations.

We rely on mobile operating systems and application marketplaces to make our apps available to the drivers and riders on our platform, and if we do not effectively operate with or receive favorable placements within such application marketplaces and maintain high rider reviews, our usage or brand recognition could decline and our business, financial results and results of operations could be adversely affected.

We depend in part on mobile operating systems, such as Android and iOS, and their respective application marketplaces to make our apps available to the drivers and riders on our platform. Any changes in such systems and application marketplaces that degrade the functionality of our apps or give preferential treatment to our competitors' apps could adversely affect our platform's usage on mobile devices. If such mobile operating systems or application marketplaces limit or prohibit us from making our apps available to drivers and riders, make changes that degrade the functionality of our apps, increase the cost of using our apps, impose terms of use unsatisfactory to us or modify their search or ratings algorithms in ways that are detrimental to us, or if our competitors' placement in such mobile operating systems' application marketplace is more prominent than the placement of our apps, overall growth in our rider or driver base could slow. Our apps have experienced fluctuations in number of downloads in the past, and we anticipate similar fluctuations in the future. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

As new mobile devices and mobile platforms are released, there is no guarantee that certain mobile devices will continue to support our platform or effectively roll out updates to our apps. Additionally, in order to deliver high-quality apps, we need to ensure that our offerings are designed to work effectively with a range of mobile technologies, systems, networks and standards. We may not be successful in developing or maintaining relationships with key participants in the mobile industry that enhance drivers' and riders' experience. If drivers or riders on our platform encounter any difficulty accessing or using our apps on their mobile devices or if we are unable to adapt to changes in popular mobile operating systems, our business, financial condition and results of operations could be adversely affected.

We depend on the interoperability of our platform across third-party applications and services that we do not control.

We have integrations with a variety of productivity, collaboration, travel, data management and security vendors. As our offerings expand and evolve, including to the extent we continue to develop autonomous technology, we may have an increasing number of integrations with other third-party applications, products and services. Third-party applications, products and services are constantly evolving, and we may not be able to maintain or modify our platform to ensure its compatibility with third-party offerings following development changes. In addition, some of our competitors or technology partners may take actions which disrupt the interoperability of our platform with their own products or services, or exert strong business influence on our ability to, and the terms on which we operate and distribute our platform. As our respective products evolve, we expect the types and levels of competition to increase. Should any of our competitors or technology partners modify their products, standards or terms of use in a manner that degrades the functionality or performance of our platform or is otherwise unsatisfactory to us or gives preferential treatment to competitive products or services, our products, platform, business, financial condition and results of operations could be adversely affected.

Defects, errors or vulnerabilities in our applications, backend systems or other technology systems and those of third-party technology providers, or system failures and resulting interruptions in our availability or the availability of other systems and providers, could harm our reputation and brand and adversely impact our business, financial condition and results of operations.

The software underlying our platform is highly complex and may contain undetected errors or vulnerabilities, some of which may only be discovered after the code has been released. We rely heavily on a software engineering practice known as "continuous deployment," which refers to the frequent release of our software code, sometimes multiple times per day. This practice increases the risk that errors and vulnerabilities are present in the software code underlying our platform. The third-party software that we incorporate into our platform may also be subject to errors or vulnerability. Any errors or vulnerabilities discovered in our code or from third-party software after release could result in negative publicity, a loss of users or loss of revenue and access or other performance issues. Such vulnerabilities could also be exploited by malicious actors and result in exposure of data of users on our platform, or otherwise result in a security breach or incident. We may need to expend significant financial and development resources to analyze, correct, eliminate or work around errors or defects or to address and eliminate vulnerabilities. Any failure to timely and

effectively resolve any such errors, defects or vulnerabilities could adversely affect our business, financial condition and results of operations as well as negatively impact our reputation or brand.

Further, our systems, or those of third parties upon which we rely, may experience service interruptions or degradation because of hardware and software defects or malfunctions, distributed denial-of-service and other cyberattacks, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses, ransomware, malware or other events. Our systems also may be subject to break-ins, sabotage, theft and intentional acts of vandalism, including by our own employees. Some of our systems are not fully redundant and our disaster recovery planning may not be sufficient for all eventualities. Our business interruption insurance may not be sufficient to cover all of our losses that may result from interruptions in our service as a result of systems failures and similar events.

We have experienced and will likely continue to experience system failures and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of our offerings. These events have resulted in, and similar future events could result in, losses of revenue. A prolonged interruption in the availability or reduction in the availability, speed or other functionality of our offerings could adversely affect our business and reputation and could result in the loss of users. Moreover, to the extent that any system failure or similar event results in harm or losses to the users using our platform, we may make voluntary payments to compensate for such harm or the affected users could seek monetary recourse or contractual remedies from us for their losses and such claims, even if unsuccessful, would likely be time-consuming and costly for us to address.

Our platform contains third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to provide our offerings.

Our platform and offerings contain software modules licensed to us by third-party authors under “open source” licenses. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. In addition, the public availability of such software may make it easier for others to compromise our platform and offerings.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use, or grant other licenses to our intellectual property. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software.

Although we have policies and processes for using open source software to avoid subjecting our platform and offerings to conditions we do not intend, the terms of many open source licenses have not been interpreted by U.S. or foreign courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our platform and offerings. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their solutions. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Moreover, we cannot assure you that our processes for controlling our use of open source software in our platform will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, we could face infringement or other liability, or be required to seek costly licenses from third parties to continue providing our offerings on terms that are not economically feasible, to re-engineer our platform, to discontinue or delay the provision of our offerings if re-engineering could not be accomplished on a timely basis or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition and results of operations.

Our presence outside the United States and our international expansion strategy will subject us to additional costs and risks and our plans may not be successful.

Since 2017, we have provided and expanded our offerings in international markets. In addition, we have several international offices that support our business. We also transact internationally to source and manufacture bikes and scooters and may increase our business in international regions in the future. Operating outside of the United States may require significant management attention to oversee operations over a broad geographic area with varying cultural norms and customs, in addition to placing strain on our finance, analytics, compliance, legal, engineering and operations teams. We may incur significant operating expenses and may not be successful in our international expansion for a variety of reasons, including:

- recruiting and retaining talented and capable employees in foreign countries and maintaining our company culture across all of our offices;
- competition from local incumbents that better understand the local market, may market and operate more effectively and may enjoy greater local affinity or awareness;

- differing demand dynamics, which may make our offerings less successful;
- public health concerns or emergencies, such as the COVID-19 pandemic and other highly communicable diseases or viruses;
- complying with varying laws and regulatory standards, including with respect to privacy, data protection, cybersecurity, tax, trade compliance and local regulatory restrictions and disclosure requirements;
- ineffective legal protection of our intellectual property rights in certain countries or theft or unauthorized use or publication of our intellectual property and other confidential business information;
- obtaining any required government approvals, licenses or other authorizations;
- varying levels of Internet and mobile technology adoption and infrastructure;
- currency exchange restrictions or costs and exchange rate fluctuations;
- political, economic, or social instability, which has caused disruptions in certain of our office locations, including in Belarus and Ukraine as a result of the war;
- tax policies, treaties or laws that could have an unfavorable business impact; and
- limitations on the repatriation and investment of funds as well as foreign currency exchange restrictions.

Our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake may not be successful, which may result in shutting down international operations or closing international offices. If we invest substantial time and resources to expand our operations internationally and are unable to manage these risks effectively, our business, financial condition and results of operations could be adversely affected.

In addition, international expansion has increased our risks in complying with laws and standards in the U.S. and other jurisdictions, including with respect to customs, anti-corruption, anti-bribery, export controls and trade and economic sanctions. Continued international expansion, including possible engagement with foreign government entities and organizations as customers for our Light Vehicle offerings, including bike-share products through PBSC, may further increase such compliance risks. We cannot assure you that our employees and agents will not take actions in violation of applicable laws, for which we may be ultimately held responsible. In particular, any violation of applicable anti-corruption, anti-bribery, export controls, sanctions and similar laws could result in adverse media coverage, investigations, significant legal fees, loss of export privileges, severe criminal or civil penalties or suspension or debarment from U.S. government contracts, and/or substantial diversion of management's attention, all of which could have an adverse effect on our reputation, brand, business, financial condition and results of operations.

Risks Related to Regulatory and Legal Factors

Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure to comply with such laws and regulations could harm our business, financial condition and results of operations.

We are subject to a wide variety of laws in the United States and other jurisdictions. Laws, regulations and standards governing issues such as TNCs, public companies, ridesharing, worker classification, labor and employment, anti-discrimination, payments, gift cards, whistleblowing and worker confidentiality obligations, product liability, defects, recalls, auto maintenance and repairs, personal injury, marketing, text messaging, subscription services, intellectual property, securities, consumer protection, taxation, privacy, data security, competition, unionizing and collective action, antitrust, arbitration agreements and class action waiver provisions, terms of service, web and mobile application accessibility, autonomous vehicles, bike and scooter sharing, insurance, vehicle rentals, money transmittal, non-emergency medical transportation, healthcare fraud, waste, and abuse, environmental health and safety, greenhouse gas emissions, background checks, public health, anti-corruption, anti-bribery, political contributions, lobbying, import and export restrictions, trade and economic sanctions, foreign ownership and investment, foreign exchange controls and delivery of goods including (but not limited to) medical supplies, perishable foods and prescription drugs are often complex and subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, state and local administrative agencies.

The ridesharing industry, Light Vehicle sharing industry and our business model are relatively nascent and rapidly evolving. When we introduced a peer-to-peer ridesharing marketplace in 2012, the laws and regulations in place at the time did not directly address our offerings. Laws and regulations that were in existence at that time, and some that have since been adopted, were often applied to our industry and our business in a manner that limited our relationships with drivers or otherwise inhibited the growth of our ridesharing marketplace. We have been proactively working with federal, state and local governments and regulatory bodies to ensure that our ridesharing marketplace and other offerings are available broadly in the United States and Canada. In part due to our efforts, a large majority of U.S. states have adopted laws related to TNCs to address the unique issues of the ridesharing industry. New laws and regulations and changes to existing laws and regulations continue to be adopted, implemented and interpreted in response to

our industry and related technologies. As we expand our business into new markets or introduce new offerings into existing markets, regulatory bodies or courts may claim that we or users on our platform are subject to additional requirements, or that we are prohibited from conducting our business in certain jurisdictions, or that users on our platform are prohibited from using our platform, either generally or with respect to certain offerings. Certain jurisdictions and governmental entities, including airports, require us to obtain permits, pay fees or comply with certain reporting and other compliance requirements to provide our ridesharing, bike and scooter sharing, auto repair and collision services, Flexdrive, and autonomous vehicle offerings. These jurisdictions and governmental entities may reject our applications for permits, revoke existing or deny renewals of permits to operate, delay our ability to operate, increase their fees, charge new types of fees, or impose fines and penalties, including as a result of errors in, or failures to comply with, reporting or other requirements related to our product offerings. Any of the foregoing actions by these jurisdictions and governmental entities could adversely affect our business, financial condition and results of operations.

Recent financial, political and other events have increased the level of regulatory scrutiny on larger companies, technology companies in general and companies engaged in dealings with independent contractors, such as ridesharing and delivery companies. Regulatory bodies may enact new laws or promulgate new regulations that are adverse to our business, or, due to changes in our operations and structure or partner relationships as a result of changes in the market or otherwise, they may view matters or interpret laws and regulations differently than they have in the past or in a manner adverse to our business. See the risk factor entitled “Challenges to contractor classification of drivers that use our platform may have adverse business, financial, tax, legal and other consequences to our business.” Such regulatory scrutiny or action may create different or conflicting obligations from one jurisdiction to another, and may have a negative outcome that could adversely affect our business, operations, financial condition, and results of operations. Additionally, we have invested and from time to time we will continue to invest resources in an attempt to influence or challenge legislation and other regulatory matters pertinent to our operations, particularly those related to the ridesharing industry, which may negatively impact the legal and administrative proceedings challenging the classification of drivers on our platform as independent contractors if we are unsuccessful or lead to additional costs and expenses even if we are successful. These activities may not be successful, and any negative outcomes could adversely affect our business, operations, financial condition and results of operations.

Our industry is increasingly regulated. We have been subject to intense regulatory pressure from state and municipal regulatory authorities across the United States and Canada, and a number of them have imposed limitations on ridesharing and bike and scooter sharing, and different jurisdictions adopted rules governing minimum driver earnings for ridesharing platforms. For instance, the New York City Taxi & Limousine Commission adopted rules in 2018, the City of Seattle adopted the Transportation Network Company Driver Minimum Compensation Ordinance effective January 1, 2021, and, effective January 1, 2023, a statewide Washington law, HB 2076, preempts the Seattle Ordinance, but still implements minimum driver earnings standards. Other jurisdictions in which we currently operate or may want to operate have and could continue to consider similar legislation. We could also face similar regulatory restrictions from foreign regulators as we expand operations internationally, particularly in areas where we face competition from local incumbents. Adverse changes in laws or regulations at all levels of government or bans on or material limitations to our offerings could adversely affect our business, financial condition and results of operations.

Our success, or perceived success, and increased visibility has driven, and may continue to drive, some businesses that perceive our business model negatively to raise their concerns to local policymakers and regulators. These businesses and their trade association groups or other organizations have and may continue to take actions and employ significant resources to shape the legal and regulatory regimes in jurisdictions where we may have, or seek to have, a market presence in an effort to change such legal and regulatory regimes in ways intended to adversely affect or impede our business and the ability of drivers and riders to utilize our platform.

Any of the foregoing risks could harm our business, financial condition and results of operations.

Challenges to contractor classification of drivers that use our platform may have adverse business, financial, tax, legal and other consequences to our business.

We are regularly subject to claims, lawsuits, arbitration proceedings, administrative actions, government investigations and other legal and regulatory proceedings at the federal, state and municipal levels challenging the classification of drivers on our platform as independent contractors. The tests governing whether a driver is an independent contractor or an employee vary by governing law and are typically highly fact sensitive. Laws and regulations that govern the status and misclassification of independent contractors are subject to changes and divergent interpretations by various authorities which can create uncertainty and unpredictability for us. For more information regarding the litigation in which we have been involved, see the “Legal Proceedings” subheading in Note 9. Commitments and Contingencies to the consolidated financial statements included in Part I, Item 3, of this Annual Report on Form 10-K. Further, in 2021, the U.S. Secretary of Labor expressed his view that in some cases “gig workers should be classified as employees” and that further review was ongoing. In October 2022, the United States Department of Labor released a proposed rule regarding the classification of employees and independent contractors under the federal Fair Labor Standards Act (FLSA). The proposed rule would implement new interpretative guidance for classification of workers. The Department of Labor is currently reviewing comments and the rule has not been finalized. We continue to maintain that drivers on our platform are independent contractors in such legal and administrative proceedings and intend to continue to defend ourselves vigorously in these matters, but our arguments may ultimately be unsuccessful. A determination in, or settlement of, any legal proceeding, whether we are

party to such legal proceeding or not, that classifies a driver of a ridesharing platform as an employee, could harm our business, financial condition and results of operations, including as a result of:

- monetary exposure arising from or relating to failure to withhold and remit taxes, unpaid wages and wage and hour laws and requirements (such as those pertaining to failure to pay minimum wage and overtime, or to provide required breaks and wage statements), expense reimbursement, statutory and punitive damages, penalties, including related to the California Private Attorneys General Act, and government fines;
- injunctions prohibiting continuance of existing business practices;
- claims for employee benefits, social security, workers' compensation and unemployment;
- claims of discrimination, harassment and retaliation under civil rights laws;
- claims under new or existing laws pertaining to unionizing, collective bargaining and other concerted activity;
- other claims, charges or other proceedings under laws and regulations applicable to employers and employees, including risks relating to allegations of joint employer liability or agency liability; and
- harm to our reputation and brand.

In addition to the harms listed above, a determination in, or settlement of, any legal proceeding that classifies a driver on a ridesharing platform as an employee may require us to significantly alter our existing business model and/or operations (including suspending or ceasing operations in impacted jurisdictions), increase our costs and impact our ability to add qualified drivers to our platform and grow our business, which could have an adverse effect on our business, financial condition and results of operations and our ability to achieve or maintain profitability in the future.

We have been involved in numerous legal proceedings related to driver classification. We are currently involved in several putative class actions, several representative actions brought, for example, pursuant to California's Private Attorney General Act, several multi-plaintiff actions and thousands of individual claims, including those brought in arbitration or compelled pursuant to our Terms of Service to arbitration, challenging the classification of drivers on our platform as independent contractors. We are also involved in administrative audits related to driver classification in California, Oregon, Wisconsin, Illinois, New York, Pennsylvania, and New Jersey. See the section titled "Legal Proceedings" for additional information about these types of legal proceedings.

Claims by others that we infringed their proprietary technology or other intellectual property rights could harm our business.

Companies in the markets in which we operate are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased or otherwise obtained. As our business continues to evolve, the possibility of intellectual property rights claims against us grows based on the following: increase in public profile, increases in the number of competitors in our markets, our continued development of new technologies, new products and services, and new intellectual property, as well as potential international expansion. In addition, various products and services of ours host, integrate, or otherwise rely on third party content or intellectual property, including our Lyft Media efforts, which provide third party promotional advertisements, and our marketing and brand journalism efforts. From time to time third parties may assert, and in the past have asserted, claims of infringement of intellectual property rights against us. See the section titled "Legal Proceedings" for additional information about these types of legal proceedings. In addition, third parties have sent us correspondence regarding various allegations of intellectual property infringement and, in some instances, have sought to initiate licensing discussions. Although we believe that we have meritorious defenses, there can be no assurance that we will be successful in defending against these allegations or reaching a business resolution that is satisfactory to us. Our competitors and others may now and in the future have significantly larger and more mature patent portfolios than us. In addition, we have faced, and may again in the future face, litigation involving patent holding companies or other adverse patent owners who have no relevant product or service revenue and against whom our own patents may therefore provide little or no deterrence or protection. Many potential litigants, including some of our competitors and patent-holding companies, have the ability to dedicate substantial resources to assert their intellectual property rights. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim, could distract our management from our business and could require us to cease use of such intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. We may be required to pay substantial damages, royalties or other fees in connection with a claimant securing a judgment against us, we may be subject to an injunction or other restrictions that prevent us from using or distributing our intellectual property, or we may agree to a settlement that prevents us from distributing our offerings or a portion thereof, which could adversely affect our business, financial condition and results of operations.

With respect to any intellectual property rights claim, we may have to seek out a license to continue operations found to be in violation of such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase our operating expenses. Some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third-party does not offer us a license to its intellectual property on reasonable terms, or at all, we may be required to develop alternative, non-infringing technology or other intellectual property, which could require significant time (during which we

would be unable to continue to offer our affected offerings), effort and expense and may ultimately not be successful. Any of these events could adversely affect our business, financial condition and results of operations.

Failure to protect or enforce our intellectual property rights could harm our business, financial condition and results of operations.

Our success is dependent in part upon protecting our intellectual property rights and technology (such as code, information, data, processes and other forms of information, knowhow and technology), or “intellectual property,” and as we grow, we expect to continue to develop intellectual property that is important for our existing or future business. We rely on a combination of patents, copyrights, trademarks, service marks, trade dress, trade secret laws and contractual restrictions to establish and protect our intellectual property. However, the steps we take to protect our intellectual property may not be sufficient or effective, and may vary by jurisdiction. Even if we do detect violations, we may need to engage in litigation to enforce our rights. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert management attention. While we take precautions designed to protect our intellectual property, it may still be possible for competitors and other unauthorized third parties to copy our technology, reverse engineer our data and use our proprietary information to create or enhance competing solutions and services, which could adversely affect our position in our rapidly evolving and highly competitive industry. Some license provisions that protect against unauthorized use, copying, transfer and disclosure of our technology may be unenforceable under the laws of certain jurisdictions and foreign countries. The laws of some countries do not provide the same level of protection of our intellectual property as do the laws of the United States and effective intellectual property protections may not be available or may be limited in foreign countries. Our domestic and international intellectual property protection and enforcement strategy is influenced by many considerations including costs, where we have business operations, where we might have business operations in the future, legal protections available in a specific jurisdiction, and/or other strategic considerations. As such, we do not have identical or analogous intellectual property protection in all jurisdictions, which could risk freedom to operate in certain jurisdictions if we were to expand. As we expand our international activities, our exposure to unauthorized use, copying, transfer and disclosure of proprietary information will likely increase. We may need to expend additional resources to protect, enforce or defend our intellectual property rights domestically or internationally, which could impair our business or adversely affect our domestic or international operations. We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with our third-party providers and strategic partners. We cannot assure you that these agreements will be effective in controlling access to, and use and distribution of, our platform and proprietary information. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our offerings. Competitors and other third parties may also attempt to access, aggregate, and/or reverse engineer our data which would compromise our trade secrets and other rights. We also enter into strategic partnerships, joint development and other similar agreements with third parties where intellectual property arising from such partnerships may be jointly-owned or may be transferred or licensed to the counterparty. Such arrangements may limit our ability to protect, maintain, enforce or commercialize such intellectual property rights, including requiring agreement with or payment to our joint development partners before protecting, maintaining, licensing or initiating enforcement of such intellectual property rights, and may allow such joint development partners to register, maintain, enforce or license such intellectual property rights in a manner that may affect the value of the jointly-owned intellectual property or our ability to compete in the market.

We may be required to spend significant resources in order to monitor and protect our intellectual property rights, and some violations may be difficult or impossible to detect. Litigation to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our intellectual property and proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management’s attention and resources, could impair the functionality of our platform, delay introductions of enhancements to our platform, result in our substituting inferior or more costly technologies into our platform or harm our reputation or brand. In addition, we may be required to license additional technology from third parties to develop and market new offerings or platform features, which may not be on commercially reasonable terms or at all and could adversely affect our ability to compete.

Our industry has also been subject to attempts to steal intellectual property, particularly regarding autonomous vehicle technology, including by foreign actors. We, along with others in our industry, have been the target of attempted thefts of our intellectual property and may be subject to such attempts in the future. Although we take measures to protect our property, if we are unable to prevent the theft of our intellectual property or its exploitation, the value of our investments may be undermined and our business, financial condition and results of operations may be negatively impacted.

Changes in laws or regulations relating to privacy, data protection or the protection or transfer of personal data, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations relating to privacy, data protection or the protection or transfer of personal data, could adversely affect our business.

We receive, transmit and store a large volume of personal information and other data relating to users on our platform, as well as other individuals such as our employees. Numerous local, municipal, state, federal and international laws and regulations address privacy, data protection and the collection, storing, sharing, use, disclosure and protection of certain data, including the

California Online Privacy Protection Act, the Personal Information Protection and Electronic Documents Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act, Canada's Anti-Spam Law, the Telephone Consumer Protection Act of 1991, or TCPA, the U.S. Federal Health Insurance Portability and Accountability Act of 1996, as amended by the HITECH Act, or HIPAA, Section 5(c) of the Federal Trade Commission Act, the California Consumer Privacy Act, or CCPA, and the California Privacy Rights Act, or CPRA, which became operative as of January 1, 2023. The scope of data protection laws may continually change, through new legislation, amendments to existing legislation and changes in enforcement, and may be inconsistent from one jurisdiction to another. For example, the CPRA require new disclosures to California consumers and affords such consumers new data rights and abilities to opt-out of certain sharing of personal information. The CPRA provides for fines of up to \$7,500 per violation, which can be applied on a per-consumer basis. Aspects of the CPRA and its interpretation and enforcement remain unclear. Additionally, other states, including Colorado, Connecticut, Utah and Virginia, have enacted laws that have gone or will go into effect in 2023 and are similar to the CCPA and CPRA. The U.S. federal government and other states are also contemplating federal and state privacy legislation. These new and modified laws, including the CPRA, and other changes in laws or regulations relating to privacy, data protection and information security, particularly any new or modified laws or regulations that require enhanced protection of data or new obligations with regard to data retention, transfer or disclosure, could greatly increase the cost of providing our offerings, require significant changes to our operations and our data processing practices and policies, may require us to incur additional compliance-related costs and expenses, and may even prevent us from providing certain offerings in jurisdictions in which we currently operate and in which we may operate in the future.

Further, as we continue to expand our offerings and user base, we may become subject to additional privacy-related laws and regulations. For example, in connection with the sale of our Level 5 self-driving vehicle division to Woven Planet, we have entered into certain data sharing and other agreements with Woven Planet to facilitate and accelerate the development of autonomous vehicle technology. In addition, our Lyft Media efforts provide third party promotional advertisements, including those that may be personalized to users. Changes in the law or regulatory landscape could limit or prohibit activities in regard to any new offerings we undertake. Further, the collection and storage of data in connection with the use of our Concierge and Lyft Pass for Healthcare offerings by healthcare partners subjects us to compliance requirements under HIPAA. HIPAA and its implementing regulations contain requirements on covered entities and business associates regarding the use, collection, security, storage and disclosure of individuals' protected health information, or PHI. Contracted healthcare entities including healthcare providers, health plans, and transportation managers using our Concierge or Lyft Pass for Healthcare offerings are either covered entities or business associates under HIPAA. We must also comply with HIPAA as we use and disclose the PHI of riders in our capacity as a business associate of other contracted healthcare covered entities or other contracted business associates of a healthcare covered entity. Compliance obligations under HIPAA include privacy, security and breach notification obligations and could subject us to increased liability for any unauthorized uses or disclosures of PHI determined to be a "breach." If we knowingly breach the HITECH Act's requirements, we could be exposed to criminal liability. A breach of our safeguards and processes could expose us to civil penalties that range from \$100 - \$50,000 per violation, with an annual maximum per violation calendar year cap of \$1.5 million for "willful neglect" violations and the possibility of civil litigation.

Additionally, we have incurred, and expect to continue to incur, significant expenses in an effort to comply with privacy, data protection and information security standards imposed by law, regulation, or contractual obligations. In particular, with laws and regulations such as the CCPA and CPRA imposing new and relatively burdensome obligations, and with substantial uncertainty over the interpretation and application of these and other laws and regulations, we may face challenges in addressing their requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. In particular, with regard to HIPAA, we may incur increased costs as we perform our obligations to our healthcare customers under our agreements with them. As we consider expansion of business offerings and markets and as laws and regulations change, we expect to incur additional costs related to privacy, data protection and information security standards and protocols imposed by laws, regulations, industry standards or contractual obligations related to such offerings and face additional risks that such expansion could be inconsistent with, or fail or be alleged to fail to meet all requirements of such laws, regulations or obligations.

Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that our practices, offerings or platform could be inconsistent with, or fail or be alleged to fail to meet all requirements of, such laws, regulations or obligations. Our failure, or the failure by our third-party providers or partners, to comply with applicable laws, regulations or other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access to, or use or release of personal information or other driver or rider data, or the perception that any of the foregoing types of failure or compromise has occurred, could damage our reputation, discourage new and existing drivers and riders from using our platform or result in fines or proceedings by governmental agencies and private claims and litigation, any of which could adversely affect our business, financial condition and results of operations. Additionally, the perception of concerns relating to privacy, data protection or information security, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition and results of operations.

We are regularly subject to claims, lawsuits, government investigations and other proceedings that may adversely affect our business, financial condition and results of operations.

We are regularly subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings in the ordinary course of business, including those involving personal injury, property damage, worker classification, driver earnings, labor and employment, anti-discrimination, commercial disputes, competition, consumer complaints, intellectual property disputes, compliance with regulatory requirements, securities laws, and other matters, and we may become subject to additional types of claims, lawsuits, government investigations and legal or regulatory proceedings as our business grows and as we deploy new offerings such as autonomous vehicle technology, Lyft Car Maintenance and our network of Light Vehicles and deliveries, including proceedings related to product liability or our acquisitions, securities issuances or business practices. We are also regularly subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings seeking to hold us liable for the actions of independent contractor drivers on our platform. See the section titled “Legal Proceedings” for additional information about these types of legal proceedings.

The results of any such claims, lawsuits, arbitration proceedings, government investigations or other legal or regulatory proceedings cannot be predicted with certainty. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention and divert significant resources. Determining reserves for our pending litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines and penalties that could adversely affect our business, financial condition and results of operations. These proceedings could also result in harm to our reputation and brand, sanctions, consent decrees, injunctions or other orders requiring a change in our business practices. Any of these consequences could adversely affect our business, financial condition and results of operations. Furthermore, under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses on behalf of our business, commercial, and government partners and current and former directors and officers.

A determination in, or settlement of, any legal proceeding, whether we are party to such legal proceeding or not, that involves our industry, could harm our business, financial condition and results of operations. For example, a determination that classifies a driver of a ridesharing platform as an employee, whether we are party to such determination or not, could cause us to incur significant expenses or require substantial changes to our business model.

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

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

As we expand our offerings, we may become subject to additional laws and regulations, and any actual or perceived failure by us to comply with such laws and regulations or manage the increased costs associated with such laws and regulations could adversely affect our business, financial condition and results of operations.

As we continue to expand our offerings and user base, we may become subject to additional laws and regulations, which may differ or conflict from one jurisdiction to another. Many of these laws and regulations were adopted prior to the advent of our industry and related technologies and, as a result, do not contemplate or address the unique issues faced by our industry.

For example, contracting with healthcare entities and transportation managers representing healthcare entities may subject us to certain healthcare related laws and regulations. These laws and regulations may impose additional requirements on us and our platform in providing access to rides through the Lyft Platform on behalf of healthcare partners. Additional requirements may arise related to the collection and storage of data and systems infrastructure design, all of which could increase the costs associated with our offerings to healthcare partners. With respect to our healthcare rides matched through the Lyft Platform and provided to Medicaid or Medicare Advantage beneficiaries, we are subject to healthcare fraud, waste and abuse laws that impose penalties for violations. Significant violations of such laws could lead to our loss of Medicaid provider enrollment status and could also potentially result in exclusion from the federal and state healthcare programs as an authorized transportation platform provider. Further, we may in certain circumstances be or become considered a government contractor with respect to certain of our services, which would expose us to

certain risks such as the government's ability to unilaterally terminate contracts, the public sector's budgetary cycles and funding authorization, and the government's administrative and investigatory processes.

Despite our efforts to comply with applicable laws, regulations and other obligations relating to our offerings, it is possible that our practices, offerings or platform could be inconsistent with, or fail or be alleged to fail to meet all requirements of, such laws, regulations or obligations. Our failure, or the failure by our third-party providers or partners, to comply with applicable laws or regulations or any other obligations relating to our offerings, could harm our reputation and brand, discourage new and existing drivers and riders from using our platform, lead to refunds of ride fares or result in fines or proceedings by governmental agencies or private claims and litigation, any of which could adversely affect our business, financial condition and results of operations.

We face the risk of litigation resulting from unauthorized text messages sent in violation of the Telephone Consumer Protection Act.

The actual or perceived improper sending of text messages may subject us to potential risks, including liabilities or claims relating to federal and state consumer protection laws governing telemarketing, including SMS text messaging. For example, the TCPA regulates and restricts certain telemarketing and automated SMS text messaging (both marketing and non-marketing) without proper consent. This has resulted and may in the future result in civil claims against us and/or regulatory enforcement by federal and state agencies. The scope and interpretation of the laws that are or may be applicable to the delivery of text messages are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations, we could face direct liability and our business, financial condition and results of operations could be adversely affected.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the listing standards of the Nasdaq Global Select Market. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

Our current controls and any new controls that we develop may become inadequate because of changes in the conditions in our business, including increased complexity resulting from any international expansion, the expanded work-from-home practices of our employees and flexible work arrangements, new offerings on our platform or from strategic transactions, including acquisitions and divestitures. Further, weaknesses in our disclosure controls or our internal control over financial reporting have been discovered in the past, and other weaknesses may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely adversely affect the market price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Select Market.

Our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have an adverse effect on our business, financial condition and results of operations and could cause a decline in the market price of our Class A common stock.

Changes in U.S. and foreign tax laws could have a material adverse effect on our business, cash flow, results of operations or financial conditions.

We are subject to tax laws, regulations, and policies of the U.S. federal, state, and local governments and of comparable taxing authorities in foreign jurisdictions. As various levels of governments and international organizations become increasingly focused on tax reform, changes in tax laws, as well as other factors, could cause us to experience fluctuations in our tax obligations and effective tax rates and otherwise adversely affect our tax positions and/or our tax liabilities. For example, the United States passed the Inflation Reduction Act in 2022, which introduced a 1% excise tax on stock buybacks that could impact us in connection with a settlement of the capped call transactions. Further, a provision of the Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures in the current year and requires the capitalization and amortization of such costs. Although future legislative updates could defer or eliminate this requirement, there is no assurance that the provision will be repealed or

modified. Many countries, and organizations such as the Organization for Economic Cooperation and Development have proposed implementing changes to existing tax laws, including a proposed global minimum tax of 15%. Any of these or other developments or changes in federal, state, or international tax laws or tax rulings could adversely affect our effective tax rate and our operating results.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, gross receipts, value added or similar taxes and may successfully impose additional obligations on us, and any such assessments or obligations could adversely affect our business, financial condition and results of operations.

The application of indirect taxes, such as payroll tax, sales and use tax, value-added tax, goods and services tax, business tax and gross receipts tax, to businesses like ours and to drivers is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the adoption and growth of the Internet and e-commerce. Significant judgment is required on an ongoing basis to evaluate applicable tax obligations, and as a result, amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business or to drivers' businesses.

In addition, local governments are increasingly looking for ways to increase revenue, which has resulted in discussions about tax reform and other legislative action to increase tax revenue, including through indirect taxes. For example, it is becoming more common for local governments to impose per trip fees specifically on TNC rides. Such taxes may adversely affect our financial condition and results of operations.

In certain jurisdictions, we collect and remit indirect taxes. However, tax authorities have raised and may continue to raise questions about or challenge or disagree with our calculation, reporting, or collection of taxes, and may require us to collect taxes in jurisdictions in which we do not currently do so or to remit additional taxes and interest, and could impose associated penalties and interest. A successful assertion by one or more tax authorities requiring us to collect taxes in jurisdictions in which we do not currently do so or to collect additional taxes in a jurisdiction in which we currently collect taxes, could result in substantial tax liabilities, including taxes on past transactions, as well as penalties and interest, and could discourage drivers and riders from utilizing our offerings or could otherwise harm our business, financial condition, and results of operations. Although we have reserved for potential payments of possible past tax liabilities in our financial statements, if these liabilities exceed such reserves, our financial condition could be harmed.

Additionally, one or more states, localities or other taxing jurisdictions may seek to impose additional reporting, record-keeping or indirect tax collection obligations on businesses like ours. For example, taxing authorities in the United States and other countries have identified e-commerce platforms as a means to calculate, collect, and remit indirect taxes for transactions taking place over the Internet, and are considering related legislation. New legislation may require us or drivers to incur substantial costs in order to comply, including costs associated with tax calculation, collection, remittance and audit requirements, which could make our offerings less attractive and could adversely affect our business, financial condition and results of operations.

As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may adversely impact our results of operations in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

Operating as a public company requires us to incur substantial costs and requires substantial management attention. In addition, certain members of our management team have limited experience managing a public company.

As a public company, we incur substantial legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the rules and regulations of the SEC and the listing standards of the Nasdaq Stock Market. For example, the Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business, financial condition and results of operations. We are also required to maintain effective disclosure controls and procedures and internal control over financial reporting. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, and increase demand on our systems. In addition, as a public company, we may be subject to stockholder activism, which can lead to substantial additional costs, distract management and impact the manner in which we operate our business in ways we cannot currently anticipate. As a result of disclosure of information in filings required of a public company, our business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors. Furthermore, if any issues in complying with those requirements are identified, we may incur additional costs rectifying those or new issues, and the existence of these issues could adversely affect our reputation or investor perceptions of it. For example, we have incurred costs related to the restatement of our previously issued consolidated financial statements and related material weakness as described in our Annual Report on Form 10-K/A for our fiscal year ended December 31, 2021, which material weakness was remediated as of June 30, 2022. In addition, it may become more expensive to obtain director and officer liability insurance due to these issues.

Certain members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage being a public company subject to significant regulatory oversight and reporting

obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition and results of operations.

Climate change may have a long-term impact on our business.

We have established environmental programs, such as our commitment to 100% EVs on our platform by the end of 2030, and requiring our suppliers to ensure the efficient use of raw materials, water, and energy resources via our Supplier Code of Conduct, and we recognize that there are inherent climate-related risks wherever business is conducted. For example, our San Francisco, California headquarters is projected to be vulnerable to future water scarcity and sea level rise due to climate change, as well as climate-related events including wildfires and associated power shut-offs. Climate-related events, including the increasing frequency of extreme weather events and their impact on critical infrastructure in the U.S. and elsewhere, have the potential to disrupt our business, our third-party suppliers, and the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations. Additionally, we are subject to emerging climate change policies such as California's Clean Miles Standard and Incentive Program, which imposes greenhouse gas and EV requirements on our industry, and failure to meet the future requirements could have adverse impacts on our costs and ability to operate in California, as well as public goodwill towards our company. Massachusetts and New York City are developing rules to address the environmental impact of rideshare, and other jurisdictions are likely to consider similar rules and regulations in the future. We advocate for EV programs that can be efficiently accessed by drivers on our platform and rental car operators, and any failure of such programs to address EV capital costs, EV charging costs, and EV charging infrastructure in the context of transportation network companies' unique needs could challenge our ability to progress toward our 100% EV commitment. Furthermore, these EV programs are asset-intensive and require significant capital investments and recurring costs, including debt payments, maintenance, depreciation, asset life and asset replacement costs, and if we are not able to maintain sufficient levels of utilization of such assets or such offerings are otherwise not successful, our investments may not generate sufficient returns and our financial condition may be adversely affected. We may also enter into arrangements with third parties for financing, leasing or otherwise, to enable us to meet our commitment to 100% EVs on our platform by the end of 2030. Such transactions may require us to provide guarantees for financing. We may also benefit from certain tax credits for EVs and, if such tax credits expire or are terminated or we are otherwise unable to use them, we may not realize the benefits we have planned and our business and financial condition and results of operations may be negatively affected.

Risks Related to Financing and Transactional Factors

We may require additional capital, which may not be available on terms acceptable to us or at all.

Historically, we funded our capital-intensive operations and capital expenditures primarily through equity issuances and cash generated from our operations. To support our growing business, we must have sufficient capital to continue to make significant investments in our offerings, including potential new offerings. In November 2022, we entered into a \$420.0 million revolving credit agreement, in May 2020, we issued \$747.5 million in aggregate principal amount of our 2025 Notes and, from time to time, we may seek additional equity or debt financing, including by the issuance of securities. If we raise additional funds through the issuance of equity, equity-linked or debt securities, such as our 2025 Notes, those securities may have rights, preferences or privileges senior to those of our Class A common stock, and our existing stockholders may experience dilution. Further, we have secured debt financing which has resulted in fixed obligations and certain restrictive covenants, and any debt financing secured by us in the future would result in increased fixed obligations and could involve additional restrictive covenants relating to our capital-raising activities and other financial and operational matters, as well as liens on some or all of our assets, which may make it more difficult for us to obtain additional capital and to pursue business opportunities.

We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on our development efforts, business plans and operating performance and the condition of the capital markets at the time we seek financing. Additionally, deteriorating macroeconomic conditions, including economic instability or uncertainty, and other events beyond our control, such as the COVID-19 pandemic and the war in Ukraine, as well as slowing growth in the worldwide economy, inflation and higher interest rates, have negatively impacted the financing markets, and may impact our access to capital and make additional capital more difficult or available only on terms less favorable to us. We cannot be certain that additional financing will be available to us on favorable terms, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited, and our business, financial condition and results of operations could be adversely affected.

If we are unable to make acquisitions and investments, or successfully integrate them into our business, or if we enter into strategic transactions that do not achieve our objectives, our business, results of operations and financial condition could be adversely affected.

As part of our business strategy, we will continue to consider a wide array of potential strategic transactions, including acquisitions of businesses, new technologies, services and other assets, joint ventures and strategic investments that complement our business, such as our acquisition of PBSC in May 2022, as well as divestitures, partnerships and other transactions. We have previously acquired and invested in, and we continue to seek to acquire and invest in businesses, technologies, or other assets that we believe could complement or expand our business, including acquisitions of new lines of business and other opportunities that operate

in relatively nascent markets. As we grow, we also may explore investments in new technologies, which we may develop or other parties may develop. The identification, evaluation, and negotiation of potential acquisition or strategic investment transactions may divert the attention of management and entail various expenses, whether or not such transactions are ultimately completed. There can be no assurance that we will be successful in identifying, negotiating, and consummating favorable transaction opportunities.

These transactions involve numerous risks, whether or not completed, any of which could harm our business and negatively affect our financial condition and results of operations, including:

- intense competition for suitable acquisition and investment targets, which could increase transaction costs and adversely affect our ability to consummate deals on favorable or acceptable terms;
- failure or material delay in closing a transaction;
- transaction-related lawsuits or claims;
- our ability to successfully obtain indemnification or representation and warranty insurance;
- difficulties in integrating the technologies, operations, existing contracts and personnel of an acquired company;
- challenges related to entering into new markets or geographies;
- difficulties in retaining key employees or business partners of an acquired company;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- failure to realize the anticipated benefits or synergies of a transaction;
- failure to identify the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance practices, litigation, revenue recognition or other accounting practices, or employee or user issues;
- acquired businesses or businesses that we invest in may not have adequate controls, processes, and procedures to ensure compliance with laws and regulations, including with respect to data privacy, data protection, and data security, as well as anti-bribery and anti-corruption laws, export controls, sanctions and industry-specific-regulation;
- risks that regulatory bodies may enact new laws or promulgate new regulations that are adverse to an acquired company or business, or the risk that we become subject to new or additional regulatory burdens that affect our business in potentially unanticipated and significantly negative ways;
- theft of our trade secrets or confidential information that we share with potential acquisition candidates;
- risk that an acquired company or investment in new offerings cannibalizes a portion of our existing business; and
- adverse market reaction to an acquisition.

In addition, we may divest businesses or assets or enter into joint ventures, strategic partnerships or other strategic transactions. For example, in February 2023, we closed the sale of our vehicle service center business and in July 2021, we closed the sale of our Level 5 self-driving vehicle division. In addition, as a result of our acquisition of PBSC, we became an indirect party to certain partnerships and joint ventures that we did not negotiate, and with partners with whom we are less familiar. These types of transactions present certain risks; for example, we may not achieve the desired strategic, operational and financial benefits of a divestiture, partnership, joint venture or other strategic transaction, or we may have difficulty operating together with another partner or joint venturer. Further, during the pendency of a divestiture or during the integration or separation process of any strategic transaction, we may be subject to risks related to a decline in the business, loss of employees, customers, or suppliers.

Further, minority investments inherently involve a lesser degree of control over business operations, thereby potentially increasing the financial, legal, operational, regulatory, and/or compliance risks associated with the investment. In addition, we may be dependent on other persons or entities who control the entities in which we invest, including their management or controlling shareholders, and who may have business interests, strategies, or goals that are inconsistent with ours. Business decisions or other actions or omissions of the joint venture partners, controlling shareholders, management, or other persons or entities who control them may adversely affect the value of our investment or result in litigation or regulatory action against us. We can provide no assurance that our investments in other technologies or businesses will generate returns for our business, or that we will not lose our initial investment in whole or in part. For example, in October 2022, one of our autonomous vehicle partners announced its wind-down, and as a result we incurred a total impairment of \$135.7 million consisting of impairments of our non-marketable equity investment in such company and other assets.

If we fail to address the foregoing risks or other problems encountered in connection with past or future acquisitions of businesses, new technologies, services and other assets, strategic investments or other transactions, or if we fail to successfully integrate such acquisitions or investments, or if we are unable to successfully complete other transactions or such transactions do not meet our strategic objectives, our business, results of operations and financial condition could be adversely affected.

Servicing our current and future debt may require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our indebtedness. Our payment obligations under such indebtedness may limit the funds available to us, and the terms of our debt agreements may restrict our flexibility in operating our business or otherwise adversely affect our results of operations.

In May 2020, we issued our 2025 Notes in a private placement to qualified institutional buyers. In addition, in connection with our acquisition of Flexdrive, which is now a wholly-owned subsidiary, Flexdrive remained responsible for its obligations under a Loan and Security Agreement, as amended, with a third-party lender, a Master Vehicle Acquisition Financing and Security Agreement, as amended, with a third-party lender and a Vehicle Procurement Agreement, as amended, with a third-party; and, following the acquisition, we continued to guarantee the payments of Flexdrive for any amounts borrowed under these agreements. As of December 31, 2022, we had \$839.5 million of indebtedness for borrowed money outstanding. In November 2022, we also entered into a revolving credit facility with certain lenders providing the ability to borrow an aggregate principal amount of up to \$420.0 million, none of which has been drawn as of December 31, 2022. See Note 10 “Debt” to our consolidated financial statements, for further information on these agreements and our outstanding debt obligations.

Our ability to make scheduled payments of the principal of, to pay interest or fees on or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any existing or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. Events and circumstances may also occur which would cause us to not be able to satisfy applicable draw-down conditions and utilize our revolving credit facility. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

In addition, our indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could:

- make us more vulnerable to adverse changes in general U.S. and worldwide economic, industry and competitive conditions and adverse changes in government regulation;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- place us at a disadvantage compared to our competitors who have less debt;
- limit our ability to borrow additional amounts to fund acquisitions, for working capital and for other general corporate purposes; and
- make an acquisition of our company less attractive or more difficult.

Further, as of January 1, 2022, LIBOR settings for all non-U.S. dollar currencies and U.S. dollar one-week and two-month LIBOR settings ceased being published, provided or representative. InterContinental Benchmark Exchange and the United Kingdom’s Financial Conduct Authority have confirmed that LIBOR settings for all remaining U.S. dollar LIBOR tenors will cease to be published, provided or representative after June 30, 2023. If new methods of calculating LIBOR are established or if other benchmark rates used to price indebtedness or investments are established, the terms of any existing or future indebtedness or investments, including the terms of Flexdrive’s debt instruments, may be negatively impacted or require amendment, resulting in increased interest expense or lower than expected interest income.

In addition, under certain of our and our subsidiary’s existing debt instruments, we and Flexdrive are subject to customary affirmative and negative covenants regarding our business and operations, including limitations on Flexdrive’s ability to enter into certain acquisitions or consolidations or engage in certain asset dispositions. If we or Flexdrive, as applicable, do not comply with these covenants or otherwise default under the arrangements, and do not obtain a waiver or consent from the lenders, then, subject to applicable cure periods, any outstanding debt may be declared immediately due and payable. Any debt financing secured by us in the future could involve additional restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital to pursue business opportunities, including potential acquisitions or divestitures. Any default under our debt arrangements could require that we repay our loans immediately, and may limit our ability to obtain additional financing, which in turn may have an adverse effect on our cash flows and liquidity.

Any of these factors could harm our business, results of operations and financial condition. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase.

Our revolving credit facility contains financial covenants and other restrictions on our actions that may limit our operational flexibility or otherwise adversely affect our results of operations.

The terms of our revolving credit facility include a number of covenants that limit our ability and our subsidiaries' ability to, among other things, incur additional indebtedness, grant liens, merge or consolidate with other companies or sell substantially all of our assets, pay dividends, make redemptions and repurchases of stock, make investments, loans and acquisitions, or engage in transactions with affiliates. The terms of our revolving credit facility may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy, including potential acquisitions, and compete against companies which are not subject to such restrictions.

A failure by us to comply with the covenants or payment requirements specified in our credit agreement could result in an event of default under the agreement, which would give the lenders the right to terminate their commitments to provide additional loans under our revolving credit facility and to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. If the debt under our revolving credit facility were to be accelerated, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which could immediately adversely affect our business, cash flows, results of operations, and financial condition. Even if we were able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us.

We are subject to counterparty risk with respect to the capped call transactions.

In connection with the issuance of our 2025 Notes, we entered into the capped call transactions, or Capped Calls. The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Calls. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the Capped Calls with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our Class A common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our Class A common stock. We can provide no assurance as to the financial stability or viability of the option counterparties.

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

As of December 31, 2022, we had \$7.8 billion of federal and \$6.7 billion of state net operating losses ("NOLs") available to reduce future taxable income, which will begin to expire in 2030 for federal purposes and in 2023 for state purposes. It is possible that we will not generate taxable income in time to use NOLs before their expiration, or at all. Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOLs to offset its post-change income may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar limitations may apply under state tax laws. Our ability to use net operating losses to reduce future taxable income and liabilities may be subject to annual limitations as a result of prior ownership changes and ownership changes that may occur in the future.

The Tax Cuts and Jobs Act of 2017, or the Tax Act, as modified by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, among other things, limited the use of NOLs arising in tax years beginning after December 31, 2017 to 80% of taxable income for tax years beginning after December 31, 2020. Not all states conform to the Tax Act or CARES Act. In future years, if and when a net deferred tax asset is recognized related to our NOLs, these changes may significantly impact our valuation allowance assessments for NOLs generated after December 31, 2017.

Risks Related to Governance and Ownership of our Capital Stock Factors

The dual class structure of our common stock has the effect of concentrating voting power with our Co-Founders, which will limit your ability to influence the outcome of important transactions, including a change in control.

Our Class B common stock has 20 votes per share, and our Class A common stock has one vote per share. Our Co-Founders together hold all of the issued and outstanding shares of our Class B common stock. Accordingly, Logan Green, our co-founder, Chief Executive Officer and a member of our board of directors holds approximately 20.42% of the voting power of our outstanding capital stock; and John Zimmer, our co-founder and President and Vice Chair of our board of directors, holds approximately 12.05% of the voting power of our outstanding capital stock. Therefore, our Co-Founders, individually or together, will be able to significantly influence matters submitted to our stockholders for approval, 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 transactions. Our Co-Founders, individually or together, may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company and might ultimately affect the market price of our Class A common stock. Each Co-Founder's voting power is as of December 31, 2022 and includes shares of Class A common stock expected to be issued upon the vesting of such Co-Founder's RSUs within 60 days of December 31, 2022.

Future transfers by the holders of Class B common stock will generally result in those shares converting into shares of Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon (i) the date specified by affirmative written election of the holders of two-thirds of the then-outstanding shares of Class B common stock, (ii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date on which the shares of Class B common stock held by our Co-Founders and their permitted entities and permitted transferees represent less than 20% of the Class B common stock held by our Co-Founders and their permitted entities as of immediately following the completion of our initial public offering, or IPO, or (iii) nine months after the death or total disability of the last to die or become disabled of our Co-Founders, or such later date not to exceed a total period of 18 months after such death or disability as may be approved by a majority of our independent directors.

We cannot predict the impact our dual class structure may have on our stock price.

We cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. Under such announced policies, our dual class capital structure makes us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices will not be investing in our stock. Because of our dual class structure, we will likely be excluded from certain of these indexes and we cannot assure you that other stock indexes will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

The trading price of our Class A common stock may be volatile, and you could lose all or part of your investment.

The trading price of our Class A common stock may be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A common stock. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time, including fluctuations due to general economic uncertainty or negative market sentiment, in particular related to the COVID-19 pandemic;
- volatility in the trading prices and trading volumes of technology stocks generally, or those in our industry, including fluctuations unrelated or disproportionate to the operating performance of those technology companies;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales or purchases of shares of our Class A common stock by us, our officers, or our significant stockholders, as well as the perception that such sales or purchases could occur;
- issuance of shares of our Class A common stock, whether in connection with our equity incentive plans, an acquisition or upon conversion of some or all of our outstanding 2025 Notes;

- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- the financial projections or goals we may provide to the public, any changes in those projections or goals or our failure to meet those projections or goals;
- announcements by us or our competitors of new offerings or platform features;
- investor sentiment and the public's reaction to our press releases, earnings and other public announcements and filings with the SEC, or those of our competitors or others in our industry;
- rumors and market speculation involving us or other companies in our industry;
- short selling of our Class A common stock or related derivative securities;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, services or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business or statements by public officials regarding potential new laws or regulations;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management or our board of directors; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. For example, as disclosed above, beginning in April 2019, several putative class actions have been filed in California state and federal courts and derivative actions have been filed in Delaware and California federal courts against us, our directors, certain of our officers, and certain of the underwriters named in our IPO registration statement alleging violation of securities laws, breach of fiduciary duties, and other causes of action in connection with our IPO. Although we believe these lawsuits are without merit and we intend to vigorously defend against them, such matters could result in substantial costs and a diversion of our management's attention and resources.

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

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- any amendments to our amended and restated certificate of incorporation or amendments by stockholders to our amended and restated bylaws require the approval of at least two-thirds of our then-outstanding voting power;
- our dual class common stock structure, which provides our Co-Founders, individually or together, with the ability to significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A common stock and Class B common stock;
- our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;
- our stockholders are only able to take action at a meeting of stockholders and are not able to take action by written consent for any matter;

- our amended and restated certificate of incorporation does not provide for cumulative voting;
- vacancies on our board of directors are able to be filled only by our board of directors and not by stockholders;
- a special meeting of our stockholders may only be called by the chairperson of our board of directors, our Chief Executive Officer, our President or a majority of our board of directors;
- certain litigation against us can only be brought in Delaware;
- our amended and restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These provisions, alone or together, could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders and also provide that the federal district courts will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, each of which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, stockholders, officers or other employees to us or our stockholders, (3) any action arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Our amended and restated bylaws also provide that the federal district courts of the United States are the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act against any person in connection with any offering of our securities, including, without limitation and for the avoidance of doubt, any auditor, underwriter, expert, control person or other defendant.

Any person or entity purchasing, holding or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find the exclusive-forum provisions in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters are located in San Francisco, California, and consist of approximately 309,000 square feet under lease agreements through May 31, 2030. We maintain additional offices in multiple locations in the U.S. and internationally in Montreal, Canada, Munich, Germany and Minsk, Belarus.

We lease all of our facilities and do not own any real property. We believe our facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Item 3. Legal Proceedings.

See discussion under the heading Legal Proceedings in [Note 9](#) to the consolidated financial statements included in [Part II, Item 8](#) of this report.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information for Common Stock

Our Class A common stock is traded on The Nasdaq Global Select Market under the symbol "LYFT." Our Class B common stock is neither listed nor traded.

Holders of Record

As of December 31, 2022, there were approximately 246 stockholders of record of our Class A common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial owners represented by these record holders.

As of December 31, 2022, there were six stockholders of record of our Class B common stock. All shares of Class B common stock are beneficially owned by either Logan Green or John Zimmer.

Dividend Policy

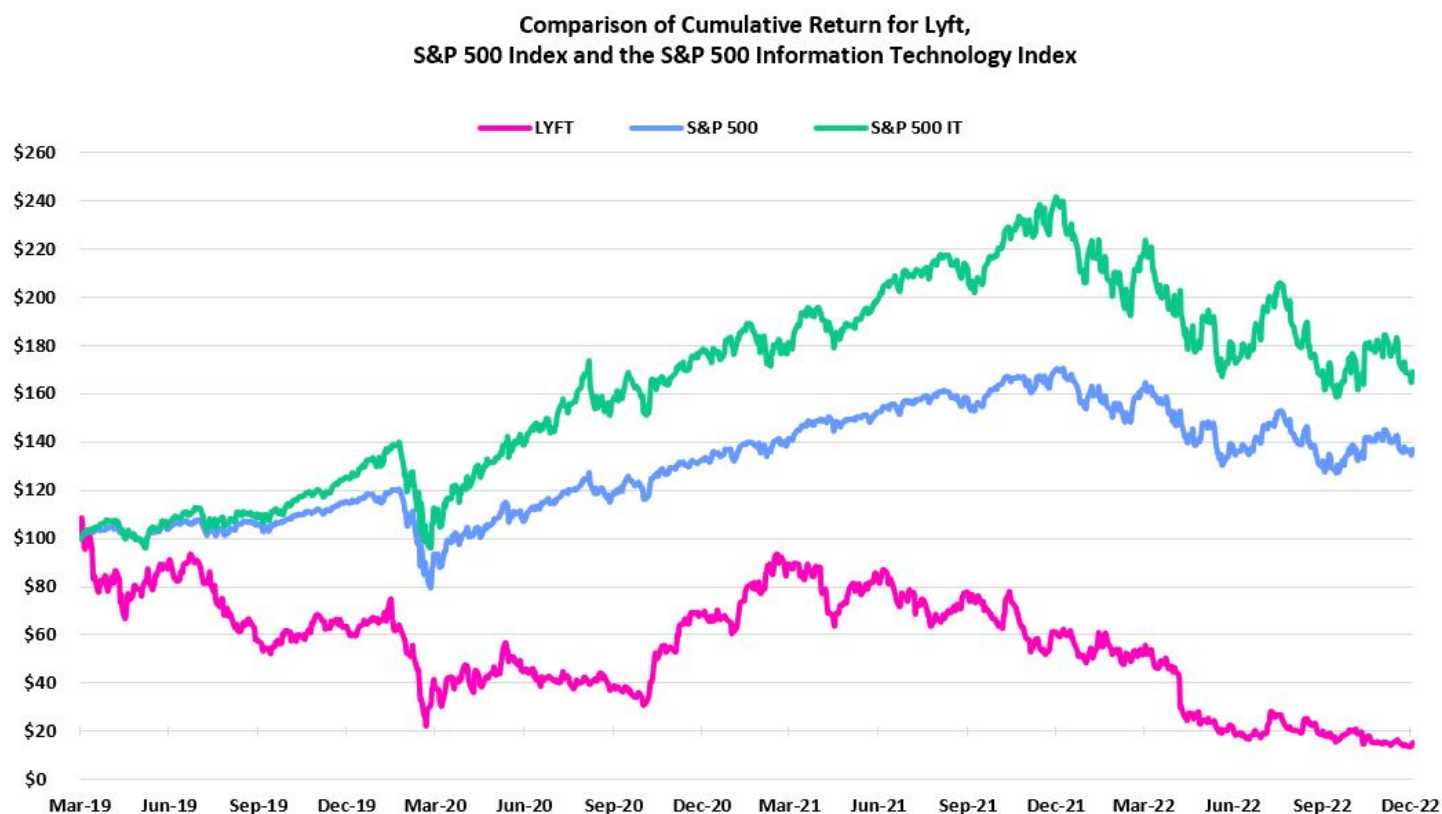
We have never paid cash dividends on our capital stock and we do not anticipate paying any cash dividends in the foreseeable future.

Stock Performance Graph

This performance graph shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing of Lyft, Inc. under the Securities Act.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the S&P 500 Index and the S&P 500 Information Technology Index. The graph assumes \$100 was invested at the market close on March 29, 2019, which was the first day our Class A common stock began trading. Data for the S&P 500 Index and the S&P 500 Information Technology Index assume reinvestment of dividends. The offering price of our Class A common stock in our IPO was \$72.00 per share, and had a closing stock price of \$78.29 on March 29, 2019, the first day of trading.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



Recent Sale of Unregistered Securities and Use of Proceeds

Recent Sale of Unregistered Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved].

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section titled "Selected Consolidated Financial and Other Data" and the consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K. This section of this Form 10-K generally discusses fiscal years 2022 and 2021 and year-to-year comparisons between 2022 and 2021. Discussions of fiscal year 2020 and year-to-year comparisons between 2021 and 2020 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2021. This discussion contains forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to such differences include those identified below and those discussed in the section titled "Risk Factors" and other parts of this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Financial Results for the Year Ended December 31, 2022

	Year Ended December 31,			2021 to 2022 % Change	
	2022	2021			
(in millions, except for percentages)					
GAAP Financial Measures					
Revenue	\$	4,095.1	\$	3,208.3	28 %
Gross profit	\$	1,659.4	\$	1,506.0	10 %
Gross profit margin		40.5 %		46.9 %	(14)%
Total costs and expenses ⁽¹⁾	\$	5,554.1	\$	4,343.5	28 %
Loss from operations	\$	(1,458.9)	\$	(1,135.2)	29 %
Net loss ⁽²⁾	\$	(1,584.5)	\$	(1,062.1)	49 %
Net loss as a percentage of revenue		(38.7)%		(33.1)%	17 %
Cash used in operating activities	\$	(237.3)	\$	(101.7)	133 %

Key Metrics and Non-GAAP Financial Measures

Active Riders for the fourth quarter	20.4	18.7	9 %
Revenue per Active Rider for the fourth quarter	\$ 57.72	\$ 51.79	11 %
Contribution ⁽³⁾	\$ 1,729.8	\$ 1,631.3	6 %
Contribution Margin ⁽³⁾	42.2 %	50.8 %	(17)%
Adjusted EBITDA ⁽³⁾	\$ (416.5)	\$ (157.5)	164 %
Adjusted EBITDA Margin ⁽³⁾	(10.2)%	(4.9)%	108 %

(1) Total cost and expenses included stock-based compensation expense of \$750.8 million.

(2) Net loss included a \$135.7 million impairment on a non-marketable equity investment and other assets following the announced winding down of the equity investee in the third quarter of 2022 and a \$119.3 million pre-tax gain from our transaction with Woven Planet from the third quarter of 2021.

(3) Beginning in the fourth quarter of 2022, our non-GAAP financial measures and reconciliations have been updated to no longer exclude "Changes to the liabilities for insurance required by regulatory agencies attributable to historical periods" and prior period information has been revised to conform to the current period presentation.

Impact of Macroeconomic Conditions, COVID-19 and Recent Market Dynamics on our Business

Beginning in the middle of March 2020, the COVID-19 pandemic and related responses caused decreased demand for our platform leading to decreased revenues as well as decreased earning opportunities for drivers on our platform. We also experienced volatility in the overall marketplace health on our platform during this period, including fluctuations in driver supply and service levels. In 2021, we saw some recovery from the onset of the COVID-19 pandemic as vaccines were more widely distributed and more communities fully reopened, which resulted in improved performance compared to 2020. In 2022, while we saw decreased demand in the first quarter driven by an increase in cases due to variants of the virus, we saw sequential quarterly improvements in demand and overall marketplace health. In the fourth quarter of 2022, we had the highest numbers of Active Riders in nearly three years. For full-year 2022, we generated revenue of \$4.1 billion, the highest since our inception. However, our costs also increased, with the insurance-related increase due to, among other reasons, inflation, the cost of medical care and litigation. In the fourth quarter of 2022, we strengthened our insurance reserves and accrued and other current liabilities by \$375 million to mitigate exposure to these fluctuations.

Although there has been an improvement in overall demand and our marketplace health, demand for our platform has not returned to pre-pandemic levels in all markets and the timing of demand and supply improvements has not always aligned. Near-term, we expect lower prices - which are the result of strong supply tailwinds and competitive dynamics - will adversely impact our revenue and profitability. However, lower prices can help stimulate demand over time, and with more demand and better supply - and a healthier marketplace overall - we can build a much larger business. In addition, we cannot predict the impact of the COVID-19 pandemic or the impact a deteriorating macroeconomic environment on lifestyle trends or consumer behavior, and these factors may harm future growth and profits.

For more information on risks associated with the COVID-19 pandemic, macroeconomic conditions and competition, see the section titled “Risk Factors” in Item 1A of Part I of this Annual Report on Form 10-K.

Recent Developments

Acquisition of PBSC Urban Solutions Inc. (“PBSC”)

On May 17, 2022, we completed our acquisition of PBSC, a global leader in bikeshare, which supplies stations and bikes to markets internationally, for a total purchase price of \$163.5 million inclusive of \$14.1 million in estimated fair value of contingent consideration. The acquisition was treated as a business combination and increases our scale in micromobility by leveraging PBSC’s deep sales experience and customer relationships. Refer to Note 3 “Acquisitions” to the consolidated financial statements for information regarding this transaction.

Commutation of the Reinsurance Agreement

On June 21, 2022, PVIC and DARAG completed the Commutation Transaction, which effectively commuted and settled the previous Reinsurance Agreement. As a result of the Commutation Transaction, the Company recognized a \$36.8 million gain in cost of revenue in the three months ended June 30, 2022, including amortization of a portion of the previously recognized deferred gain. Refer to Note 6 “Supplemental Financial Statement Information - Commutation of the Reinsurance Agreement” to the consolidated financial statements for information regarding this transaction.

November 2022 Restructuring Activities

On November 3, 2022, we committed to a plan of termination as part of our efforts to reduce operating expenses and adjust cash flows. The plan involved the termination of approximately 683 employees, representing 13% of our employees. As a result of the restructuring plan, in the fourth quarter of 2022, we recorded \$29.5 million in employee severance and other employee costs and \$9.5 million in net stock-based compensation expense related to equity compensation for employees impacted by the plan of termination. We have also incurred restructuring charges related to the exit and sublease or cease use of certain facilities, which included \$55.3 million in impairment charges related to real estate operating lease right-of-use assets, \$23.9 million in accelerated depreciation of certain fixed assets and \$2.1 million in write-off of fixed assets not yet placed into service. As a result of these charges, we incurred net restructuring charges of \$120.3 million in the fourth quarter of 2022. We also announced the intention to pursue a sale of certain assets related to our first-party vehicle service business on a blog post dated November 3, 2022 available on the Company’s website.

In the first quarter of 2023, we expect to finalize the exit of certain leases as part of the plan of termination and we completed a transaction for the divestiture of certain assets related to our first party vehicle services business to align with our anticipated operating needs. As a result, in the first quarter of 2023, the Company expects to record lease termination penalties and additional impairment charges related to the cease use of certain facilities to real estate operating lease right-of-use assets. The remaining employee related charges, which include employee severance, benefits and stock-based compensation, will not be material in the first quarter of 2023.

Refer to Note 16 “Restructuring” to the consolidated financial statements for information regarding this reduction in workforce.

Key Metrics

Active Riders and Revenue per Active Rider

The number of Active Riders is a key indicator of the scale of our community and awareness of our brand. Revenue per Active Rider represents our ability to drive usage and monetization of our platform.

	Active Riders				
	2022	2021	2020	2021 to 2022 % Change	2020 to 2021 % Change
<i>(in thousands, except for dollar amounts and percentages)</i>					
Three Months Ended March 31	17,804	13,494	21,211	31.9%	(36.4)%
Three Months Ended June 30	19,860	17,142	8,688	15.9%	97.3%
Three Months Ended September 30	20,312	18,942	12,513	7.2%	51.4%
Three Months Ended December 31	20,358	18,728	12,552	8.7%	49.2%

	Revenue per Active Rider				
	2022	2021	2020	2021 to 2022 % Change	2020 to 2021 % Change
Three Months Ended March 31	\$49.18	\$45.13	\$45.06	9.0%	0.2%
Three Months Ended June 30	\$49.89	\$44.63	\$39.06	11.8%	14.3%
Three Months Ended September 30	\$51.88	\$45.63	\$39.94	13.7%	14.2%
Three Months Ended December 31	\$57.72	\$51.79	\$45.40	11.5%	14.1%

We define Active Riders as all riders who take at least one ride during a quarter where the Lyft Platform processes the transaction. An Active Rider is identified by a unique phone number. If a rider has two mobile phone numbers or changed their phone number and such rider took rides using both phone numbers during the quarter, that person would count as two Active Riders. If a rider has a personal and business profile tied to the same mobile phone number, that person would be considered a single Active Rider. If a ride has been requested by an organization using our Concierge offering for the benefit of a rider, we exclude this rider in the calculation of Active Riders unless the ride is accessible in the Lyft App. Revenue per Active Rider is calculated by dividing revenue for a period by Active Riders for the same period.

Beginning in the fourth quarter of 2020, some riders were able to access their Concierge rides in the Lyft App if they already had a Lyft account. Accordingly, Lyft updated the definition of Active Riders to include Concierge riders if the rider's phone number matches that of a verified Lyft account, allowing the rider to access their ride in the Lyft App. This update resulted in a 0.01% increase, or an additional 927 Active Riders in the fourth quarter of 2020. Prior to the fourth quarter of 2020, all Concierge riders were excluded from the calculation of Active Riders as Concierge rides could not be matched with verified rider accounts.

In each of the three month periods ended March 31, June 30, September 30, and December 31, 2022, Active Riders and Revenue per Active Rider increased compared to the same period in 2021 primarily due to improvements to demand on our platform as we continue to recover from the impacts of COVID-19. Active Riders in the three month periods ended March 31, 2021 and June 30, 2021 represented significantly lower Active Rider counts as those periods were in earlier stages of the COVID-19 recovery with more limited vaccine access, which had materially limited people's mobility and severely reduced Active Riders. Revenue per Active Rider reached all-time highs in the consecutive periods during the three months ended September 30, 2022 and December 31, 2022 primarily driven by an increase in ride frequency as well as a shift toward higher revenue rides such as airport rides, reflecting increased travel in the second half of 2022 across the United States. Revenue per Active Rider also benefited from revenues from licensing and data access agreements, beginning in the second quarter of 2021.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K are prepared in accordance with GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We believe that the accounting policies described below involve a significant degree of judgment and complexity. Accordingly, we believe these are the most critical to aid in fully understanding and evaluating our consolidated financial condition

and results of operations. For further information, see Note 2 of the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Revenue Recognition

Revenues from Contracts with Customers (ASC 606)

We generate substantially all our revenue from our ridesharing marketplace that connects drivers and riders. We recognize revenue from fees paid by drivers for use of our Lyft Platform offerings in accordance with ASC 606 as described in Note 2 of the notes to our consolidated financial statements. Drivers enter into terms of service (“ToS”) with us in order to use our Lyft Driver App.

We provide a service to drivers to complete a successful transportation service for riders. This service includes on-demand lead generation that assists drivers to find, receive and fulfill on-demand requests from riders seeking transportation services and related collection activities using our Lyft Platform. As a result, our single performance obligation in the transaction is to connect drivers with riders to facilitate the completion of a successful transportation service for riders.

We evaluate the presentation of revenue on a gross versus net basis based on whether we act as a principal by controlling the transportation service provided to the rider or whether we act as an agent by arranging for third parties to provide the service to the rider. We facilitate the provision of a transportation service by a driver to a rider (the driver’s customer) in order for the driver to fulfill their contractual promise to the rider. The driver fulfills their promise to provide a transportation service to their customer through use of the Lyft Platform. While we facilitate setting the price for transportation services, the drivers and riders have the discretion in accepting the transaction price through the platform. We do not control the transportation services being provided to the rider nor do we have inventory risk related to the transportation services. As a result, we act as an agent in facilitating the ability for a driver to provide a transportation service to a rider.

We report revenue on a net basis, reflecting the service fees and commissions owed to us from the drivers as revenue, and not the gross amount collected from the rider. We made this determination of not being primarily responsible for the services since we do not promise the transportation services, do not contract with drivers to provide transportation services on our behalf, do not control whether the driver accepts or declines the transportation request via the Lyft Platform, and do not control the provision of transportation services by drivers to riders at any point in time either before, during, or after, the trip.

We consider the ToS and our customary business practices in identifying the contracts under ASC 606. As our customary business practice, a contract exists between the driver and us when the driver’s ability to cancel the trip lapses, which typically is upon pickup of the rider. We collect the fare and related charges from riders on behalf of drivers using the rider’s pre-authorized credit card or other payment mechanism and retain any fees owed to us before making the remaining disbursement to drivers; thus the driver’s ability and intent to pay is not subject to significant judgment.

We earn service fees and commissions from the drivers either as the difference between an amount paid by a rider based on an upfront quoted fare and the amount earned by a driver based on actual time and distance for the trip or as a fixed percentage of the fare charged to the rider. In an upfront quoted fare arrangement, as we do not control the driver’s actions at any point in the transaction to limit the time and distance for the trip, we take on risks related to the driver’s actions which may not be fully mitigated. We earn a variable amount from the drivers and may record a loss from a transaction, which is recorded as a reduction to revenue, in instances where an up-front quoted fare offered to a rider is less than the amount we are committed to pay the driver.

We recognize revenue upon completion of a ride as the single performance obligation is satisfied and we have the right to receive payment for the services rendered upon the completion of the ride.

We offer various incentive programs to drivers that are recorded as reduction to revenue if we do not receive a distinct good or service in consideration or if we cannot reasonably estimate the fair value of goods or services received.

In some cases, we also earn Concierge platform fees from organizations that use our Concierge offering, which is a product that allows organizations to request rides for their customers and employees through our ridesharing marketplace. Concierge platform fees are earned as a fixed dollar amount per ride or a percentage of the ride price depending on the contract and such Concierge platform fee revenue is recognized on a gross basis.

We recognize revenue from subscription fees paid by users to access transportation options through the Lyft Platform and mobile-based applications over the applicable subscription period.

We also recognize revenue from car maintenance, roadside assistance, parking and collision repair services and revenue from bikes and bike station hardware and software sales. These revenues are not material to the Company’s consolidated revenue.

We generate revenue from licensing and data access agreements. We are primarily responsible for fulfilling our promise to provide rideshare data and access to Flexdrive vehicles and bear the fulfillment risk, and the responsibility of providing the data, over the license period. We act as a principal in delivering the data and access licenses and present revenue on a gross basis. Consideration allocated to each performance obligation, the data delivery and vehicle access, are determined by assigning the relative fair value to each of the performance obligations. Revenue is recorded upon delivery of the rideshare data and ratably over the quarter for access to

fleet vehicles as our respective performance obligation is satisfied upon the delivery of each. These revenues are not material to the Company's consolidated revenue or operating trends. Refer to Note 4 "Divestitures" to the consolidated financial statements for information regarding the divestiture of certain assets related to our self-driving vehicles division, Level 5.

Rental Revenue (ASC 842)

We generate rental revenues primarily from Flexdrive, our network of Light Vehicles, and Lyft Rentals. Under the Flexdrive and Lyft Rentals programs, we operate a fleet of rental vehicles comprised of both vehicles owned by us and vehicles leased from third-party leasing companies. We either lease or sublease vehicles to drivers and Lyft Rentals renters, as a result, we are considered the accounting lessor or sublessor, as applicable, in these arrangements in accordance with ASC 842. For vehicles that are subleased, sublease income and head lease expense for these transactions are recognized on a gross basis on the consolidated financial statements. Drivers who rent vehicles are charged rental fees, which we collect from the driver by deducting such amounts from the driver's earnings on the Lyft Platform.

Revenue generated from single-use ride fees paid by Light Vehicles riders are recognized upon completion of each related ride. Revenue generated from Flexdrive and Lyft Rentals is recognized evenly over the rental period, which is typically seven days or less. Due to the short-term nature of the Flexdrive, Lyft Rentals, and Light Vehicle transactions, we classify these rentals as operating leases.

Insurance Reserves

We utilize both a wholly-owned captive insurance subsidiary and third-party insurance, which may include deductibles and self-insured retentions, to insure or reinsure costs including auto liability, uninsured and underinsured motorist, auto physical damage, first party injury coverages including personal injury protection under state law and general business liabilities up to certain limits. The recorded liabilities reflect the estimated cost for claims incurred but not paid and claims that have been incurred but not yet reported and any estimable administrative run-out expenses related to the processing of these outstanding claim payments. Liabilities are determined on a quarterly basis by internal actuaries through an analysis of historical trends, changes in claims experience including consideration of new information and application of loss development factors among other inputs and assumptions. On an annual basis, an independent third-party actuary will evaluate the liabilities for appropriateness with claims reserve valuations.

Insurance claims may take years to completely settle, and we have limited historical loss experience. Because of the limited operational history, we make certain assumptions based on currently available information and industry statistics, with the loss development factors as one of the most significant assumptions, and utilize actuarial models and techniques to estimate the reserves. A number of factors can affect the actual cost of a claim, including the length of time the claim remains open, economic and healthcare cost trends and the results of related litigation. Furthermore, claims may emerge in future years for events that occurred in a prior year at a rate that differs from previous actuarial projections. The impact of these factors on ultimate costs for insurance is difficult to estimate and could be material. However, while we believe that the insurance reserve amount is adequate, the ultimate liability may be in excess of, or less than, the amount provided. As a result, the net amounts that will ultimately be paid to settle the liability and when amounts will be paid may significantly vary from the estimated amounts provided for in the consolidated balance sheets. We continue to review our insurance reserve estimates in a regular, ongoing process as historical experience develops, additional claims are reported as settled, and the legal, regulatory and economic environment evolves.

On April 22, 2021, our wholly-owned subsidiary, Pacific Valley Insurance Company, Inc. ("PVIC"), entered into a Quota Share Reinsurance Agreement (the "Reinsurance Agreement") with DARAG Bermuda LTD ("DARAG"), under which DARAG reinsured a legacy portfolio of auto insurance policies, based on reserves in place as of March 31, 2021, for \$183.2 million of coverage above the liabilities recorded as of that date. Under the terms of the Reinsurance Agreement, PVIC ceded to DARAG approximately \$251.3 million of certain legacy insurance liabilities for policies underwritten during the period of October 1, 2018 to October 1, 2020, with an aggregate limit of \$434.5 million, for a premium of \$271.5 million (the "Reinsurance Transaction"). Losses ceded under the Reinsurance Agreement that exceed \$271.5 million, but are below the aggregate limit of \$434.5 million, resulted in the recognition of a deferred gain liability. The deferred gain liability was amortized and recognized as a benefit to the statement of operations over the estimated remaining settlement period of the ceded reserves. The settlement period of the ceded reserves was based on the life-to-date cumulative losses collected and extended over periods longer than a quarter. The amount of the deferral that was amortized was recalculated each period based on loss payments and updated estimates of the portfolio's total losses. When the amount and timing of the reinsurance recoveries were uncertain, the recovery method was used to calculate the amount of amortization in period. The deferral of gains had a negative impact in respective periods to cost of revenue as the losses on direct liabilities were not offset by gains from excess benefits under the Reinsurance Agreement. The amortization of these deferred gains provided a benefit to cost of revenue over multiple periods equal to the excess benefits received.

On June 21, 2022, PVIC and DARAG completed the Commutation Transaction, which effectively commuted and settled the previous Reinsurance Agreement. As a result of the Commutation Transaction, the Company recognized a \$36.8 million gain in cost of revenue in the three months ended June 30, 2022, including amortization of a portion of the previously recognized deferred gain. Refer to Note 6 "Supplemental Financial Statement Information - Commutation of the Reinsurance Agreement" to the consolidated

financial statements for information regarding this transaction. Refer to Note 6 “Supplemental Financial Statement Information” to the consolidated financial statements for information regarding these transactions.

Stock-Based Compensation

We incur stock-based compensation expense primarily from RSUs, performance based stock units (“PSUs”) and stock purchase rights granted under our Employee Stock Purchase Plan (“ESPP”).

We estimate the fair value of ESPP purchase rights using the Black-Scholes option-pricing model. We recognize compensation expense related to the ESPP purchase rights on a straight-line basis over the offering period, which is typically 12 months.

The fair value of RSUs and PSUs are estimated based on the fair market value of our common stock on the date of grant, which is based on the closing price of our Class A common stock as reported on the date of grant.

Compensation expense for RSUs is generally recognized based on a straight-line basis over the requisite service period. Stock-based compensation expense is based on awards ultimately expected to vest and reflects estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. As of December 31, 2022, the total unrecognized compensation cost related to RSUs was \$499.5 million, which we expect to recognize over the remaining weighted-average period of approximately 1.0 year.

Business Combinations

We account for our business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, we make significant estimates and assumptions, especially with respect to intangible assets. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, we may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill if new information is obtained related to facts and circumstances that existed as of the acquisition date. After the measurement period, any subsequent adjustments are reflected on the consolidated statements of operations. Acquisition costs, such as legal and consulting fees, are expensed as incurred.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisition of entities accounted for using the purchase method of accounting are estimated by us based on the fair value of assets received. Intangible assets are amortized on a straight-line basis over the estimated useful lives which range from two to twelve years.

Goodwill is not subject to amortization, but is tested for impairment on an annual basis during the fourth quarter or whenever events or changes in circumstances indicate the carrying amount of the goodwill may not be recoverable. As part of the annual goodwill impairment test, we first perform a qualitative assessment to determine whether further impairment testing is necessary. If, as a result of its qualitative assessment, it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amounts, the quantitative impairment test will be required. There was no impairment of goodwill recorded for the years ended December 31, 2022, 2021 and 2020.

Recent Accounting Pronouncements

See [Note 2](#) to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for recently issued accounting pronouncements not yet adopted as of the date of this report.

Components of Results of Operations

As noted above, we expect the ongoing impacts of the COVID-19 pandemic to continue to suppress demand for our platform. While we have seen recovery in levels of demand due to the availability of vaccines and reopening of communities, we cannot be certain when conditions will return to pre-pandemic levels.

Revenue Recognition

Revenue consists of revenue recognized from fees paid by drivers for use of our Lyft Platform offerings, Concierge platform fees from organizations that use our Concierge offering, subscription fees paid by riders to access transportation options through the Lyft Platform, revenue from our vehicle service centers, revenue from the bikes and bike station hardware and software sales and revenue from licensing and data access agreements. Revenue derived from these offerings are recognized in accordance with ASC 606

as described in the Critical Accounting Policies and Estimates above and in Note 2 of the notes to our consolidated financial statements.

Revenue also consists of rental revenues recognized through leases or subleases primarily from Flexdrive, Lyft Rentals, and our network of Light Vehicles, which includes revenue generated from single-use ride fees paid by riders of Light Vehicles. Revenue derived from these offerings are recognized in accordance with ASC 842 as described in the Critical Accounting Policies and Estimates above and in Note 2 of the notes to our consolidated financial statements.

We offer various incentive programs to drivers that are recorded as reduction to revenue if we do not receive a distinct good or service in consideration or if we cannot reasonably estimate the fair value of goods or services received.

Cost of Revenue

Cost of revenue primarily consists of costs directly related to revenue generating transactions through our multimodal platform which primarily includes insurance costs, payment processing charges, and other costs. Insurance costs consist of insurance generally required under TNC and city regulations for ridesharing and bike and scooter rentals and also includes occupational hazard insurance for drivers in California. Payment processing charges include merchant fees, chargebacks and failed charges. Other costs included in cost of revenue are hosting and platform-related technology costs, personnel-related compensation costs, depreciation, amortization of technology-related intangible assets, asset write-off charges and costs related to Flexdrive, which include vehicle lease expenses and remarketing gains and losses related to the sale of vehicles. Gross profit is defined as revenue less cost of revenue.

Operations and Support

Operations and support expenses primarily consist of personnel-related compensation costs of local operations teams and teams who provide phone, email and chat support to users, Light Vehicle fleet operations support costs, driver background checks and onboarding costs, fees paid to third-parties providing operations support, facility costs and certain car rental fleet support costs. Light Vehicle fleet operations support costs include general repairs and maintenance, and other customer support activities related to repositioning bikes and scooters for rider convenience, cleaning and safety checks.

Research and Development

Research and development expenses primarily consist of personnel-related compensation costs and facilities costs. Such expenses include costs related to autonomous vehicle technology initiatives. Research and development costs are expensed as incurred.

On July 13, 2021, we completed a transaction with Woven Planet, a subsidiary of Toyota Motor Corporation, for the divestiture of certain assets related to our self-driving vehicle division, Level 5, and as a result, certain costs related to our prior initiative to develop self-driving systems were eliminated beginning in the third quarter of 2021.

Sales and Marketing

Sales and marketing expenses primarily consist of rider incentives, personnel-related compensation costs, driver incentives for referring new drivers or riders, advertising expenses, rider refunds and marketing partnerships with third parties. Sales and marketing costs are expensed as incurred.

General and Administrative

General and administrative expenses primarily consist of personnel-related compensation costs, professional services fees, certain insurance costs that are generally not required under TNC regulations, certain loss contingency expenses including legal accruals and settlements, insurance claims administrative fees, policy spend, depreciation, facility costs and other corporate costs. General and administrative expenses are expensed as incurred.

Interest Expense

Interest expense consists primarily of interest incurred on our 2025 Notes, as well as the related amortization of deferred debt issuance costs and debt discount. Interest expense also includes interest incurred on our Non-Revolving Loan and our Master Vehicle Loan.

Other Income (Expense), Net

Other income (expense), net consists primarily of an impairment charge related to a non-marketable equity investment and other assets in 2022, a pre-tax gain as a result of the transaction with Woven Planet in 2021, interest earned on our cash and cash equivalents, sublease income and restricted and unrestricted short-term investments.

Provision for Income Taxes

Our provision for income taxes consists of federal and state taxes in the U.S. and foreign taxes in jurisdictions in which we conduct business. As we expand the scale of our international business activities, any changes in the U.S. and foreign taxation of such activities may increase our overall provision for income taxes in the future.

We have a valuation allowance for our U.S. deferred tax assets, including federal and state net operating loss carryforwards, or NOLs. We expect to maintain this valuation allowance until it becomes more likely than not that the benefit of our federal and state deferred tax assets will be realized.

Results of Operations

The following table summarizes our historical consolidated statements of operations data:

	Year Ended December 31,		
	2022	2021	2020
	<i>(in thousands)</i>		
Revenue	\$ 4,095,135	\$ 3,208,323	\$ 2,364,681
Costs and expenses			
Cost of revenue	2,435,736	1,702,317	1,447,516
Operations and support	443,846	402,233	453,963
Research and development	856,777	911,946	909,126
Sales and marketing	531,512	411,406	416,331
General and administrative	1,286,180	915,638	946,127
Total costs and expenses	5,554,051	4,343,540	4,173,063
Loss from operations	(1,458,916)	(1,135,217)	(1,808,382)
Interest expense	(19,735)	(51,635)	(32,678)
Other income (expense), net	(99,988)	135,933	43,669
Loss before income taxes	(1,578,639)	(1,050,919)	(1,797,391)
Provision for (benefit from) income taxes	5,872	11,225	(44,534)
Net loss	<u>\$ (1,584,511)</u>	<u>\$ (1,062,144)</u>	<u>\$ (1,752,857)</u>

The following table sets forth the components of our consolidated statements of operations data as a percentage of revenue:

	Year Ended December 31,		
	2022	2021	2020
Revenue	100.0 %	100.0 %	100.0 %
Costs and expenses			
Cost of revenue	59.5	53.1	61.2
Operations and support	10.8	12.5	19.2
Research and development	20.9	28.4	38.4
Sales and marketing	13.0	12.8	17.6
General and administrative	31.4	28.5	40.0
Total costs and expenses	135.6	135.4	176.5
Loss from operations	(35.6)	(35.4)	(76.5)
Interest expense	(0.5)	(1.6)	(1.4)
Other income (expense), net	(2.4)	4.2	1.8
Loss before income taxes	(38.5)	(32.8)	(76.0)
Provision for (benefit from) income taxes	0.1	0.3	(1.9)
Net loss	<u>(38.7)%</u>	<u>(33.1)%</u>	<u>(74.1)%</u>

Comparison of Years Ended December 31, 2022 and 2021

Revenue

	Year Ended December 31,			2022 to 2021 % change	2021 to 2020 % Change
	2022	2021	2020		
	(in thousands, except for percentages)				
Revenue	\$ 4,095,135	\$ 3,208,323	\$ 2,364,681	28 %	36 %

Revenue increased \$886.8 million, or 28%, in 2022 as compared to the prior year, driven primarily by the increase in the number of Active Riders throughout 2022 as demand continued to recover from the impacts of COVID-19. Active Riders increased 31.9%, 15.9%, 7.2%, and 8.7% for the quarters ended March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022,

respectively, as compared to the same quarters in the prior year and Revenue per Active Rider increased 9.0%, 11.8%, 13.7% and 11.5% for the quarters ended March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022, respectively, as compared to the same quarters in the prior year. These increases to Active Riders and Revenue per Active Rider reflect the improvement in demand on the Company's platform and improving marketplace health in 2022 as compared to the same periods in 2021 during which the COVID-19 pandemic had a stronger impact. This improvement was most significant for Active Riders in the first half of 2022 as compared to the earlier stages of the COVID-19 recovery in the first half of 2021. Revenue also benefited from revenues from licensing and data access agreements, beginning in the second quarter of 2021. Investments in driver supply, which are recorded as a reduction to revenue, increased by \$38.5 million in 2022 as compared to the prior year.

In the near term, we expect to see revenue headwinds due to the current competitive environment, which have resulted in reductions in pricing. We expect to continue to see improved marketplace balance as increasing driver supply better meets demand, which will reduce the absolute dollar amount earned from high value rides during peak hours. In the first quarter of 2023, we also expect headwinds as a result of seasonality in both ridesharing and our network of Light Vehicles during the winter months. Lastly, we cannot predict the impact of the COVID-19 pandemic and its impact on work, travel and lifestyle trends, or the impact a deteriorating macroeconomic environment will have on consumer behavior, and these factors could affect future revenue.

Cost of Revenue

	Year Ended December 31,			2022 to 2021 % change	2021 to 2020 % Change
	2022	2021	2020		
	(in thousands, except for percentages)				
Cost of revenue	\$ 2,435,736	\$ 1,702,317	\$ 1,447,516	43 %	18 %

Cost of revenue increased \$733.4 million, or 43%, in 2022 as compared to the prior year. The increase was due primarily to a \$669.5 million increase in insurance costs driven by an increase in rider demand and recent economic factors including the high inflationary environment, increased litigation, and higher than expected losses across the commercial auto industry. This includes an increase in estimates to historical liabilities for insurance required by regulatory agencies of \$342.9 million, of which \$225.0 million was incurred in the fourth quarter of 2022. These factors were partly offset by a gain of \$36.8 million related to the Commutation Transaction in the second quarter of 2022, which effectively commuted and settled the Reinsurance Agreement, and a decrease of \$20.2 million in transaction costs related to the reinsurance of certain legacy auto insurance liabilities from the second quarter of 2021. Cost of revenue was also affected by increases of \$75.3 million in transaction fees, \$26.4 million in Light Vehicle related costs and \$11.6 million in web hosting fees. These increases were offset by a \$37.3 million decrease in Flexdrive related costs inclusive of gains on sale of vehicles.

We may see cost of revenue headwinds to insurance costs driven by uncertainties of recent economic factors including the high inflationary environment.

Operations and Support

	Year Ended December 31,			2022 to 2021 % change	2021 to 2020 % Change
	2022	2021	2020		
	(in thousands, except for percentages)				
Operations and support	\$ 443,846	\$ 402,233	\$ 453,963	10 %	(11)%

Operations and support expenses increased \$41.6 million, or 10%, in 2022 as compared to the prior year. There was a \$19.8 million increase in Light Vehicle fleet operations support costs and a \$12.5 million increase in driver onboarding costs and rider and driver support costs due to an increase in ride volume as compared to the prior year. The increase was also due to \$18.7 million in restructuring costs related to the restructuring event in the fourth quarter of 2022, consisting of (i) \$8.7 million in accelerated

depreciation of fixed assets, (ii) \$5.2 million in severance and benefits costs and (iii) \$4.9 million in impairment costs of operating lease right-of-use assets and other costs.

Research and Development

	Year Ended December 31,			2022 to 2021 % change	2021 to 2020 % Change
	2022	2021	2020		
	(in thousands, except for percentages)				
Research and development	\$ 856,777	\$ 911,946	\$ 909,126	(6)%	— %

Research and development expenses decreased \$55.2 million, or 6%, in 2022 as compared to the prior year. The decrease was primarily due to a \$32.4 million decrease in personnel-related costs and a \$26.2 million decrease in stock-based compensation, which were primarily driven by reduced headcount following the transaction with Woven Planet in the third quarter of 2021. There were also reduced Level 5 costs partially driven by the transaction with Woven Planet, including decreases of \$7.9 million in web hosting fees and \$7.5 million in autonomous vehicle research costs. There was also a decrease of \$9.1 million in consulting and advisory costs. These decreases were offset by \$29.0 million in restructuring costs related to the restructuring event in the fourth quarter of 2022, consisting of (i) \$15.4 million in impairment costs of operating lease right of use assets, (ii) \$9.7 million in severance and benefits costs and (iii) \$3.8 million in stock-based compensation.

Sales and Marketing

	Year Ended December 31,			2022 to 2021 % change	2021 to 2020 % Change
	2022	2021	2020		
	(in thousands, except for percentages)				
Sales and marketing	\$ 531,512	\$ 411,406	\$ 416,331	29 %	(1)%

Sales and marketing expenses increased \$120.1 million, or 29%, in 2022 as compared to the prior year. The increase was primarily due to a \$45.1 million increase related to driver and passenger acquisition costs and incentive programs and a \$41.9 million increase in costs associated with driver and rider programs. There was also a \$11.2 million increase in stock-based compensation and \$6.7 million increase in personnel-related costs driven by increased headcount prior to the restructuring event in the fourth quarter of 2022. In addition, there was an increase of \$3.1 million in severance and benefits costs as a result of the restructuring event in the fourth quarter of 2022.

General and Administrative

	Year Ended December 31,			2022 to 2021 % change	2021 to 2020 % Change
	2022	2021	2020		
	(in thousands, except for percentages)				
General and administrative	\$ 1,286,180	\$ 915,638	\$ 946,127	40 %	(3)%

General and administrative expenses increased \$370.5 million, or 40%, in 2022 as compared to the prior year. The increase was primarily due to a \$209.4 million increase in an accrual for self-retained general business liabilities, of which \$150.0 million was incurred in the fourth quarter of 2022. There was also \$67.3 million in restructuring costs related to the restructuring event in the fourth quarter of 2022, consisting of (i) \$37.1 million in impairment costs of operating lease right of use assets, (ii) \$15.2 million in accelerated depreciation of fixed assets, (iii) \$9.9 million in severance and benefits costs and (iv) \$5.1 million in stock-based compensation. There was also a \$25.8 million increase in stock-based compensation and a \$24.8 million increase in personnel-related costs driven by increased headcount prior to the restructuring in the fourth quarter of 2022. In addition, there was a \$16.3 million increase in certain loss contingencies including legal accruals and settlements, \$10.7 million in depreciation and amortization and \$7.7 million in bad debt expense. These increases were offset by a \$25.8 million decrease in contributions toward policy.

Interest Expense

	Year Ended December 31,			2022 to 2021 % change	2021 to 2020 % Change
	2022	2021	2020		
	(in thousands, except for percentages)				
Interest expense	\$ (19,735)	\$ (51,635)	\$ (32,678)	(62)%	58 %

Interest expense decreased \$31.9 million, or 62%, in 2022 as compared to the prior year. Interest expense was lower in 2022 due to a decrease in amortization of debt discount related to the 2025 Notes following the adoption of ASU 2020-06 on January 1, 2022.

Other Income (Expense), Net

	Year Ended December 31,			2022 to 2021 % change	2021 to 2020 % Change
	2022	2021	2020		
	(in thousands, except for percentages)				
Other income (expense), net	\$ (99,988)	\$ 135,933	\$ 43,669	(174)%	211 %

Other income, net decreased \$235.9 million, or 174%, in 2022 as compared to the prior year. The decrease was primarily due to a \$135.7 million impairment charge related to a non-marketable equity investment in a privately held company and other assets in the third quarter of 2022 and a pre-tax gain of \$119.3 million as a result of the transaction with Woven Planet in the third quarter of 2021.

Non-GAAP Financial Measures

	Year Ended December 31,			2022 to 2021 % change	2021 to 2020 % Change
	2022	2021	2020		
(in millions, except for percentages)					

GAAP Financial Measures

Gross profit	\$ 1,659.4	\$ 1,506.0	\$ 917.2	10.2 %	64.2 %
Gross profit margin	40.5%	46.9%	38.8%		
Net loss	\$ (1,584.5)	\$ (1,062.1)	\$ (1,752.8)	49.2 %	(39.4)%
Net loss as a percentage of revenue	(38.7)%	(33.1)%	(74.1)%		

Non-GAAP Financial Measures

Contribution ⁽¹⁾⁽²⁾	\$ 1,729.8	\$ 1,631.3	\$ 1,025.4	6.0 %	59.1 %
Contribution Margin ⁽¹⁾⁽²⁾	42.2 %	50.8 %	43.4 %		
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$ (416.5)	\$ (157.5)	\$ (959.3)	(164.4)%	83.6 %
Adjusted EBITDA Margin ⁽¹⁾⁽²⁾	(10.2)%	(4.9)%	(40.6)%		

(1) Contribution, Contribution Margin, Adjusted EBITDA, and Adjusted EBITDA Margin are non-GAAP financial measures. For more information regarding our use of these measures and a reconciliation of these measures to the most comparable GAAP measures, see "Reconciliation of Non-GAAP Financial Measures."

(2) Beginning in the fourth quarter of 2022, our non-GAAP financial measures have been updated to no longer exclude "Changes to the liabilities for insurance required by regulatory agencies attributable to historical periods" and prior period information has been revised to conform to the current period presentation.

Update to Non-GAAP Financial Measures

On December 13, 2022, the SEC issued updates to its Compliance and Disclosure Interpretations to clarify certain matters relating to non-GAAP adjustments. Subsequent to this change and following consultation with the SEC, we have aligned our disclosures, specifically by calculating Adjusted EBITDA, Contribution, and Contribution Margin without adjusting for “Changes to the liabilities for insurance required by regulatory agencies attributable to historical periods”. Beginning with the year ended December 31, 2022, our reconciliations of these measures have been updated to reflect this change, and prior period information has been revised to conform to the current period presentation.

Contribution and Contribution Margin

Contribution and Contribution Margin are measures used by our management to understand and evaluate our operating performance and trends. Gross profit is the most directly comparable financial measure to Contribution and gross profit margin is similarly comparable to Contribution Margin. We believe Contribution and Contribution Margin are key measures of our ability to achieve profitability.

We define Contribution as gross profit, or revenue less cost of revenue, adjusted to exclude the following items from cost of revenue:

- amortization of intangible assets;
- stock-based compensation expense;
- payroll tax expense related to stock-based compensation;
- net amount from claims ceded under the Reinsurance Agreement;
- transaction costs related to certain legacy auto insurance liabilities, if any; and
- restructuring charges, if any.

For more information about cost of revenue, see the section titled “Components of Results of Operations—Cost of Revenue.”

Contribution Margin is calculated by dividing Contribution for a period by revenue for the same period.

During the second quarter of 2021, we entered into a Quota Share Reinsurance Agreement for the reinsurance of legacy auto insurance liabilities between October 1, 2018 to October 1, 2020, based on the reserves in place as of March 31, 2021. During the first quarter of 2020, we entered into a Novation Agreement for the transfer of certain legacy auto insurance liabilities between October 1, 2015 and September 30, 2018. Refer to Note 6 “Supplemental Financial Statement Information” to the consolidated financial statements for information regarding these transactions. We believe the costs associated with these transactions related to certain legacy auto insurance liabilities do not illustrate the current period performance of our ongoing operations despite this transaction occurring in the current period because the impacted insurance liabilities relate to claims that date back years. We believe the adjustment to exclude these costs associated with transactions related to legacy insurance liabilities from Contribution and Adjusted EBITDA is useful to investors by enabling them to better assess our operating performance in the context of current period results and provide for better comparability with our historically disclosed Contribution and Adjusted EBITDA amounts.

Losses ceded under the Reinsurance Agreement that exceeded \$271.5 million, but were below the aggregate limit of \$434.5 million, resulted in the recognition of a deferred gain liability. The deferral of gains had a negative impact in the respective period to cost of revenue as the losses on direct liabilities were not offset by gains from excess benefits under the Reinsurance Agreement. The amortization of these deferred gains provided a benefit to the cost of revenue over multiple periods equal to the excess benefits received. We believe that the net amount recognized on the statement of operations associated with claims ceded under the Reinsurance Agreement, including any related reserve adjustments and any benefit recognized for the related deferred gains, should be excluded to show the ultimate economic benefit of the Reinsurance Agreement. This adjustment will help investors understand the economic benefit of our Reinsurance Agreement on future trends in our operations, as they improve over the settlement period of any deferred gains. Therefore, in the event that the net amount of any reserve adjustments and any benefits from deferred gains related to claims ceded under the Reinsurance Agreement is recognized on the statement of operations, those amounts will be excluded from the calculation of Contribution and Adjusted EBITDA through the exclusion of the “Net amount from claims ceded under the Reinsurance Agreement”. As of December 31, 2022, we have \$2.4 million of deferred gain related to losses ceded under the Reinsurance Agreement which is included within accrued and other current liabilities on the consolidated balance sheets.

During the second quarter of 2022, we completed the Commutation Transaction, which effectively commuted and settled the Reinsurance Agreement. The Commutation Transaction resulted in a \$36.8 million gain recorded to cost of revenue on the consolidated statement of operations. Refer to Note 6 “Supplemental Financial Statement Information” to the consolidated financial statements for information regarding these transactions. We believe the adjustment to exclude this gain associated with the commutation of the Reinsurance Agreement from Contribution and Adjusted EBITDA is useful to investors by enabling them to better assess our operating performance in the context of current period results and provide for better comparability with our historically disclosed Contribution and Adjusted EBITDA amounts. The gain associated with this Commutation Agreement, which commutes and settles the Reinsurance Agreement, will be excluded from the calculation of Contribution and Adjusted EBITDA through the exclusion of the “Net amount from claims ceded under the Reinsurance Agreement.”

We announced a restructuring plan in the fourth quarter of 2022 to reduce operating expenses and adjust cash flows. We believe the costs associated with the restructuring do not reflect current period performance of our ongoing operations. We believe the adjustment to exclude the costs related to restructuring from Contribution and Adjusted EBITDA is useful to investors by enabling them to better assess our operating performance in the context of current period results and provide for better comparability with our historically disclosed Contribution and Adjusted EBITDA amounts.

For more information regarding the limitations of Contribution and Contribution Margin and a reconciliation of gross profit to Contribution, see the section titled “Reconciliation of Non-GAAP Financial Measures”.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA Margin are key performance measures that our management uses to assess our operating performance and the operating leverage in our business. Because Adjusted EBITDA and Adjusted EBITDA Margin facilitate internal comparisons of our historical operating performance on a more consistent basis, we use these measures for business planning purposes. We expect Adjusted EBITDA and Adjusted EBITDA Margin will increase over the long term as we continue to scale our business and achieve greater efficiencies in our operating expenses.

We calculate Adjusted EBITDA as net loss, adjusted for:

- interest expense;
- other income (expense), net;
- provision for (benefit from) income taxes;
- depreciation and amortization;
- stock-based compensation;
- payroll tax expense related to stock-based compensation;
- net amount from claims ceded under the Reinsurance Agreement;
- sublease income;
- costs related to acquisitions and divestitures, if any; and
- restructuring charges, if any.

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA for a period by revenue for the same period.

During the third quarter of 2021, we entered into subleases for certain offices as part of the transaction with Woven Planet. Sublease income is included within other income on our consolidated statement of operations, while the related lease expense is included within our operating expenses and loss from operations. Sublease income was immaterial prior to the third quarter of 2021. We believe the adjustment to include sublease income to Adjusted EBITDA is useful to investors by enabling them to better assess our operating performance, including the benefits of recent transactions, by presenting sublease income as a contra-expense to the related lease charges within our operating expenses.

For more information regarding the limitations of Adjusted EBITDA and Adjusted EBITDA Margin and a reconciliation of net loss to Adjusted EBITDA, see the section titled “Reconciliation of Non-GAAP Financial Measures”.

Reconciliation of Non-GAAP Financial Measures

We use Contribution, Contribution Margin, Adjusted EBITDA, and Adjusted EBITDA Margin in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our board of directors concerning our financial performance. Our definitions may differ from the definitions used by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Furthermore, these measures have certain limitations in that they do not include the impact of certain expenses that are reflected in our consolidated statements of operations that are necessary

to run our business. Thus, our Contribution, Contribution Margin, Adjusted EBITDA, and Adjusted EBITDA Margin should be considered in addition to, not as substitutes for, or in isolation from, measures prepared in accordance with GAAP.

We compensate for these limitations by providing a reconciliation of Contribution, and Adjusted EBITDA to the related GAAP financial measures, revenue, net loss, and net cash provided by (used in) operating activities, respectively. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view Contribution, Contribution Margin, Adjusted EBITDA, and Adjusted EBITDA Margin in conjunction with their respective related GAAP financial measures.

The following table provides a reconciliation of gross profit, or revenue less cost of revenue, to Contribution (in millions):

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Revenue	\$ 4,095.1	\$ 3,208.3	\$ 2,364.7
Less cost of revenue	(2,435.7)	(1,702.3)	(1,447.5)
Gross profit	1,659.4	1,506.0	917.2
Gross profit margin	40.5 %	46.9 %	38.8 %
Adjusted to exclude the following (as related to cost of revenue):			
Amortization of intangible assets	5.0	11.0	12.0
Stock-based compensation expense	44.1	39.5	28.7
Payroll tax expense related to stock-based compensation	1.2	1.8	1.5
Net amount from claims ceded under the Reinsurance Agreement ⁽¹⁾⁽²⁾	18.5	52.8	—
Transactions related to certain legacy auto insurance liabilities ⁽³⁾⁽⁴⁾	—	20.2	62.5
Restructuring charges ⁽⁵⁾⁽⁶⁾	1.6	—	3.5
Contribution ⁽⁷⁾	\$ 1,729.8	\$ 1,631.3	\$ 1,025.4
Contribution Margin ⁽⁷⁾	42.2 %	50.8 %	43.4 %

- (1) Reflects the net amount recognized on the statement of operations associated with claims ceded under the Reinsurance Agreement, including any losses related to the deferral gains on the statement of operations and any benefit from the amortization of the deferred gain in the same period, to help investors understand the ultimate economic benefit of the Reinsurance Agreement.
- (2) Includes a \$36.8 million gain recognized in cost of revenue in the second quarter of 2022 on the consolidated statement of operations related to the Commutation Transaction, which effectively commuted and settled the Reinsurance Agreement. Refer to Note 6 "Supplemental Financial Statement Information" to the consolidated financial statements for information regarding the Commutation Transaction.
- (3) In the second quarter of 2021, we entered into a Reinsurance Agreement under which a third party reinsured certain legacy auto insurance liabilities. The total impact of the transaction to reinsure certain legacy auto insurance liabilities on our consolidated statement of operations was \$20.4 million, with \$20.2 million in cost of revenue and \$0.2 million in general and administrative expense in the year ended December 31, 2021.
- (4) In the first quarter of 2020, we transferred certain legacy auto insurance liabilities. The total impact of the transfer of certain legacy auto insurance liabilities on our consolidated statement of operations was \$64.7 million, with \$62.5 million in cost of revenue and \$2.2 million in general and administrative expense in the year ended 2021.
- (5) In the fourth quarter of 2022, we incurred \$1.6 million of severance and other employee costs. Restructuring-related charges of \$0.2 million for the stock-based compensation and payroll taxes related to stock-based compensation are included on their respective line items.
- (6) In the second and fourth quarter of 2020, we incurred \$2.0 million of severance and other employee costs and \$1.5 million of other restructuring charges. Restructuring related charges for the stock-based compensation benefit of \$4.2 million and payroll taxes related to stock-based compensation of \$0.1 million are included on their respective line items.
- (7) Due to rounding, numbers presented may not add up precisely to the totals provided.

Net loss is the most directly comparable financial measure to Adjusted EBITDA. The following table provides a reconciliation of net loss to Adjusted EBITDA (in millions):

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Net loss	\$ (1,584.5)	\$ (1,062.1)	\$ (1,752.9)
Adjusted to exclude the following:			
Interest expense ⁽¹⁾	20.8	52.8	34.2
Other (income) expense, net ⁽²⁾	100.0	(135.9)	(43.7)
Provision for (benefit from) income taxes	5.9	11.2	(44.5)
Depreciation and amortization	154.8	139.3	157.3
Stock-based compensation	750.8	724.6	565.8
Payroll tax expense related to stock-based compensation	17.0	31.5	23.7
Net amount from claims ceded under the Reinsurance Agreement ⁽³⁾⁽⁴⁾	18.5	52.8	—
Sublease income ⁽⁵⁾	11.6	6.6	—
Costs related to acquisitions and divestitures ⁽⁶⁾	2.3	1.5	0.4
Transactions related to certain legacy auto insurance liabilities ⁽⁷⁾⁽⁸⁾	—	20.4	64.7
Restructuring charges ⁽⁹⁾⁽¹⁰⁾	86.6	—	35.5
Adjusted EBITDA ⁽¹¹⁾	<u>\$ (416.5)</u>	<u>\$ (157.5)</u>	<u>\$ (959.3)</u>

- (1) Includes interest expense for Flexdrive vehicles and the 2025 Notes. \$1.1 million related to the interest component of vehicle related finance leases in each of the years ended December 31, 2022 and 2021. Refer to Note 8 "Leases" to the consolidated financial statements for information regarding the interest component of vehicle-related finance leases.
- (2) Includes a \$135.7 million impairment charge related to a non-marketable equity investment and other assets in the third quarter of 2022, a \$119.3 million pre-tax gain from the transaction with Woven Planet in the third quarter of 2021 and interest income which was reported as a separate line item on the consolidated statement of operations in periods prior to the second quarter of 2020.
- (3) Reflects the net amount recognized on the statement of operations associated with claims ceded under the Reinsurance Agreement, including any losses related to the deferral gains on the statement of operations and any benefit from the amortization of the deferred gain in the same period, to help investors understand the ultimate economic benefit of the Reinsurance Agreement.
- (4) Includes a \$36.8 million gain recognized in cost of revenue in the second quarter of 2022 on the consolidated statement of operations related to the Commutation Transaction, which effectively commuted and settled the Reinsurance Agreement. Refer to Note 6 "Supplemental Financial Statement Information" to the consolidated financial statements for information regarding the Commutation Transaction.
- (5) Includes sublease income from subleases entered into as part of the transaction with Woven Planet in the third quarter of 2021. Sublease income prior to the third quarter of 2021 was immaterial. Refer to Note 4 "Divestitures" to the consolidated financial statements for information regarding our transaction with Woven Planet for the divestiture of certain assets related to our self-driving vehicles division, Level 5.
- (6) Includes third-party costs incurred related to our acquisition of PBSC in the second quarter of 2022 and our transaction with Woven Planet in the second quarter of 2021. In the third quarter of 2022, this includes adjustments to the contingent consideration related to our acquisition of PBSC.
- (7) In the second quarter of 2021, we entered into a Reinsurance Agreement under which a third party reinsured certain legacy auto insurance liabilities. The total impact of the transaction to reinsure certain legacy auto insurance liabilities on our consolidated statement of operations was \$20.4 million, with \$20.2 million in cost of revenue and \$0.2 million in general and administrative expense in the year ended December 31, 2021.
- (8) In the first quarter of 2020, we transferred certain legacy auto insurance liabilities. The total impact of the transfer of certain legacy auto insurance liabilities on our consolidated statement of operations was \$64.7 million, with \$62.5 million in cost of revenue and \$2.2 million in general and administrative expense in the year ended December 31, 2021.
- (9) In the fourth quarter of 2022, we incurred restructuring charges of \$29.2 million of severance and other employee costs and \$57.4 million related to lease termination and other restructuring costs. Restructuring related charges for stock-based compensation of \$9.5 million, payroll taxes related to stock-based compensation of \$0.3 million and accelerated depreciation of \$23.9 million are included on their respective line items.
- (10) In the second and fourth quarter of 2020, we incurred restructuring charges of \$32.9 million of severance and other employee costs and \$2.6 million related to lease termination and other restructuring costs. Restructuring related charges for the stock-based compensation benefit of \$50.0 million, payroll taxes related to stock-based compensation of \$0.7 million and accelerated depreciation of \$0.5 million are included on their respective line items.
- (11) Due to rounding, numbers presented may not add up precisely to the totals provided.

Cash Flows

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

	Year Ended December 31,	
	2022	2021
	(in thousands)	
Net cash used in operating activities	\$ (237,285)	\$ (101,721)
Net cash provided by (used in) investing activities	186,045	267,012
Net cash provided by (used in) financing activities	(87,500)	(72,470)
Effect of foreign exchange on cash, cash equivalents and restricted cash and cash equivalents	(631)	(113)
Net change in cash, cash equivalents and restricted cash and cash equivalents	<u>\$ (139,371)</u>	<u>\$ 92,708</u>

Operating Activities

Cash used in operating activities was \$237.3 million for the year ended December 31, 2022. This consisted primarily of a net loss of \$1.6 billion. This was offset by non-cash stock-based compensation expense of \$750.8 million, depreciation and amortization expense of \$154.8 million and impairment charges of \$135.7 million.

Cash used in operating activities was \$101.7 million for the year ended December 31, 2021. This consisted primarily of a net loss of \$1.1 billion and a \$119.3 million pre-tax gain from the transaction with Woven Planet. This was offset by non-cash stock-based compensation expense of \$724.6 million and depreciation and amortization expense of \$139.3 million.

Investing Activities

Cash provided by investing activities was \$186.0 million for the year ended December 31, 2022, which primarily consisted of proceeds from sales and maturities of marketable securities of \$4.0 billion, maturities of term deposits of \$395.1 million and the sale of property and equipment of \$129.8 million, partially offset by purchases of marketable securities of \$4.0 billion, the acquisition of PBSC of \$146.3 million, and purchases of property and equipment of \$115.0 million.

Cash provided by investing activities was \$267.0 million for the year ended December 31, 2021, which primarily consisted of proceeds from sales and maturities of marketable securities of \$3.8 billion and maturities of term deposits of \$675.5 million, partially offset by purchases of marketable securities of \$3.8 billion and term deposits of \$0.5 billion.

Financing Activities

Cash used in financing activities was \$87.5 million for the year ended December 31, 2022, which primarily consisted of repayment of loans of \$67.6 million and principal payments on finance lease obligations for \$34.8 million.

Cash used in financing activities was \$72.5 million for the year ended December 31, 2021, which primarily consisted of repayment of loans of \$44.4 million and principal payments on finance lease obligations for \$35.5 million.

Liquidity and Capital Resources

As of December 31, 2022, our principal sources of liquidity were cash and cash equivalents of approximately \$281.1 million, short-term investments of approximately \$1.5 billion, exclusive of restricted cash, cash equivalents and investments of \$1.1 billion, and a revolving credit agreement which provides for a \$420 million revolving secured credit facility. Cash and cash equivalents consisted of institutional money market funds, certificates of deposits, commercial paper and corporate bonds that have an original maturity of less than three months and are readily convertible into known amounts of cash. Also included in cash and cash equivalents are certain money market deposit accounts and cash in transit from payment processors for credit and debit card transactions. Short-term investments consisted of commercial paper, certificates of deposit, corporate bonds and term deposits, which mature in 12 months or less. Restricted cash, cash equivalents and investments consisted primarily of amounts held in separate trust accounts and restricted bank accounts as collateral for insurance purposes and amounts pledged to secure certain letters of credit.

In November 3, 2022, we entered into a revolving credit agreement with certain lenders which provides for a \$420 million revolving secured credit facility maturing on the earlier of (i) November 3, 2027 and (ii) February 13, 2025, if, as of such date, the Company's Liquidity (as defined in the revolving credit agreement) minus the aggregate principal amount of the Company's 2025 Notes outstanding on such date is less than \$1.25 billion. We are obligated to pay interest on loans under the credit facility and other customary fees for a credit facility of this size and type, including an upfront fee and an unused commitment fee. The interest rate for the credit facility is determined based on calculations using certain market rates as set forth in the credit agreement. In addition, the credit facility contains restrictions on payments including cash payments of dividends. The Revolving Credit Facility provides for borrowings up to the amount of the facility, with a sublimit of \$168 million for the issuance of letters of credit. At closing,

\$53.5 million in letters of credit were issued under the Revolving Credit Facility and as of December 31, 2022, no amounts had been drawn under the credit facility.

We collect the fare and related charges from riders on behalf of drivers at the time the ride is delivered using the rider's authorized payment method, and we retain any fees owed to us before making the remaining disbursement to drivers. Accordingly, we maintain no accounts receivable from drivers. Our contracts with insurance providers require reinsurance premiums to be deposited into trust accounts with a third-party financial institution from which the insurance providers are reimbursed for claims payments. Our restricted reinsurance trust investments were \$1.0 billion as of December 31, 2022 and 2021.

We continue to actively monitor the impact of the COVID-19 pandemic. Beginning in March 2020, the pandemic and responses thereto contributed to a severe decrease in the number of rides on our platform and revenue which had a significant effect on our cash flows from operations. While conditions have improved, these impacts are ongoing. We also made adjustments to our expenses and cash flow to correlate with declines in revenues including the transaction with Woven Planet completed on July 13, 2021 and headcount reductions in 2020 and 2022. Refer to Note 4 "Divestitures" to the consolidated financial statements for information regarding the divestiture of certain assets related to our self-driving vehicles division, Level 5. In the fourth quarter of 2022, we committed to a plan of termination to reduce operating expenses and adjust cash flows. We have also incurred restructuring charges related to the exit and sublease or cease use of certain facilities to align with our anticipated operating needs in fourth quarter of 2022 and the first quarter of 2023.

We cannot be certain that our actions will mitigate some or all of the continuing negative effects of the pandemic and its impact on work, travel and lifestyle trends on our business. With \$1.8 billion in unrestricted cash and cash equivalents and short-term investments as of December 31, 2022, as well as our credit facility, we believe we have sufficient liquidity to meet our working capital and capital expenditures needs for at least the next 12 months and beyond.

Our future capital requirements will depend on many factors, including, but not limited to our growth, our ability to attract and retain drivers and riders on our platform, the continuing market acceptance of our offerings, the timing and extent of spending to support our efforts to develop our platform, actual insurance payments for which we have made reserves, and the expansion of sales and marketing activities. Further, we may in the future enter into arrangements to acquire or invest in businesses, products, services and technologies. For example, we intend to invest further in EVs in order to achieve compliance with the California Clean Miles Standard and Incentive Program, which sets the target that 90% of rideshare miles in California must be in EVs by the end of 2030, and New York City's recently announced goals to get to 100% of rideshare miles in EV by 2030. These targets align with our goal to reach 100% EVs on the Lyft Platform by the end of 2030. From time to time, we may seek additional equity or debt financing to fund capital expenditures, strategic initiatives or investments and our ongoing operations, or to refinance our existing or future indebtedness. In the event that we decide, or are required, to seek additional financing from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition and results of operations could be adversely affected.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2022 (in millions):

	Payments Due by Period ⁽¹⁾		
	Total	12 months or less	Thereafter
Operating lease commitments	\$ 261.5	\$ 66.5	\$ 195.0
Financing lease commitments	37.6	16.5	21.1
Long-term debt, including current maturities ⁽²⁾	839.5	36.3	803.2
Other noncancelable agreements	325.4	108.5	216.9

(1) The table excludes insurance reserves due to uncertainties in the timing of settlement of these reserves.

(2) Includes the convertible senior notes with an aggregate principal amount of \$747.5 million issued in May 2020 (the "2025 Notes"). The 2025 Notes mature on May 15, 2025, unless earlier converted, redeemed or repurchased. Refer to Note 10 "Debt" to the consolidated financial statements for information regarding the 2025 Notes.

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business, which primarily relate to fluctuations in interest rates. Such fluctuations to date have not been significant.

As of December 31, 2022, we had unrestricted cash, cash equivalents and short-term investments of approximately \$1.8 billion, which consisted primarily of institutional money market funds, certificates of deposits, commercial paper, corporate bonds, and term deposits, which each carry a degree of interest rate risk, and restricted cash, cash equivalents and restricted investments of \$1.1 billion. A hypothetical 100 basis points change in interest rates would not have a material impact on our financial condition or results of operations due to the short-term nature of our investment portfolio.

As of December 31, 2022, we had long-term debt of \$839.5 million, 88% of which consisted of the fixed-rate Convertible Senior Notes we issued in May 2020. A hypothetical 100 basis points change in interest rates would not have a material impact on our financial condition or results of operations due to immateriality.

Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Lyft, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Lyft, Inc. and its subsidiaries (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of operations, of comprehensive loss, of stockholders’ equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for convertible debt in 2022.

Basis for Opinions

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

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

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

As described in Management’s Report on Internal Control Over Financial Reporting, management has excluded PBSC Urban Solutions, Inc. (“PBSC”) from its assessment of internal control over financial reporting as of December 31, 2022 because it was acquired by the Company in a purchase business combination during 2022. We have also excluded PBSC from our audit of internal control over financial reporting. PBSC is a wholly-owned subsidiary whose total assets and total revenue excluded from management’s assessment and our audit of internal control over financial reporting represents approximately 2% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2022.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

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

Valuation of Insurance Reserves

As described in Note 2 to the consolidated financial statements, the Company utilizes both a wholly-owned captive insurance subsidiary and third-party insurance, which may include deductibles and self-insured retentions, to insure or reinsure costs including auto liability, uninsured and underinsured motorist, auto physical damage, first party injury coverages including personal injury protection under state law and general business liabilities up to certain limits. As of December 31, 2022, insurance reserves totaled \$1,417 million. Management makes certain assumptions based on currently available information and industry statistics, with the loss development factors as one of the most significant assumptions and utilizes actuarial models and techniques to estimate the reserves. Liabilities are determined on a quarterly basis through an analysis of historical trends, changes in claims experience including consideration of new information and application of loss development factors among other inputs and assumptions.

The principal considerations for our determination that performing procedures relating to the valuation of insurance reserves is a critical audit matter are (i) the significant judgment by management when developing the estimated insurance reserves, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures relating to the valuation of insurance reserves; (ii) the significant auditor effort and judgment in evaluating audit evidence related to the actuarial valuation methods and the loss development factors; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of insurance reserves, including the controls over the development of the actuarial valuation methods and the loss development factors. These procedures also included, among others, the involvement of professionals with specialized skill and knowledge to assist in developing an independent estimate of the insurance reserves for certain reserve segments and comparison of this independent estimate to management's actuarially determined reserves. Developing the independent estimate involved testing the completeness and accuracy of historical data provided by management, and independently developing loss development factors.

/s/ PricewaterhouseCoopers LLP

San Francisco, California
February 27, 2023

We have served as the Company's auditor since 2015.

Lyft, Inc.
Consolidated Balance Sheets
(in thousands, except for share and per share data)

	December 31,	
	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 281,090	\$ 457,325
Short-term investments	1,515,702	1,796,533
Prepaid expenses and other current assets	786,067	522,212
Total current assets	2,582,859	2,776,070
Restricted cash and cash equivalents	109,368	73,205
Restricted investments	1,027,506	1,044,855
Other investments	26,390	80,411
Property and equipment, net	313,402	298,195
Operating lease right of use assets	135,213	223,412
Intangible assets, net	76,208	50,765
Goodwill	261,582	180,516
Other assets	23,903	46,455
Total assets	<u>\$ 4,556,431</u>	<u>\$ 4,773,884</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 107,801	\$ 129,542
Insurance reserves	1,417,350	1,068,628
Accrued and other current liabilities	1,561,609	1,264,426
Operating lease liabilities — current	45,803	53,765
Total current liabilities	3,132,563	2,516,361
Operating lease liabilities	176,356	210,232
Long-term debt, net of current portion	803,207	655,173
Other liabilities	55,637	50,905
Total liabilities	<u>4,167,763</u>	<u>3,432,671</u>
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred stock, \$0.00001 par value; 1,000,000,000 shares authorized as of December 31, 2022 and December 31, 2021; no shares issued and outstanding as of December 31, 2022 and December 31, 2021	—	—
Common stock, \$0.00001 par value; 18,000,000,000 Class A shares authorized as of December 31, 2022 and December 31, 2021; 361,552,359 and 336,335,594 Class A shares issued and outstanding as of December 31, 2022 and December 31, 2021, respectively; 100,000,000 Class B shares authorized as of December 31, 2022 and December 31, 2021; 8,602,629 Class B shares issued and outstanding, as of December 31, 2022 and December 31, 2021	4	3
Additional paid-in capital	10,335,013	9,706,293
Accumulated other comprehensive income (loss)	(5,754)	(2,511)
Accumulated deficit	(9,940,595)	(8,362,572)
Total stockholders' equity	388,668	1,341,213
Total liabilities and stockholders' equity	<u>\$ 4,556,431</u>	<u>\$ 4,773,884</u>

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

Lyft, Inc.
Consolidated Statements of Operations
(in thousands, except for per share data)

	Year Ended December 31,		
	2022	2021	2020
Revenue	\$ 4,095,135	\$ 3,208,323	\$ 2,364,681
Costs and expenses			
Cost of revenue	2,435,736	1,702,317	1,447,516
Operations and support	443,846	402,233	453,963
Research and development	856,777	911,946	909,126
Sales and marketing	531,512	411,406	416,331
General and administrative	1,286,180	915,638	946,127
Total costs and expenses	5,554,051	4,343,540	4,173,063
Loss from operations	(1,458,916)	(1,135,217)	(1,808,382)
Interest expense	(19,735)	(51,635)	(32,678)
Other income (expense), net	(99,988)	135,933	43,669
Loss before income taxes	(1,578,639)	(1,050,919)	(1,797,391)
Provision for (benefit from) income taxes	5,872	11,225	(44,534)
Net loss	\$ (1,584,511)	\$ (1,062,144)	\$ (1,752,857)
Net loss per share, basic and diluted	\$ (4.47)	\$ (3.17)	\$ (5.61)
Weighted-average number of shares outstanding used to compute net loss per share, basic and diluted	354,731	334,724	312,175
Stock-based compensation included in costs and expenses:			
Cost of revenue	\$ 44,132	\$ 39,491	\$ 28,743
Operations and support	25,442	24,083	15,829
Research and development	391,983	414,324	325,624
Sales and marketing	49,867	38,243	23,385
General and administrative	239,343	208,419	172,226

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

Lyft, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,		
	2022	2021	2020
Net loss	\$ (1,584,511)	\$ (1,062,144)	\$ (1,752,857)
Other comprehensive income (loss)			
Foreign currency translation adjustment	(1,154)	(931)	(2,187)
Unrealized gain (loss) on marketable securities, net of taxes	(2,089)	(1,107)	(1,011)
Other comprehensive income (loss)	(3,243)	(2,038)	(3,198)
Comprehensive loss	<u>\$ (1,587,754)</u>	<u>\$ (1,064,182)</u>	<u>\$ (1,756,055)</u>

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

Lyft, Inc.
Consolidated Statements of Stockholders' Equity (Deficit)
(in thousands)

	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance as of December 31, 2019	<u>302,596</u>	<u>\$ 3</u>	<u>\$ 8,398,927</u>	<u>\$ (5,547,571)</u>	<u>\$ 2,725</u>	<u>\$ 2,854,084</u>
Issuance of common stock upon exercise of stock options	1,039	—	4,673	—	—	4,673
Issuance of common stock upon settlement of RSUs	19,762	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	892	—	21,351	—	—	21,351
Shares withheld related to net share settlement	(552)	—	(20,240)	—	—	(20,240)
Equity component of the convertible senior notes issued, net of tax and offering costs	—	—	139,224	—	—	139,224
Purchase of capped call	—	—	(132,681)	—	—	(132,681)
Stock-based compensation	—	—	565,807	—	—	565,807
Other comprehensive income	—	—	—	—	(3,198)	(3,198)
Net loss	—	—	—	(1,752,857)	—	(1,752,857)
Balance as of December 31, 2020	<u>323,737</u>	<u>\$ 3</u>	<u>\$ 8,977,061</u>	<u>\$ (7,300,428)</u>	<u>\$ (473)</u>	<u>\$ 1,676,163</u>
Issuance of common stock upon exercise of stock options	812	—	5,184	—	—	5,184
Issuance of common stock upon settlement of restricted stock units	19,926	—	—	—	—	—
Shares withheld related to net share settlement	(509)	—	(26,298)	—	—	(26,298)
Issuance of common stock under employee stock purchase plan	972	—	28,637	—	—	28,637
Settlement of convertible senior notes	—	—	(1)	—	—	(1)
Stock-based compensation	—	—	721,710	—	—	721,710
Other comprehensive loss	—	—	—	—	(2,038)	(2,038)
Net loss	—	—	—	(1,062,144)	—	(1,062,144)
Balance as of December 31, 2021	<u>344,938</u>	<u>\$ 3</u>	<u>\$ 9,706,293</u>	<u>\$ (8,362,572)</u>	<u>\$ (2,511)</u>	<u>\$ 1,341,213</u>

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

Lyft, Inc.
Consolidated Statements of Stockholders' Equity (Deficit)
(in thousands)

	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance as of December 31, 2021	<u>344,938</u>	<u>\$ 3</u>	<u>\$ 9,706,293</u>	<u>\$ (8,362,572)</u>	<u>\$ (2,511)</u>	<u>\$ 1,341,213</u>
Adjustments related to the adoption of ASU 2020-06	—	—	(139,958)	6,488	—	(133,470)
Issuance of common stock upon exercise of stock options	112	—	454	—	—	454
Issuance of common stock upon settlement of restricted stock units	23,928	1	—	—	—	1
Shares withheld related to net share settlement	(358)	—	(6,733)	—	—	(6,733)
Issuance of common stock under employee stock purchase plan	1,535	—	21,198	—	—	21,198
Stock-based compensation	—	—	753,619	—	—	753,619
Other comprehensive loss	—	—	—	—	(3,243)	(3,243)
Net loss	—	—	—	(1,584,511)	—	(1,584,511)
Other	—	—	140	—	—	140
Balance as of December 31, 2022	<u>370,155</u>	<u>\$ 4</u>	<u>\$ 10,335,013</u>	<u>\$ (9,940,595)</u>	<u>\$ (5,754)</u>	<u>\$ 388,668</u>

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

Lyft, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities			
Net loss	\$ (1,584,511)	\$ (1,062,144)	\$ (1,752,857)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	154,798	139,347	157,353
Stock-based compensation	750,767	724,560	565,807
Amortization of premium on marketable securities	2,955	4,100	6,461
Accretion of discount on marketable securities	(23,245)	(1,513)	(14,075)
Amortization of debt discount and issuance costs	2,823	35,575	21,050
Deferred income tax from convertible senior notes	—	—	(46,324)
(Gain) loss on sale and disposal of assets, net	(60,655)	5,538	15,216
Gain on divestiture	—	(119,284)	—
Impairment of non-marketable equity security	135,714	—	—
Other	23,592	3,321	4,518
Changes in operating assets and liabilities, net effects of acquisition			
Prepaid expenses and other assets	(275,945)	(207,046)	39,573
Operating lease right-of-use assets	96,317	61,301	61,201
Accounts payable	(27,215)	47,080	44,489
Insurance reserves	348,721	81,564	(391,398)
Accrued and other liabilities	262,358	234,212	(36,679)
Lease liabilities	(43,759)	(48,332)	(53,234)
Net cash used in operating activities	(237,285)	(101,721)	(1,378,899)
Cash flows from investing activities			
Purchases of marketable securities	(4,049,515)	(3,801,736)	(4,112,677)
Purchase of non-marketable security	—	(5,000)	(10,000)
Purchases of term deposits	(13,586)	(458,021)	(1,110,317)
Proceeds from sales of marketable securities	676,854	513,009	656,960
Proceeds from maturities of marketable securities	3,308,664	3,259,221	4,745,926
Proceeds from maturities of term deposits	395,092	675,481	645,622
Purchases of property and equipment and scooter fleet	(114,970)	(79,176)	(93,639)
Cash paid for acquisitions, net of cash acquired	(146,334)	3	(12,342)
Sales of property and equipment	129,840	42,543	30,894
Proceeds from divestiture	—	122,688	—
Other	—	(2,000)	—
Net cash provided by (used in) investing activities	186,045	267,012	740,427
Cash flows from financing activities			
Repayment of loans	(67,639)	(44,446)	(50,639)
Proceeds from issuance of convertible senior notes	—	—	734,065
Payment of debt issuance costs	—	—	(824)
Purchase of capped call	—	—	(132,681)
Proceeds from exercise of stock options and other common stock issuances	21,655	33,822	26,067
Taxes paid related to net share settlement of equity awards	(6,733)	(26,297)	(20,240)
Principal payments on finance lease obligations	(34,783)	(35,547)	(41,682)
Other	—	(2)	(1,500)
Net cash provided by (used in) financing activities	(87,500)	(72,470)	512,566
Effect of foreign exchange on cash, cash equivalents and restricted cash and cash equivalents	(631)	(113)	(74)
Net (decrease) increase in cash, cash equivalents and restricted cash and cash equivalents	(139,371)	92,708	(125,980)
Cash, cash equivalents and restricted cash and cash equivalents			
Beginning of period	531,193	438,485	564,465
End of period	\$ 391,822	\$ 531,193	\$ 438,485

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

Lyft, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2022	2021	2020
Reconciliation of cash, cash equivalents and restricted cash and cash equivalents to the consolidated balance sheets			
Cash and cash equivalents	\$ 281,090	\$ 457,325	\$ 319,734
Restricted cash and cash equivalents	109,368	73,205	118,559
Restricted cash, included in prepaid expenses and other current assets	1,364	663	192
Total cash, cash equivalents and restricted cash and cash equivalents	\$ 391,822	\$ 531,193	\$ 438,485
Supplemental disclosures of cash flow information			
Cash paid for income taxes	\$ 10,723	\$ 5,865	\$ 4,037
Cash paid for interest	16,752	16,521	12,545
Non-cash investing and financing activities			
Financed vehicles acquired, net of principal payments	\$ 48,104	\$ 56,830	\$ 34,051
Purchases of property and equipment, and scooter fleet not yet settled	31,534	12,214	7,220
Contingent consideration	15,000	—	—
Right-of-use assets acquired under finance leases	11,428	26,640	6,556
Right-of-use assets acquired under operating leases	498	7,148	28,838
Remeasurement of finance and operating lease right of use assets for lease modification	(321)	58	—
Purchase of non-marketable securities	—	64,756	—
Settlement of pre-existing right-of-use assets under operating leases in connection with acquisition of Flexdrive	—	—	133,088
Settlement of pre-existing lease liabilities under operating leases in connection with acquisition of Flexdrive	—	—	130,089

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

Lyft, Inc.
Notes to Consolidated Financial Statements

1. Description of Business and Basis of Presentation

Organization and Description of Business

Lyft, Inc. (the “Company” or “Lyft”) is incorporated in Delaware with its headquarters in San Francisco, California. The Company operates multimodal transportation networks in the United States and Canada that offer access to a variety of transportation options through the Company’s platform and mobile-based applications. This network enables multiple modes of transportation including the facilitation of peer-to-peer ridesharing by connecting drivers who have a vehicle with riders who need a ride. The Lyft Platform provides a marketplace where drivers can be matched with riders via the Lyft App where the Company operates as a transportation network company (“TNC”).

Transportation options through the Company’s platform and mobile-based applications are substantially comprised of its ridesharing marketplace that connects drivers and riders in cities across the United States and in select cities in Canada, Lyft’s network of bikes and scooters (“Light Vehicles”), the Express Drive program, where drivers can enter into short-term rental agreements with Flexdrive Services, LLC (“Flexdrive”) or a third party for vehicles that may be used to provide ridesharing services on the Lyft Platform, and Lyft Rentals, a consumer offering for users who want to rent a car for a fixed period of time for personal use, and Lyft Driver Center and Lyft Car Maintenance, where drivers and riders can request auto maintenance and collision repair services offered through the Lyft Platform in certain markets. In addition, the Company makes the ridesharing marketplace available to organizations through Lyft Business offerings, such as the Concierge and Lyft Pass programs, and generates revenue from licensing and data access agreements associated with the data from the Company’s platform, subscription fees, and revenue from bikes and bike station hardware and software sales.

Basis of Presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

The Company uses the U.S. dollar predominantly as the functional currency of its foreign subsidiaries. For foreign subsidiaries where the U.S. dollar is the functional currency, gains and losses from remeasurement of foreign currency balances into U.S. dollars are included on the consolidated statements of operations. For the foreign subsidiary where the local currency is the functional currency, translation adjustments of foreign currency financial statements into U.S. dollars are recorded to a separate component of accumulated other comprehensive loss.

Reclassification

Certain insignificant amounts in the non-cash investing and financing activities supplemental information on the consolidated statements of cash flow for the years ended December 31, 2021 and December 31, 2020 have been conformed to the current year presentation. This reclassification did not impact any other amounts on the consolidated statements of cash flows, including the cash flows from operating, investing, and financing activities. The remaining consolidated financial statements were not impacted by this reclassification.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting periods. The Company bases its estimates on various factors and information which may include, but are not limited to, history and prior experience, expected future results, new related events and economic conditions, which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from those estimates.

Significant items subject to estimates and assumptions include those related to losses resulting from insurance claims, fair value of financial assets and liabilities, goodwill and identifiable intangible assets, leases, indirect tax obligations, legal contingencies, valuation allowance for deferred income taxes, and the valuation of stock-based compensation.

The ongoing COVID-19 pandemic continues to impact communities in the United States, Canada, and globally. In March 2020, when it became apparent that COVID-19 was a pandemic, governments and private businesses - at the recommendation of public health officials - began enacting precautions to mitigate the spread of the virus. Although there has been an improvement in demand and marketplace health, demand for the Company’s platform has not returned to pre-pandemic levels in all markets and the exact timing, pace, and sustainability of the recovery remain uncertain. The extent to which the Company’s operations will continue to be impacted by the pandemic will depend largely on future developments which are highly uncertain and cannot be accurately

predicted, including new information which may emerge. As of the date of issuance of the financial statements, the Company is not aware of any material event or circumstance that would require it to update its estimates, judgments or revise the carrying value of the Company's assets or liabilities, including the recording of any credit losses. These estimates may change, as new events occur and additional information is obtained, and could lead to impairment of long lived assets or goodwill, or credit losses associated with investments or other assets, and the impact of such changes on estimates will be recognized on the consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the Company's financial statements.

Segment Information

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources to an individual segment and in assessing performance. The Company’s Chief Executive Officer is the Company’s CODM. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has determined that it operates as one operating segment. During the years ended December 31, 2022, 2021 and 2020, the Company did not generate material international revenues and as of December 31, 2022, 2021 and 2020, the Company did not have material assets located outside of the United States.

Revenue Recognition

The Company generates its revenue from its multimodal transportation networks that offer access to a variety of transportation options through the Lyft Platform and mobile-based applications. Substantially all, or approximately 85% or more, of the Company’s revenue is generated from its ridesharing marketplace that connects drivers and riders and is recognized in accordance with Accounting Standards Codification Topic 606 (“ASC 606”). In addition, the Company generates revenue in accordance with ASC 606 from licensing and data access, primarily with third-party autonomous vehicle companies, subscription fees, auto maintenance and collision repair services and revenue from bikes and bike station hardware and software sales, which are not material components of the Company’s consolidated revenues. The Company also generates rental revenue from Flexdrive, its network of Light Vehicles and Lyft Rentals, which is recognized in accordance with Accounting Standards Codification Topic 842 (“ASC 842”).

The table below presents the Company's revenues as included on the consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Revenue from contracts with customers (ASC 606)	\$ 3,811,993	\$ 2,957,979	\$ 2,208,656
Rental revenue (ASC 842)	283,142	250,344	156,025
Total revenue	\$ 4,095,135	\$ 3,208,323	\$ 2,364,681

Revenue from Contracts with Customers (ASC 606)

The Company recognizes revenue for its rideshare marketplace in accordance with ASC 606. The Company generates revenue from service fees and commissions (collectively, “fees”) paid by drivers for use of the Lyft Platform and related activities to connect drivers with riders to facilitate and successfully complete rides via the Lyft App where the Company operates as a TNC. The Company recognizes revenue upon completion of each ride. Drivers enter into terms of service (“ToS”) with the Company in order to use the Lyft Driver App. Under the ToS, drivers agree that the Company retains the applicable fee as consideration for their use of the Lyft Platform and related activities from the fare and related charges it collects from riders on behalf of drivers. The Company is acting as an agent in facilitating the ability of a driver to provide a transportation service to a rider. The Company reports revenue on a net basis, reflecting the fee owed to the Company from a driver as revenue, and not the gross amount collected from the rider.

As the Company’s customary business practice, a contract exists between the driver and the Company when the driver’s ability to cancel the ride lapses, which typically is upon pickup of the rider. The Company’s single performance obligation in the transaction is to connect drivers with riders to facilitate the completion of a successful transportation service for riders. The Company recognizes revenue upon completion of a ride as its performance obligation is satisfied upon the completion of the ride. The Company collects the fare and related charges from riders on behalf of drivers using the rider’s pre-authorized credit card or other payment mechanism and retains its fees before making the remaining disbursement to drivers; thus the driver’s ability and intent to pay is not subject to significant judgment.

The Company recognizes revenue from subscription fees paid to access transportation options through the Lyft Platform and mobile-based applications over the applicable subscription period in accordance with ASC 606. The Company also recognizes revenue from auto maintenance and collision repair services and revenue from bikes and bike station hardware and software sales in accordance with ASC 606.

The Company generates revenue from licensing and data access agreements. The Company is primarily responsible for fulfilling its promise to provide rideshare data and access to Flexdrive vehicles and bears the fulfillment risk, and the responsibility of providing the data, over the license period. The Company is acting as a principal in delivering the data and access licenses and presents revenue on a gross basis. Consideration allocated to each performance obligation, the data delivery and vehicle access, is determined by assigning the relative fair value to each of the performance obligations. Revenue is recorded upon delivery of the rideshare data and ratably over the quarter for access to fleet vehicles as the Company’s respective performance obligation is satisfied upon the delivery of each. These revenues are not material to the Company’s consolidated revenue.

Rental Revenue (ASC 842)

The Company generates rental revenues primarily from Flexdrive, its network of Light Vehicles, and Lyft Rentals. Rental revenues are recognized for rental and rental related activities where an identified asset is transferred to the customer and the customer has the ability to control that asset in accordance with ASC 842.

The Company operates a fleet of rental vehicles through its independently managed subsidiary, Flexdrive, comprised of both owned vehicles and vehicles leased from third-party leasing companies. The Company either leases or subleases vehicles to drivers and Lyft Rentals renters, and as a result, the Company considers itself to be the accounting lessor or sublessor, as applicable, in these arrangements in accordance with ASC 842. Fleet operating costs include monthly fixed lease payments and other vehicle operating or ownership costs, as applicable. For vehicles that are subleased, sublease income and head lease expense for these transactions are recognized on a gross basis on the consolidated financial statements. Drivers who rent vehicles are charged rental fees, which the Company collects from the driver by deducting such amounts from the driver’s earnings on the Lyft Platform.

The Company owns and operates its Light Vehicles in some cities and operates city-owned Light Vehicles in other cities. Though the specific terms of arrangements with cities vary, the Company earns operations fees from cities or shares revenue generated by the systems with cities. Light Vehicle revenue is accounted for under ASC 842 for single-use rides. A single-use ride allows the user to select a specific Light Vehicle at the time the arrangement is entered into and provides the user the right to control the selected Light Vehicle for the desired term of the arrangement.

Due to the short-term nature of the Flexdrive, Lyft Rentals, and Light Vehicle transactions, the Company classifies these rentals as operating leases. Revenue generated from single-use ride fees paid by Light Vehicle riders is recognized upon completion of each related ride. Revenue generated from Flexdrive and Lyft Rentals is recognized evenly over the rental period, which is typically seven days or less.

Enterprise and Trade Receivables

The Company collects any fees owed for completed transactions on the Lyft Platform primarily from the rider’s authorized payment method. Uncollected fees are included in prepaid expenses and other current assets on the consolidated balance sheets and represent receivables from (i) participants in the Company’s enterprise programs (“Enterprise Users”), where the transactions have been completed and the amounts owed from the Enterprise Users have either been invoiced or are unbilled as of the reporting date; and (ii) riders where the authorized payment method is a credit card but the fare amounts have not yet settled with third-party payment processors. Under the ToS, drivers agree that the Company retains the applicable fee as consideration for their use of the Lyft Platform

and related activities from the fare and related charges it collects from riders on behalf of drivers. Accordingly, the Company has no trade receivables from drivers. The portion of the fare receivable to be remitted to drivers is included in accrued and other current liabilities on the consolidated balance sheets.

The Company records an allowance for credit losses for fees owed for completed transactions that may never settle or be collected. As a result of the adoption of Accounting Standards Update No. 2016-13 "Financial Instruments—Credit Losses" ("ASC 326"), the Company's measurement of the allowance for credit losses has been augmented to reflect the change from the incurred loss model to the expected credit loss model. The allowance for credit losses reflects the Company's current estimate of expected credit losses inherent in the enterprise and trade receivables balance. In determining the expected credit losses, the Company considers its historical loss experience, the aging of its receivable balance, current economic and business conditions, and anticipated future economic events that may impact collectability. The Company reviews its allowance for credit losses periodically and as needed, and amounts are written off when determined to be uncollectible.

The Company's receivable balance, which consists primarily of amounts due from Enterprise Users, was \$278.9 million, \$196.2 million and \$104.7 million as of December 31, 2022, 2021 and 2020, respectively. The Company's allowance for credit losses was \$11.6 million, \$9.3 million and \$15.2 million as of December 31, 2022, 2021 and 2020, respectively. The write-offs were immaterial for the year ended December 31, 2022. The change in the allowance for credit losses for the year ended December 31, 2022 was related to \$1.9 million of reductions for provision for expected credit losses and \$0.4 million of write-offs. The change in the allowance for credit losses for the year ended December 31, 2021 was related to \$4.5 million of additions for provision for expected credit losses and \$1.4 million of write-offs. The change in the allowance for credit losses for the year ended December 31, 2020 was related to \$11.7 million of additions for provision for expected credit losses and \$2.7 million of write-offs.

Incentive Programs

The Company offers incentives to attract drivers, riders, Light Vehicle riders and Lyft Rentals renters to use the Lyft Platform. Drivers generally receive cash incentives while riders, Light Vehicle riders and Lyft Rentals renters generally receive free or discounted rides under such incentive programs. Incentives provided to drivers, Light Vehicle riders and Lyft Rental renters, the customers of the Company, are accounted for as a reduction of the transaction price. As the riders are not the Company's customers, incentives provided to riders are generally recognized as sales and marketing expense except for certain pricing programs described below.

Driver Incentives

The Company offers various incentive programs to drivers, including minimum guaranteed payments, volume-based discounts and performance-based bonus payments. These driver incentives are similar to retrospective volume-based rebates and represent variable consideration that is typically settled within a week. The Company reduces the transaction price by the estimated amount of the incentives expected to be paid upon completion of the performance criteria by applying the most likely outcome method. Therefore, such driver incentives are recorded as a reduction to revenue. Driver incentives are recorded as a reduction to revenue if the Company does not receive a distinct good or service in exchange for the payment or cannot reasonably estimate the fair value of the good or service received. Driver incentives for referring new drivers or riders are accounted for as sales and marketing expense. The amount recorded as an expense is the lesser of the amount of the payment or the established fair value of the benefit received. The fair value of the benefit is established using amounts paid to third parties for similar services.

Rideshare Rider Incentives

The Company has several rideshare rider incentive programs, which are offered to encourage rider activity on the Lyft Platform. Generally, the rider incentive programs are as follows:

- (i) *Market-wide marketing promotions.* Market-wide promotions reduce the fare charged by drivers to riders for all or substantially all rides in a specific market. This type of incentive effectively reduces the overall pricing of the service provided by drivers for that specific market and the gross fare charged by the driver to the rider, and thereby results in a lower fee earned by the Company. Accordingly, the Company records this type of incentive as a reduction to revenue at the date it records the corresponding revenue transaction.
- (ii) *Targeted marketing promotions.* Targeted marketing promotions are used to promote the use of the Lyft Platform to a targeted group of riders. An example is a promotion where the Company offers a number of discounted rides (capped at a given number of rides) which are valid only during a limited period of time to a targeted group of riders. The Company believes that the incentives that provide consideration to riders to be applied to a limited number of rides are similar to marketing coupons. These incentives differ from the market-wide marketing promotions because they do not reduce the overall pricing of the service provided by drivers for a specific market. During the promotion period, riders not utilizing an incentive would be charged the full fare. These incentives represent marketing costs. When a rider redeems the incentive, the Company recognizes revenue equal to the transaction price and the cost of the incentive is recorded as sales and marketing expense.

- (iii) *Rider referral programs.* Under the rider referral program, the referring rider (the referrer) earns referral coupons when a new rider (the referee) completes their first ride on the Lyft Platform. The Company records the incentive as a liability at the time the incentive is earned by the referrer with the corresponding charge recorded to sales and marketing expense. Referral coupons typically expire within one year. The Company estimates breakage using its historical experience. As of December 31, 2022 and 2021, the rider referral coupon liability was not material.

Light Vehicle Rider and Lyft Rentals Renter Incentives

Incentives offered to Light Vehicle riders and Lyft Rentals renters were not material for the years ended December 31, 2022 and 2021.

For the years ended December 31, 2022, 2021 and 2020, in relation to the driver, rider, Light Vehicle riders and Lyft Rentals renters incentive programs, the Company recorded \$1.4 billion, \$1.3 billion and \$390.8 million as a reduction to revenue and \$109.8 million, \$64.7 million and \$135.0 million as sales and marketing expense, respectively.

Refunds

From time to time the Company issues credits or refunds to riders unsatisfied by the level of service provided by the driver. There is no legal obligation to remunerate such riders nor does the Company issue such credits or refunds to riders on behalf of the drivers. The Company accounts for credits or refunds, which are not recoverable from the drivers as sales and marketing expenses when incurred. For the years ended December 31, 2022, 2021 and 2020, rider refunds were \$21.5 million, \$19.1 million and \$18.8 million, respectively. The Company accounts for credits and refunds issued to Light Vehicle riders as cost of revenue and were \$7.8 million and \$6.5 million for the years ended December 31, 2022 and 2021, respectively. For the year ended December 31, 2020, refunds issued to Light Vehicle riders were not material.

Cost of Revenue

Cost of revenue consists of costs directly related to revenue generating transactions through the Company's multimodal platform which primarily includes insurance costs, payment processing charges, and other costs. Insurance costs consist of insurance generally required under TNC and city regulations for ridesharing and bike and scooter rentals and also includes occupational hazard insurance for drivers. Payment processing charges include merchant fees, chargebacks and failed charges. Other costs included in cost of revenue are hosting and platform-related technology costs, vehicle lease expenses, personnel-related compensation costs, depreciation, amortization of technology-related intangible assets, asset write-off charges, and gains and losses related to the sale of vehicles.

Operations and Support

Operations and support expenses primarily consist of personnel-related compensation costs of local operations teams and teams who provide phone, email and chat support to users, bike and scooter fleet operations support costs, driver background checks and onboarding costs, facility cost, certain car rental fleet support costs, and fees paid to third-parties providing operations support. Bike and scooter fleet operations support costs include general repairs and maintenance, and other customer support activities related to repositioning bikes and scooters for rider convenience, cleaning and safety checks.

Research and Development

Research and development expenses primarily consist of personnel-related compensation costs and facilities costs. Such expenses include costs related to the Company's autonomous vehicle technology initiatives. Research and development costs are expensed as incurred.

Sales and Marketing

Sales and marketing expenses primarily consist of rider incentives, personnel-related compensation costs, driver incentives for referring new drivers or riders, advertising expenses, rider refunds and marketing partnerships with third parties. Sales and marketing costs are expensed as incurred. Advertising expenses were \$162.1 million, \$145.4 million and \$102.5 million, respectively, for the years ended December 31, 2022, 2021 and 2020.

General and Administrative

General and administrative expenses primarily consist of personnel-related compensation costs, professional services fees, certain insurance costs that are generally not required under TNC regulations, certain loss contingency expenses including legal accruals and settlements, insurance claims administrative fees, policy spend, depreciation, facility costs, and other corporate costs. General and administrative expenses are expensed as incurred.

Stock-Based Compensation

The Company incurs stock-based compensation expense primarily from RSUs, PSUs, and ESPP purchase rights.

The Company estimates the fair value of stock options granted to employees, directors, and consultants and ESPP purchase rights using the Black-Scholes option-pricing model. The Black-Scholes model considers several variables and assumptions in estimating the fair value of stock-based awards. These variables include:

- per share fair value of the underlying common stock;
- exercise price;
- expected term;
- risk-free interest rate;
- expected annual dividend yield; and
- expected stock price volatility over the expected term.

The Company estimates the expected term for stock options using the simplified method for “plain vanilla” stock option awards. The expected term of the ESPP purchase rights is estimated using the period from the beginning of the offering period to the end of each purchase period. Since the Company has limited history as a public company and does not yet have sufficient trading history for the Company's common stock, the Company estimates volatility for stock options and ESPP purchase rights using the historical volatility of the stock price of similar publicly traded peer companies. The risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues similar in duration to the expected term of the stock options or ESPP purchase rights granted.

The fair value of stock options that are expected to vest is recognized as compensation expense on a straight-line basis over the requisite service period. The Company recognizes compensation expense related to the ESPP purchase rights on a straight-line basis over the offering period, which is typically 12 months.

The fair value of RSUs and PSUs is estimated based on the fair market value of the Company's common stock on the date of grant, which is determined based on the closing price of the Company's Class A common stock as reported on the date of grant.

Compensation expense for RSUs is generally recognized based on a straight-line basis over the requisite service period. Stock-based compensation expense is based on awards ultimately expected to vest and reflects estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are recorded based on the estimated future tax effects of differences between the financial statement and income tax basis of existing assets and liabilities. These differences are measured using the enacted statutory tax rates that are expected to apply to taxable income for the years in which differences are expected to reverse. The Company recognizes the effect on deferred income taxes of a change in tax rates in the period that includes the enactment date. The Company records a valuation allowance to reduce its deferred tax assets to the net amount that it believes is more-likely-than-not to be realized. Management considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing tax planning strategies in assessing the need for a valuation allowance.

Under the provisions of ASC 740-10, Income Taxes, the Company evaluates uncertain tax positions by reviewing against applicable tax law for all positions taken by the Company with respect to tax years for which the statute of limitations is still open. ASC 740-10 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Company recognizes interest and penalties related to the liability for unrecognized tax benefits, if any, as a component of the income tax expense line in the accompanying consolidated statement of operations.

Business Combinations

The Company accounts for its business combinations using the acquisition method of accounting, which requires, among other things, allocation of the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed at their estimated fair values on the acquisition date. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, not to exceed one year from the date of acquisition, the Company may record adjustments to the assets acquired and liabilities assumed, with a corresponding offset to goodwill if new information is obtained related to facts and circumstances that existed as of the acquisition date. After the measurement period, any

subsequent adjustments are reflected on the consolidated statements of operations and comprehensive loss. Acquisition costs, such as legal and consulting fees, are expensed as incurred.

Cash and Cash Equivalents

Cash equivalents consist of institutional money market funds and certificates of deposits denominated in U.S. dollars as well as commercial paper. Cash equivalents are highly liquid, short-term investments having an original maturity of 90 days or less that are readily convertible to known amounts of cash. Also included in cash and cash equivalents are cash in transit from payment processors for credit and debit card transactions.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist primarily of amounts held in separate trust accounts and restricted bank accounts as collateral for insurance purposes and amounts pledged to secure certain letters of credit.

Investments

Debt Securities

The Company's accounting for its investments in debt securities is based on the legal form of the security, the Company's intended holding period for the security, and the nature of the transaction. Investments in debt securities include commercial paper, certificates of deposit, corporate bonds and U.S. government securities. Investments in debt securities are classified as available-for-sale and are recorded at fair value.

The Company considers an available-for-sale debt security to be impaired if the fair value of the investment is less than its amortized cost basis. The entire difference between the amortized cost basis and the fair value of the Company's available-for-sale debt securities is recognized on the consolidated statements of operations as an impairment if, (i) the fair value of the security is below its amortized cost and (ii) the Company intends to sell or is more likely than not required to sell the security before recovery of its amortized cost basis. If neither criterion is met, the Company evaluates whether the decline in fair value is due to credit losses or other factors. In making this assessment, the Company considers the extent to which the security's fair value is less than amortized cost, changes to the rating of the security by third-party rating agencies, and adverse conditions specific to the security, among other factors. If the Company's assessment indicates that a credit loss exists, the credit loss is measured based on the Company's best estimate of the cash flows expected to be collected. When developing its estimate of cash flows expected to be collected, the Company considers all available information relevant to the collectability of the security, including past events, current conditions, and reasonable and supportable forecasts.

Credit loss impairments are recognized through an allowance for credit losses adjustment to the amortized cost basis of the debt securities on the balance sheet with an offsetting credit loss expense on the consolidated statements of operations. Impairments related to factors other than credit losses are recognized as an adjustment to the amortized cost basis of the security and an offsetting amount in accumulated other comprehensive income (loss), net of tax. As of December 31, 2022, the Company had not recorded any credit impairments. The Company determines realized gains or losses on the sale of debt securities on a specific identification method.

The Company's investments in debt securities include:

- (i) *Cash and cash equivalents.* Cash equivalents include certificates of deposits, commercial paper and corporate bonds that have an original maturity of 90 days or less and are readily convertible to known amounts of cash.
- (ii) *Short-term investments.* Short-term investments are comprised of commercial paper, certificates of deposit, and corporate bonds, which mature in twelve months or less. As a result, the Company classifies these investments as current assets in the accompanying consolidated balance sheets.
- (iii) *Restricted investments.* Restricted investments are comprised of debt security investments in commercial paper, certificates of deposit, corporate bonds and U.S. government securities which are held in trust accounts at third-party financial institutions pursuant to certain contracts with insurance providers.

Non-marketable Equity Securities

The Company has elected to measure its investments in non-marketable equity securities at cost, with remeasurements to fair value only upon the occurrence of observable transactions for identical or similar investments of the same issuer or impairment. The Company qualitatively assesses whether indicators of impairment exist. Factors considered in this assessment include the investees' financial and liquidity position, access to capital resources, exposure to industries and markets impacted by COVID-19, and the time since the last adjustment to fair value, among others. If an impairment exists, the Company estimates the fair value of the investment by using the best information available, which may include cash flow projections or other available market data, and recognizes a loss for the amount by which the carrying value exceeds the fair value of the investment on the consolidated statements of operations.

Concentrations of Credit Risk

The Company's cash, cash equivalents and short-term investments are potentially subject to concentration of credit risk. Although the Company deposits its cash with multiple financial institutions, the deposits, at times, may exceed federally insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents. Management believes that the institutions are financially stable and, accordingly, minimal credit risk exists. The Company limits purchases of debt securities to investment-grade securities.

Fair Value Measurements

The Company measures assets and liabilities at fair value based on an expected exit price, which represents the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis, whereby inputs used in valuation techniques, are assigned a hierarchical level. The following are the hierarchical levels of inputs to measure fair value:

Level 1 Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Unobservable inputs reflecting our own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The carrying values of the Company's accounts payable and accrued and other liabilities approximate their respective fair values due to the short period of time to payment.

Light Vehicle Fleet

The Company's Light Vehicle fleet consists of bikes and scooters. Scooters are stated at cost less accumulated depreciation and are included in prepaid expenses and other current assets on the consolidated balance sheets. Depreciation is computed using a straight-line method over the estimated useful life of the scooters, which is less than 12 months. As of December 31, 2022, there were no scooters not yet placed in service and the carrying value of scooters placed in service was \$7.5 million. As of December 31, 2021, there were no scooters not yet placed in service and the carrying value of scooters placed in service was \$15.3 million. Depreciation expense related to scooters was \$8.6 million, \$5.9 million and \$7.2 million for the years ended December 31, 2022, 2021 and 2020, respectively. Bikes are included in property and equipment, net on the consolidated balance sheets.

Leases

The Company adopted ASC 842 using the modified retrospective approach with an effective date as of the beginning of the fiscal year, January 1, 2019. The Company elected the package of transition provisions available for expired or existing contracts, which allowed the Company to carryforward the historical assessments of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs. In accordance with ASC 842, the Company determines if an arrangement is or contains a lease at contract inception by assessing whether the arrangement contains an identified asset and whether the lessee has the right to control such asset. The Company determines the classification and measurement of its leases upon lease commencement. The Company enters into certain agreements as a lessor and either leases or subleases the underlying asset in the agreement to customers. The Company also enters into certain agreements as a lessee. If any of the following criteria are met, the Company classifies the lease as a financing lease (as a lessee) or as a direct financing or sales-type lease (both as a lessor):

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- The lease grants the lessee an option to purchase the underlying asset that the Company is reasonably certain to exercise;
- The lease term is for 75% or more of the remaining economic life of the underlying asset, unless the commencement date falls within the last 25% of the economic life of the underlying asset;
- The present value of the sum of the lease payments equals or exceeds 90% of the fair value of the underlying asset; or
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

Leases that do not meet any of the above criteria are accounted for as operating leases.

Lessor

The Company's lease arrangements include vehicle rentals to drivers or renters under the Flexdrive and Lyft Rentals programs and Light Vehicle rentals to single-use riders. Due to the short-term nature of these arrangements, the Company classifies

these leases as operating leases. The Company does not separate lease and non-lease components, such as insurance or roadside assistance provided to the lessee, in its lessor lease arrangements. Lease payments are primarily fixed and are recognized as revenue in the period over which the lease arrangement occurs. Taxes or other fees assessed by governmental authorities that are both imposed on and concurrent with each lease revenue-producing transaction and collected by the Company from the lessee are excluded from the consideration in its lease arrangements. The Company mitigates residual value risk of its leased assets by performing regular maintenance and repairs, as necessary, and through periodic reviews of asset depreciation rates based on the Company's ongoing assessment of present and estimated future market conditions.

Lessee

The Company's leases include real estate property to support its operations and Flexdrive vehicles that may be used by drivers to provide ridesharing services on the Lyft Platform or renters for personal reasons through Lyft Rentals. For leases with a term greater than 12 months, the Company records the related right-of-use asset and lease liability at the present value of lease payments over the term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. The Company does not separate lease and non-lease components of contracts for real estate property leases, but has elected to do so for vehicle leases when non-lease components exist in these arrangements. For certain leases, the Company also applies a portfolio approach to account for right-of-use assets and lease liabilities that are similar in nature and have nearly identical contract provisions.

The Company's leases do not provide a readily determinable implicit rate. Therefore, the Company estimates its incremental borrowing rate to discount the lease payments based on information available at lease commencement. The Company determines its incremental borrowing rate based on the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment.

Lease payments may be fixed or variable; however, only fixed payments are included in the Company's lease liability calculation. Operating leases are included in operating lease right-of-use assets, operating lease liabilities — current and operating lease liabilities on the consolidated balance sheets. Lease costs for the Company's operating leases are recognized on a straight-line basis primarily within operating expenses over the lease term. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other liabilities on the consolidated balance sheets. Finance lease assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term in cost of revenue on the consolidated statements of operations. The interest component of finance leases is included in cost of revenue on the consolidated statements of operations and recognized using the effective interest method over the lease term. Variable lease payments are recognized primarily in operating expenses in the period in which the obligation for those payments is incurred.

Similar to other long-lived assets discussed below, the Company measures recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows that the assets or the asset group are expected to generate. If the carrying value of the assets are not recoverable, the impairment recognized is measured as the amount by which the carrying value of the asset exceeds its fair value. For leased assets, such circumstances would include the decision to leave a leased facility prior to the end of the minimum lease term or subleases for which estimated cash flows do not fully cover the costs of the associated lease. On November 3, 2022, the Company committed to a decision to exit and sublease or cease use of certain facilities to align with the Company's anticipated operating needs and incurred impairment charges related to real estate operating right-of-use assets of \$55.3 million. Refer to Note 16 "Restructuring" to the consolidated financial statements for further information.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using a straight-line method over the estimated useful life of the related asset, which is generally between two and seven years. Depreciation for property and equipment commences once they are ready for our intended use. Maintenance and repairs are charged to expense as incurred, and improvements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the consolidated balance sheet and any resulting gain or loss is reflected on the consolidated statement of operations in the period realized. Leasehold improvements are amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the assets. Construction in progress is related to property and equipment that has not yet been placed in service for its intended use.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisition of entities are accounted for using the purchase method of accounting based on management's estimate of the fair value of assets received. Intangible assets are amortized on a straight-line basis over the estimated useful lives which range from two to twelve years.

Goodwill is not subject to amortization, but is tested for impairment on an annual basis during the fourth quarter or whenever events or changes in circumstances indicate the carrying value of the reporting unit may be in excess of its fair value. As part of the annual goodwill impairment test, the Company first performs a qualitative assessment to determine whether further impairment testing

is necessary. If, as a result of its qualitative assessment, it is more-likely-than-not that the fair value of the Company's reporting unit is less than its carrying amount, the quantitative impairment test will be required. Alternatively, the Company may bypass the qualitative assessment and perform a quantitative impairment test. There was no impairment of goodwill recorded for the years ended December 31, 2022, 2021 and 2020.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Such events and changes may include: significant changes in performance relative to expected operating results, changes in asset use, negative industry or economic trends, and changes in the Company's business strategy. The Company measures recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows that the assets or the asset group are expected to generate. If the carrying value of the assets are not recoverable, the impairment recognized is measured as the amount by which the carrying value of the asset exceeds its fair value. With the exception of impairment charges related to real estate operating right-of-use assets mentioned above, there was no other material impairment of long-lived assets recorded for the years ended December 31, 2022, 2021 and 2020.

Software Development Costs

The Company incurs costs related to developing the Lyft Platform and related support systems. The Company capitalizes development costs related to the Lyft Platform and related support systems once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the function intended. The Company capitalized \$12.1 million, \$16.2 million, and \$12.8 million of software development costs during the years ended December 31, 2022, 2021, and 2020, respectively.

Insurance Reserves

The Company utilizes both a wholly-owned captive insurance subsidiary and third-party insurance, which may include deductibles and self-insured retentions, to insure or reinsure costs including auto liability, uninsured and underinsured motorist, auto physical damage, first party injury coverages including personal injury protection under state law and general business liabilities up to certain limits. The recorded liabilities reflect the estimated cost for claims incurred but not paid and claims that have been incurred but not yet reported and any estimable administrative run-out expenses related to the processing of these outstanding claim payments. Liabilities are determined on a quarterly basis by internal actuaries through an analysis of historical trends, changes in claims experience including consideration of new information and application of loss development factors among other inputs and assumptions. On an annual basis or more frequently as determined by management, an independent third-party actuary will evaluate the liabilities for appropriateness with claims reserve valuations.

Insurance claims may take years to completely settle, and the Company has available limited historical loss experience because of the limited operational history. The Company makes certain assumptions based on currently available information and industry statistics, with the loss development factors as one of the most significant assumptions, and utilizes actuarial models and techniques to estimate the reserves. A number of factors can affect the actual cost of a claim, including the length of time the claim remains open, economic and healthcare cost trends and the results of related litigation. Furthermore, claims may emerge in future years for events that occurred in a prior year at a rate that differs from previous actuarial projections. The impact of these factors on ultimate costs for insurance is difficult to estimate and could be material. However, while the Company believes that the insurance reserve amount is adequate, the ultimate liability may be in excess of, or less than, the amount provided. As a result, the net amounts that will ultimately be paid to settle the liability and when amounts will be paid may significantly vary from the estimated amounts provided for on the consolidated balance sheets. For example, disruptive factors may distort data, metrics and patterns and result in rapid increases in insurance cost and reserve deficiency. These disruptive factors can include recent economic conditions and ongoing global events such as the high inflationary environment, increased litigation, and higher than expected losses across the commercial auto industry as well as the continued impact of the COVID-19 pandemic. The Company continues to review its insurance estimates in a regular, ongoing process as historical loss experience develops, additional claims are reported and settled, and the legal, regulatory and economic environment evolves.

On April 22, 2021, PVIC entered into a Reinsurance Agreement with DARAG, under which DARAG reinsured a legacy portfolio of auto insurance policies, based on reserves in place as of March 31, 2021, for \$183.2 million of coverage above the liabilities recorded as of that date (the "Reinsurance Transaction"). Under the terms of the Reinsurance Agreement, PVIC ceded to DARAG approximately \$251.3 million of certain legacy insurance liabilities for policies underwritten during the period of October 1, 2018 to October 1, 2020, with an aggregate limit of \$434.5 million, for a premium of \$271.5 million. Losses ceded under the Reinsurance Agreement that exceed \$271.5 million, but are below the aggregate limit of \$434.5 million, resulted in the recognition of a deferred gain liability. The deferred gain liability was amortized and recognized as a benefit to the statement of operations over the estimated remaining settlement period of the ceded reserves. The settlement period of the ceded reserves was based on the life-to-date cumulative losses collected and likely extends over periods longer than a quarter. The amount of the deferral that was amortized was recalculated each period based on loss payments and updated estimates of the portfolio's total losses. When the amount and timing of

the reinsurance recoveries were uncertain, the recovery method was used to calculate the amount of amortization in period. The deferral of gains had a negative impact in the respective period to cost of revenue as the losses on direct liabilities were not offset by gains from excess benefits under the Reinsurance Agreement. The amortization of these deferred gains provided a benefit to cost of revenue over multiple periods equal to the excess benefits received. Deferred gain liabilities for the Reinsurance Transaction are included in accruals and other current liabilities on the consolidated balance sheets.

On June 21, 2022, PVIC and DARAG completed a transaction to effectively commute and settle the previous Reinsurance Agreement. Refer to Note 6 "Supplemental Financial Statement Information - Commutation of the Reinsurance Agreement" to the consolidated financial statements for information regarding this transaction.

Net Loss Per Share

The Company follows the two-class method when computing net loss per common share when shares are issued that meet the definition of participating securities. The two-class method determines net loss per common share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's redeemable convertible preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in the Company's losses. There were no redeemable convertible preferred shares issued and outstanding as of December 31, 2022 and 2021.

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. The diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Variable Interest Entities

In accordance with ASC 810, Consolidation, the Company evaluates its ownership, contractual and other interests in entities to assess whether it has a variable interest in entities in which it has a financial relationship and, if so, whether or not those entities are variable interest entities ("VIEs"). These evaluations are complex, involving judgment and the use of estimates and assumptions based on available historical and prospective information, among other factors. For an entity to qualify as a VIE, ASC 810 requires the Company to determine if the Company is the primary beneficiary of the VIE, and, if so, to consolidate such entity into its consolidated financial statements.

The Company consolidates VIEs in which it has a controlling financial interest and is therefore deemed the primary beneficiary. A controlling financial interest will have both of the following characteristics: (a) the power to direct the VIE activities that most significantly impact economic performance; and (b) the obligation to absorb the VIE losses and the right to receive benefits that are significant to the VIE. Periodically, the Company reevaluates its ownership, contractual and other interests in entities to determine whether any changes in its interest or relationship with an entity impacts the determination of whether it is still the primary beneficiary of such entity. The Company has determined that it was the primary beneficiary of one VIE as of December 31, 2022.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In August 2020, the FASB issued ASU No. 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity", which simplifies the accounting for convertible instruments by eliminating the requirement to separate embedded conversion features from the host contract when the conversion features are not required to be accounted for as derivatives under Topic 815, Derivatives and Hedging, or that do not result in substantial premiums accounted for as paid-in capital. By removing the separation model, a convertible debt instrument will be reported as a single liability instrument with no separate accounting for embedded conversion features. This new standard also removes certain settlement conditions that are required for contracts to qualify for equity classification and simplifies the diluted earnings per share calculations by requiring that an entity use the if-converted method and that the effect of potential share settlement be included in diluted earnings per share calculations. This new standard is effective for the Company for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company adopted this standard effective January 1, 2022, using the modified retrospective method. In the consolidated balance sheets, the adoption of this new guidance resulted in:

- an increase of \$133.5 million to the total carrying value of the convertible senior notes to reflect the full principal amount of the convertible notes outstanding net of issuance costs,
- a reduction of \$140.0 million (net of tax) to additional paid-in capital to remove the equity component separately recorded for the conversion features associated with the convertible notes, and

- a cumulative-effect adjustment of \$6.5 million (net of tax) to the beginning balance of accumulated deficit as of January 1, 2022.

In October 2021, the FASB issued ASU No. 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers” (“ASU 2021-08”), which requires companies to apply the definition of a performance obligation under ASC 606, Revenue from Contracts with Customers, to recognize and measure contract assets and contract liabilities relating to contracts with customers that are acquired in a business combination. This will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASC Topic 606. This new standard will be effective for the Company for fiscal years beginning after December 15, 2022, including interim periods within that fiscal year, with early adoption permitted. The Company adopted ASU 2021-08 in the second quarter of 2022 on a prospective basis. There were no acquisitions in the first quarter of 2022.

In December 2022, the FASB issued ASU No. 2022-06, which defers the sunset date of “Reference Rate Reform (Topic 848)”, from December 31, 2022 to December 31, 2024. ASC 848 provides temporary relief relating to the potential accounting impact relating to the replacement of LIBOR or other reference rates expected to be discounted as a result of reference rate reform. ASU 2022-06 is effective immediately for all entities.

Recent Accounting Pronouncements Not Yet Adopted

In June 2022, the FASB issued ASU No. 2022-03, “Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions”, which clarifies guidance in Topic 820, Fair Value Measurement, when measuring the fair value of an equity security to contractual restrictions that prohibit the sale of an equity security and to introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. This new standard will be effective for the Company for fiscal years beginning after December 15, 2023, including interim periods within that fiscal year, with early adoption permitted. The Company is currently assessing the impact of adopting this standard on the consolidated financial statements.

3. Acquisitions

Acquisition of PBSC Urban Solutions Inc. ("PBSC")

On May 17, 2022 (the “Closing Date”), the Company completed its acquisition of one hundred percent of PBSC's outstanding equity, a global leader in bikeshare that supplies stations and bikes to markets internationally, for a total purchase price of \$163.5 million inclusive of \$14.1 million in estimated fair value of contingent consideration. The acquisition was treated as a business combination and increases the Company's scale in micromobility by leveraging PBSC's deep sales experience and customer relationships.

Acquisition costs were immaterial and are included in general and administrative expenses in the consolidated statements of operations.

The earn out incentives, ranging from zero to \$15.0 million, is included in contingent consideration on the accompanying consolidated balance sheet at December 31, 2022 at a fair value of \$15.0 million. The earn out incentives are based on hardware and software for new system sales, either earned or committed during the earn out period. It will be remeasured on a recurring basis at fair value. To estimate the fair value of the contingent consideration liability, management utilized an option-pricing model to value the earn out based on the likelihood of reaching firm-specific targets. Significant inputs used in the calculations include probability of success, duration of the earn-out and discount rate.

The following table summarizes the preliminary fair value of the assets acquired and liabilities assumed at the Closing Date (in thousands):

Cash and cash equivalents	\$ 2,665
Prepaid expenses and other current assets	34,845
Other investments	22,175
Property and equipment	2,202
Operating lease right-of-use assets	786
Identifiable intangible assets	45,047
Total identifiable assets acquired	107,720
Accounts payable	6,004
Accrued and other liabilities	3,344
Operating lease liabilities — current	292
Operating lease liabilities	494
Other liabilities	14,678
Total liabilities assumed	24,812
Non-controlling interest (recorded to equity)	140
Net assets assumed	82,768
Goodwill	80,748
Total acquisition consideration	\$ 163,516

The purchase accounting for the acquisition of PBSC remains incomplete with respect to certain opening current asset and liability balances. Additionally, identifiable intangible assets, deferred tax liabilities and purchase consideration, may be adjusted as management continues to gather and evaluate information about circumstances that existed as of the acquisition date. Measurement period adjustments will be recognized prospectively. The measurement period is not to exceed 12 months from the date of acquisition.

The Company adopted ASU 2021-08 on April 1, 2022, prior to the acquisition of PBSC, the Company's only acquisition in 2022. Upon the adoption of this update, contract assets and contract liabilities (i.e., deferred revenue) acquired in a business combination are recognized and measured by the acquirer on the acquisition date in accordance with ASC 606 as if the acquirer had originated the contracts, which would generally result in an acquirer recognizing and measuring acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements. Therefore, PBSC's historical deferred revenue balance as of May 17, 2022 has been included in the purchase price allocation in accordance with ASU 2021-08.

The goodwill is attributable to (i) expanded sales opportunities for the Company's current products and services by leveraging PBSC's assembled workforce and (ii) cost synergies associated with economies of scale and a streamlined supply chain as the combined businesses operate on a global scale. The acquisition is a non-taxable business combination and goodwill recognized in the acquisition is not deductible for tax purposes.

The Company recorded intangible assets at their fair value, which consisted of the following (in thousands):

	Estimated useful life (in years)	Amount
Tradename	2	\$ 1,009
Customer relationships – cities	7 - 11	22,157
Developed technology (hardware and software)	2 - 3	21,881
Total intangible assets		\$ 45,047

The fair value of the tradename was determined to be \$1.0 million with an estimated useful life of two years. The fair value of the tradename was determined using the relief-from-royalty method under the income approach. This involves forecasting avoided royalties, reducing them by taxes and discounting the resulting net cash flows to a present value using an appropriate discount rate.

The fair value of the contractual relationships – cities was determined to be \$22.2 million with estimated useful lives between seven years and eleven years. The fair value of the contractual relationships – cities was determined using the multi-period excess earnings. The multi-period excess earnings approach involves forecasting the net earnings expected to be generated by the asset, reducing them by appropriate returns on contributory assets, and then discounting the resulting net cash flows to a present value using an appropriate discount rate.

The fair value of the developed technology intangible asset was determined to be \$21.9 million with an estimated useful life between two years and three years. The fair value of the developed technology was determined using the replacement cost approach. In the replacement cost approach, the fair value of an asset is based on the cost of a market participant to reconstruct a substitute asset of comparable utility, adjusted for any obsolescence. The fair value of the asset would include the expected profit margin a

hypothetical third party developer would charge and a market participant buyer's opportunity costs lost over the period to reconstruct the substitute asset.

Judgment was applied for a number of assumptions in valuing the identified intangible assets, including revenue and cash flow forecasts, technology life, royalty rate, obsolescence and discount rate.

Refer to Note 17 "Variable Interest Entities" to the consolidated financial statements for information regarding the variable interest entities included in this transaction.

The results of operations for the acquired business have been included in the consolidated statements of operations for the period subsequent to the Company's acquisition of PBSC. PBSC's results of operations for periods prior to this acquisition were not material to the consolidated statements of operations and, accordingly, pro forma financial information has not been presented.

Acquisition of Flexdrive Services, LLC ("Flexdrive")

On February 7, 2020 (the "Closing Date"), the Company completed its acquisition of Flexdrive for approximately \$20.0 million and treated the acquisition as a business combination. The acquisition is expected to contribute to the growth of the Company's current business, and help expand the range of the Company's use cases. Prior to the acquisition, the Company acted as the lessee of Flexdrive's vehicles and sublessor for each vehicle prior to its rental by drivers. As of the Closing Date, the Company had approximately \$133.1 million of operating lease right-of-use assets and \$130.1 million of operating lease liabilities on the balance sheet related to this preexisting contractual relationship with Flexdrive. This preexisting contractual relationship and others were settled on the Closing Date as an adjustment to the purchase price, resulting in a total acquisition consideration paid of \$13.0 million.

Acquisition costs were immaterial and are included in general and administrative expenses on the consolidated statements of operations for the year ended December 31, 2020.

The following table summarizes the fair value of the assets acquired and liabilities assumed at the Closing Date (in thousands):

Cash and cash equivalents	\$	587
Prepaid expenses and other current assets		276
Property and equipment		111,881
Finance lease right-of-use assets		56,014
Identifiable intangible assets - developed technology		13,200
Total identifiable assets acquired		181,958
Loans		134,121
Finance lease & other liabilities		57,265
Total liabilities assumed		191,386
Net liabilities assumed		(9,428)
Goodwill		22,455
Total acquisition consideration	\$	13,027

Goodwill represents the excess of the total purchase consideration over the fair value of the underlying assets acquired and liabilities assumed. Goodwill is attributable to expected synergies and monetization opportunities from gaining control over the Flexdrive platform ("developed technology" intangible asset) and gaining greater flexibility in monetizing the fleet of owned and leased vehicles from the combined operations of the Company and Flexdrive. The acquisition is a taxable business combination for tax purposes and goodwill recognized in the acquisition is deductible for tax purposes.

The fair value of the developed technology intangible asset was determined to be \$13.2 million with an estimated useful life of three years. The fair value of the developed technology was determined using the avoided cost approach. In the avoided cost approach, the fair value of an asset is based on the future after-tax costs which are avoided (or reduced) as a result of owning (or having the rights to) the asset for three years after the Closing Date. Indications of value were developed by discounting these benefits to their present value.

The results of operations for the acquired business have been included on the consolidated statements of operations for the period subsequent to the Company's acquisition of Flexdrive. Flexdrive's results of operations for periods prior to this acquisition were not material to the consolidated statements of operations and, accordingly, pro forma financial information has not been presented.

4. Divestitures

Transaction with Woven Planet Holdings, Inc. (“Woven Planet”)

On July 13, 2021, the Company completed a multi-element transaction with Woven Planet, a subsidiary of Toyota Motor Corporation, for the divestiture of certain assets related to the Company’s self-driving vehicle division, Level 5, as well as commercial agreements for the utilization of Lyft rideshare and fleet data to accelerate the safety and commercialization of the automated-driving vehicles that Woven Planet is developing. The Company will receive, in total, approximately \$515 million in cash in connection with this transaction, with \$165 million paid upfront and \$350 million to be paid over a five-year period.

The divestiture did not represent a strategic shift with a major effect on the Company’s operations and financial results, and therefore, does not qualify for reporting as a discontinued operation. As the transaction included multiple elements, the Company had to estimate how much of the arrangement consideration was attributable to the divestiture of certain assets related to the Level 5 division and how much was attributable to the commercial agreements for the utilization of Lyft rideshare and fleet data. The Company recognized a \$119.3 million pre-tax gain for the divestiture of certain assets related to the Level 5 division, which was based on the relative fair value of the Level 5 division, valued under the replacement cost method, and the estimated standalone selling price of the rideshare and fleet data, valued using an adjusted market approach.. The significant assumptions related to the obsolescence curve used to estimate the fair value of the Level 5 division assets and the estimated miles to recreate the data produced from the rideshare license used to determine the stand alone selling price of the rideshare data. The gain was included in other income, net on the consolidated statement of operations for the quarter ended September 30, 2021. The commercial agreements for the utilization of Lyft rideshare and fleet data by Woven Planet is accounted for under ASC 606 and the Company recorded a deferred revenue liability of \$42.5 million related to the performance obligations under these commercial agreements as part of the transaction at closing. The Company also derecognized \$3.4 million in assets held for sale.

5. Goodwill and Intangible Assets, Net

The changes in the carrying amount of goodwill for the years ended December 31, 2022, 2021 and 2020 were as follows (in thousands):

Balance as of December 31, 2020	\$ 182,687
Additions	—
Foreign currency translation and other adjustments	(3)
Transaction with Woven Planet	(2,168)
Balance as of December 31, 2021	\$ 180,516
Additions	81,108
Foreign currency translation and other adjustments	(42)
Balance as of December 31, 2022	<u>\$ 261,582</u>

Intangible assets, net consisted of the following as of the dates indicated (in thousands):

	December 31, 2022			
	Weighted-average Remaining Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology and patents	2.3	\$ 41,262	\$ 20,424	\$ 20,838
Contractual relationship – cities and user relationships	8.2	100,429	45,059	55,370
Total intangible assets		<u>\$ 141,691</u>	<u>\$ 65,483</u>	<u>\$ 76,208</u>

	December 31, 2021			
	Weighted-average Remaining Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology and patents	2.9	\$ 22,151	\$ 12,643	\$ 9,508
Contractual relationship – cities and user relationships	7.9	79,800	38,543	41,257
Total intangible assets		<u>\$ 101,951</u>	<u>\$ 51,186</u>	<u>\$ 50,765</u>

Amortization expense was \$18.4 million, \$18.1 million and \$29.2 million for the years ended December 31, 2022, 2021 and 2020, respectively.

As of December 31, 2022, future amortization of intangible assets that will be recorded in cost of revenue and operating expenses is estimated as follows (in thousands).

Year ended December 31:	
2023	\$ 18,255
2024	17,308
2025	8,407
2026	8,184
2027	8,184
Thereafter	15,870
Total remaining amortization	<u>\$ 76,208</u>

6. Supplemental Financial Statement Information

Cash Equivalents and Short-Term Investments

The following tables summarize the cost or amortized cost, gross unrealized gain, gross unrealized loss and fair value of the Company's cash equivalents and short-term investments as of the dates indicated (in thousands):

	December 31, 2022			
	Cost or Amortized Cost	Unrealized		Estimated Fair Value
		Gains	Losses	
Unrestricted Balances⁽¹⁾				
Money market funds	\$ 3,276	\$ —	\$ —	\$ 3,276
Money market deposit accounts	126,994	—	—	126,994
Term deposits	5,000	—	—	5,000
Certificates of deposit	502,374	295	(510)	502,159
Commercial paper	964,410	403	(1,663)	963,150
Corporate bonds	61,605	—	(104)	61,501
U.S. government securities	7,059	1	—	7,060
Total unrestricted cash equivalents and short-term investments	1,670,718	699	(2,277)	1,669,140
Restricted Balances⁽²⁾				
Money market funds	93,362	—	—	93,362
Term deposits	3,539	—	—	3,539
Certificates of deposit	355,241	174	(437)	354,978
Commercial paper	596,213	243	(865)	595,591
Corporate bonds	14,933	—	(17)	14,916
U.S. government securities	74,699	2	(167)	74,534
Total restricted cash equivalents and investments	1,137,987	419	(1,486)	1,136,920
Total unrestricted and restricted cash equivalents and investments	\$ 2,808,705	\$ 1,118	\$ (3,763)	\$ 2,806,060

(1) Excludes \$126.5 million of cash and \$1.1 million of marketable equity securities, which are included within the \$1.8 billion of cash and cash equivalents and short-term investments on the consolidated balance sheets.

(2) Excludes \$1.3 million of restricted cash, which is included within the \$1.1 billion of restricted cash and cash equivalents and restricted short-term investments on the consolidated balance sheets.

	December 31, 2021			
	Cost or Amortized Cost	Unrealized		Estimated Fair Value
		Gains	Losses	
Unrestricted Balances ⁽¹⁾				
Money market funds	\$ 22,250	\$ —	\$ —	\$ 22,250
Money market deposit accounts	330,252	—	—	330,252
Term deposits	385,000	—	—	385,000
Certificates of deposit	505,562	25	(149)	505,438
Commercial paper	806,446	132	(190)	806,388
Corporate bonds	99,779	4	(78)	99,705
Total unrestricted cash equivalents and short-term investments	2,149,289	161	(417)	2,149,033
Restricted Balances ⁽²⁾				
Money market funds	20,161	—	—	20,161
Term deposits	5,046	—	—	5,046
Certificates of deposit	421,243	35	(134)	421,144
Commercial paper	523,616	43	(169)	523,490
Corporate bonds	63,506	—	(48)	63,458
U.S. government securities	31,745	—	(28)	31,717
Total restricted cash equivalents and investments	1,065,317	78	(379)	1,065,016
Total unrestricted and restricted cash equivalents and investments	\$ 3,214,606	\$ 239	\$ (796)	\$ 3,214,049

(1) Excludes \$104.8 million of cash, which is included within the \$2.3 billion of cash and cash equivalents and short-term investments on the consolidated balance sheets.

(2) Excludes \$53.7 million of restricted cash, which is included within the \$1.1 billion of restricted cash and cash equivalents and restricted short-term investments on the consolidated balance sheets.

The Company's short-term investments consist of available-for-sale debt securities and term deposits. The term deposits are at cost, which approximates fair value.

The weighted-average remaining maturity of the Company's investment portfolio was less than one year as of the periods presented. No individual security incurred continuous unrealized losses for greater than 12 months.

The Company purchases investment grade marketable debt securities which are rated by nationally recognized statistical credit rating organizations in accordance with its investment policy. This policy is designed to minimize the Company's exposure to credit losses. As of December 31, 2022, the credit-quality of the Company's marketable available-for-sale debt securities had remained stable. The unrealized losses recognized on marketable available-for-sale debt securities as of December 31, 2022 was primarily related to the continued market volatility associated with market expectations of an aggressive pace of interest rate increases by the Federal Reserve. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments and it is not expected that the investments would be settled at a price less than their amortized cost basis. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis. The Company is not aware of any specific event or circumstance that would require the Company to change its quarterly assessment of credit losses for any marketable available-for-sale debt security as of December 31, 2022. These estimates may change, as new events occur and additional information is obtained, and will be recognized on the consolidated financial statements as soon as they become known. No credit losses were recognized as of December 31, 2022 for the Company's marketable and non-marketable debt securities.

The following table summarizes the Company's available-for-sale debt securities in an unrealized loss position for which no allowance for credit losses was recorded, aggregated by major security type (in thousands):

	December 31, 2022	
	Estimated Fair Value	Unrealized Losses
Certificates of deposit	\$ 188,209	\$ (947)
Corporate bonds	76,417	(121)
Commercial paper	718,771	(2,528)
U.S. government securities	62,801	(167)
Total available-for-sale debt securities in an unrealized loss position	<u>\$ 1,046,198</u>	<u>\$ (3,763)</u>

Property and Equipment, net

Property and equipment, net consisted of the following as of the dates indicated (in thousands):

	December 31,	
	2022	2021
Bike fleet	\$ 179,330	\$ 138,216
Leasehold improvements	91,334	100,252
Owned vehicles	143,391	150,443
Finance lease right-of-use assets	32,887	26,802
Computer equipment and software	36,271	19,103
Furniture and fixtures	5,602	5,110
Construction in progress	48,523	25,270
	<u>537,338</u>	<u>465,196</u>
Less: Accumulated depreciation	<u>(223,936)</u>	<u>(167,001)</u>
Property and equipment, net	<u>\$ 313,402</u>	<u>\$ 298,195</u>

Depreciation and amortization expense related to property and equipment was \$127.8 million, \$115.3 million, and \$121.0 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following as of the dates indicated (in thousands):

	December 31,	
	2022	2021
Insurance-related accruals	\$ 566,831	\$ 336,340
Legal accruals	458,209	349,518
Ride-related accruals	181,138	196,716
Long-term debt, current	36,287	56,264
Insurance claims payable and related fees	53,280	33,696
Deferred gain related to the Reinsurance Transaction ⁽¹⁾	2,357	52,785
Other	263,507	239,107
Accrued and other current liabilities	<u>\$ 1,561,609</u>	<u>\$ 1,264,426</u>

(1) Refer to Note 2 "Summary of Significant Accounting Policies" above and the rest of this Note 6 "Supplemental Financial Information - Insurance Reserves" below for more information on this deferred gain.

Insurance Reserves

The following table provides a rollforward of the insurance reserve for the periods presented (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Balance at beginning of period	\$ 1,068,628	\$ 987,064	\$ 1,378,462
Additions ¹	1,146,482	772,321	569,180
Deductions ²	(797,760)	(690,757)	(960,578)
Balance at end of period	\$ 1,417,350	\$ 1,068,628	\$ 987,064

- (1) Additions to insurance reserves include \$895.0 million, \$527.1 million and \$569.2 million for the years ended December 31, 2022, 2021 and 2020, respectively, for changes in estimates resulting from new developments in prior period claims. Additions also include adjustments related to the Commutation Transaction of \$247.4 million for the year ended December 31, 2022. See below for more details of the "Commutation of the Reinsurance Agreement". Additions include \$4.0 million and \$245.2 million of reinsurance recoverable for the years ended December 31, 2022 and 2021, respectively. There was no such recoverable for the year ended December 31, 2020.
- (2) Deductions include losses paid of \$552.6 million, \$439.4 million and \$552.7 million for the years ended December 31, 2022, 2021 and 2020, respectively, in addition to a transfer of certain legacy auto insurance liabilities of \$407.9 million for the year ended December 31, 2020. Deductions include reinsurance recoverable at the beginning of the period of \$245.2 million and \$251.3 million for the years ended December 31, 2022 and 2021, respectively. There was no such recoverable at the beginning of the period for the year ended December 31, 2020.

Transfer of Certain Legacy Auto Liability Insurance

On March 31, 2020, the Company's wholly-owned subsidiary, PVIC, entered into a Novation Agreement with Clarendon, and certain underwriting companies of Zurich. Pursuant to the terms of the Novation, on the effective date March 31, 2020, the obligations of PVIC as reinsurer to Zurich for the Legacy Auto Liability, were assigned to, assumed by, and novated to Clarendon, for cash consideration of \$465.0 million. As a result of the Novation, the Company's obligations related to the Legacy Auto Liability were fully extinguished and novated to Clarendon on March 31, 2020.

The Company paid the \$465.0 million cash consideration to Clarendon on April 3, 2020. The Company derecognized \$407.9 million of insurance reserves liabilities and recognized a loss of \$64.7 million for the net cost of the Novation on the consolidated statements of operations for the year ended December 31, 2021, with \$62.5 million in cost of revenue and \$2.2 million in general and administrative expenses. In conjunction with the Novation, Clarendon and PVIC executed a Retrocession Agreement, pursuant to which PVIC will reinsure Clarendon's losses related to the Legacy Auto Liability in excess of an aggregate limit of \$816.0 million.

Reinsurance of Certain Legacy Auto Liability Insurance

On April 22, 2021, the Company's wholly-owned subsidiary, Pacific Valley Insurance Company, Inc. ("PVIC"), entered into a Quota Share Reinsurance Agreement (the "Reinsurance Agreement") with DARAG Bermuda LTD ("DARAG"), under which DARAG reinsured a legacy portfolio of auto insurance policies, based on reserves in place as of March 31, 2021, for \$183.2 million of coverage above the liabilities recorded as of that date. Under the terms of the Reinsurance Agreement, PVIC ceded to DARAG approximately \$251.3 million of certain legacy insurance liabilities for policies underwritten during the period of October 1, 2018 to October 1, 2020, with an aggregate limit of \$434.5 million, for a premium of \$271.5 million ("the Reinsurance Transaction"). The Reinsurance Agreement was on a funds withheld basis, meaning that funds are withheld by PVIC from the insurance premium owed to DARAG in order to pay future reinsurance claims on DARAG's behalf. Upon consummation of the Reinsurance Transaction, a reinsurance recoverable of \$251.3 million was established, and since a contractual right of offset exists, the reinsurance recoverable was netted against the funds withheld liability balance of \$271.5 million for a \$20.2 million net funds withheld liability balance included in accrued and other current liabilities on the consolidated balance sheet. In addition to the initial funds withheld balance of \$271.5 million, additional coverage of certain legacy insurance liabilities was collateralized by a trust account established by DARAG for the benefit of PVIC, which was \$75.0 million upon consummation. At the inception of the Reinsurance Agreement, a loss of approximately \$20.4 million for the total cost of the Reinsurance Transaction was recognized on the consolidated statement of operations for the year ended December 31, 2021, with \$20.2 million in cost of revenue and \$0.2 million in general and administrative expenses. The Reinsurance Transaction does not discharge PVIC of its obligations to the policyholder. Management evaluated reinsurance counterparty credit risk and does not consider it to be material.

Commutation of the Reinsurance Agreement

On June 21, 2022, PVIC and DARAG entered into a Commutation Agreement, which effectively commuted and settled the previous Reinsurance Agreement. Under the terms of the Commutation Agreement, DARAG released \$89.3 million of assets held in trust to PVIC and the remaining balance of the funds withheld liability of \$90.3 million from the Reinsurance Transaction for a total consideration of \$178.6 million.

In addition, the Commutation Agreement caused a DARAG affiliate, DNA Insurance Company ("DNA"), to simultaneously enter into an Adverse Development Cover Reinsurance Agreement ("ADC") with PVIC (the Commutation Agreement and the ADC

will collectively be referred to as the “Commutation Transaction”). Under the terms of the ADC, DNA agreed to reinsure up to \$20 million of the legacy insurance liabilities contemplated in the Reinsurance Agreement for a premium of \$1.0 million, which will be retained by PVIC on a funds withheld basis. DNA also has the option to commute this agreement for \$5.0 million prior to November 1, 2023, which may be offset by any premiums retained as funds withheld.

As a result of the Commutation Transaction, the Company noted the following impacts on its financial statements:

- The Company recognized a \$36.8 million gain in cost of revenue in the three months ended June 30, 2022, including amortization of a portion of the previously recognized deferred gain.
- The Company reduced its reinsurance recoverable by \$247.4 million. As of December 31, 2022, the balance of reinsurance recoverables was \$4.0 million, reflecting the ultimate amount it anticipates receiving from DNA as a result of this transaction. The reinsurance recoverable from DNA, net of the funds withheld liability, is included in prepaid expenses and other current assets on the consolidated balance sheets.
- The Company reduced the funds withheld liability balance by \$90.3 million. As of December 31, 2022 the balance of the funds withheld liability was \$1.0 million, reflecting the premium retained by PVIC for the Adverse Development Cover.
- The Company amortized deferred gains related to losses ceded under the Reinsurance Agreement by \$105.7 million. As of December 31, 2022, the Company had \$2.4 million of deferred gains related to losses ceded under the Reinsurance Agreement remaining following the Commutation Transaction, which are included within accrued and other current liabilities on the consolidated balance sheets.

On February 8, 2023, PVIC and DNA entered into a Commutation and Mutual Release Agreement, whereby DNA agreed to exercise its option to fully settle and commute the ADC. DNA commuted the ADC for \$5.0 million consisting of a \$4.0 million payment made to PVIC and the release of \$1.0 million premium which was retained by PVIC as a funds withheld. As a result, PVIC recognized a gain of \$3.4 million, comprised of \$2.4 million amortization of the remaining deferred gain and \$1.0 million related to the release of the funds withheld. PVIC also reduced its reinsurance recoverable by \$4.0 million related to the payment received. The Company recorded these amounts during the first quarter of 2023.

Other Income (Expense), Net

The following table sets forth the primary components of other income (expense), net as reported on the consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Interest income	\$ 47,142	\$ 9,074	\$ 43,654
Gain (loss) on sale of securities, net	(287)	687	(868)
Foreign currency exchange gains (losses), net	(4,387)	788	1,818
Sublease income	11,591	6,624	—
Gain from transaction with Woven Planet	—	119,284	—
Impairment charges ⁽¹⁾	(135,714)	—	—
Other, net	(18,333)	(524)	(935)
Other income (expense), net	<u>\$ (99,988)</u>	<u>\$ 135,933</u>	<u>\$ 43,669</u>

(1) In the third quarter of 2022, the Company impaired the entire amount of a non-marketable equity investment in addition to other assets with the investee. This impairment was triggered due to the announced winding down of the equity investee. Refer to Note 7 “Fair Value Measurements” for additional details.

7. Fair Value Measurements

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables set forth the Company's financial assets and liabilities that were measured at fair value on a recurring basis as of the dates indicated by level within the fair value hierarchy (in thousands):

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Unrestricted cash equivalents and investments ⁽¹⁾				
Money market funds	\$ 3,276	\$ —	\$ —	\$ 3,276
Certificates of deposit	—	502,159	—	502,159
Commercial paper	—	963,150	—	963,150
Corporate bonds	—	61,501	—	61,501
U.S. government securities	—	7,060	—	7,060
Total unrestricted cash equivalents and short-term investments	3,276	1,533,870	—	1,537,146
Restricted cash equivalents and investments ⁽²⁾				
Money market funds	93,362	—	—	93,362
Certificates of deposit	—	354,978	—	354,978
Commercial paper	—	595,591	—	595,591
Corporate bonds	—	14,916	—	14,916
U.S. government securities	—	74,534	—	74,534
Total restricted cash equivalents and investments	93,362	1,040,019	—	1,133,381
Marketable equity securities ⁽³⁾	1,136	—	—	1,136
Total financial assets	<u>\$ 97,774</u>	<u>\$ 2,573,889</u>	<u>\$ —</u>	<u>\$ 2,671,663</u>
Liabilities				
Contingent consideration ⁽⁴⁾	\$ —	\$ —	\$ 15,000	\$ 15,000
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

(1) \$126.5 million of cash, \$127.0 million of money market deposit accounts and \$5.0 million of term deposits are not subject to recurring fair value measurement and therefore excluded from this table. However, these balances are included within the \$1.8 billion of cash and cash equivalents and short-term investments on the consolidated balance sheets.

(2) \$1.3 million of restricted cash and \$3.5 million of a restricted term deposit are not subject to recurring fair value measurement and therefore excluded from this table. However, these balances are included within the \$1.1 billion of restricted cash and cash equivalents and restricted short-term investments on the consolidated balance sheets.

(3) Included in other investments on the consolidated balance sheets.

(4) In the second quarter of 2022, the Company completed the acquisition of PBSC which included up to \$15.0 million in contingent consideration to be paid over the next year. The contingent consideration was classified as a liability and included in accrued and other current liabilities on the consolidated balance sheets. Refer to Note 3 "Acquisitions" to the consolidated financial statements for information regarding this contingent consideration.

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Unrestricted Balances⁽¹⁾				
Money market funds	\$ 22,250	\$ —	\$ —	\$ 22,250
Certificates of deposit	—	505,438	—	505,438
Commercial paper	—	806,388	—	806,388
Corporate bonds	—	99,705	—	99,705
Total unrestricted cash equivalents and short-term investments	22,250	1,411,531	—	1,433,781
Restricted Balances⁽²⁾				
Money market funds	20,161	—	—	20,161
Certificates of deposit	—	421,144	—	421,144
Commercial paper	—	523,489	—	523,489
Corporate bonds	—	63,458	—	63,458
U.S. government securities	—	31,717	—	31,717
Total restricted cash equivalents and investments	20,161	1,039,808	—	1,059,969
Total unrestricted and restricted cash equivalents and investments	\$ 42,411	\$ 2,451,339	\$ —	\$ 2,493,750

(1) \$104.8 million of cash, \$330.3 million of money market deposit accounts and \$385.0 million of term deposits are not subject to recurring fair value measurement and therefore excluded from this table. However, these balances are included within the \$2.3 billion of cash and cash equivalents and short-term investments on the consolidated balance sheets.

(2) \$53.7 million of restricted cash and \$5.0 million of a restricted term deposit are not subject to recurring fair value measurement and therefore excluded from this table. However, these balances are included within the \$1.1 billion of restricted cash and cash equivalents and restricted short-term investments on the consolidated balance sheets.

During the year ended December 31, 2022, the Company did not make any transfers between the levels of the fair value hierarchy.

Financial Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

The Company's non-marketable equity securities are investments in privately held companies without readily determinable fair values and the carrying value of these non-marketable equity securities are remeasured to fair value based on price changes from observable transactions of identical or similar securities of the same issuer (referred to as the measurement alternative) or for impairment. Any changes in carrying value are recorded within other income (expense), net in the consolidated statements of operations.

In June 2021 and June 2022, the Company received investments in a non-marketable equity security in a privately held company without a readily determinable market value as part of licensing and data access agreements. The investment had an initial carrying value of \$128.1 million as of June 30, 2022 which was categorized as Level 3. The Company did not have the ability to exercise significant influence over this privately-held company and had elected to measure this investment as a non-marketable equity security and classified it in other investments on the consolidated balance sheet. The entire amount of the investment in the non-marketable equity security was impaired due to the announced winding down of the equity investee in October 2022. In addition to the impairment of this non-marketable equity security, an associated other asset was impaired, resulting in a total impairment of \$135.7 million recorded to other income (expense), net on the consolidated statement of operations.

In February 2022, the issuer of the Company's \$10.0 million investment in non-marketable equity securities in a privately held company was acquired by a publicly-traded company. As a result of the acquisition in exchange for the securities in the privately-held entity, the Company received common stock of a publicly-traded entity with a value of \$8.4 million upon receipt, with the remainder to be received in cash. These shares are classified as marketable equity securities in the table above and measured at fair value on a recurring basis. The shares are categorized as Level 1 and changes in fair value are recorded within other income (expense), net in the consolidated statements of operations.

At December 31, 2022, there were \$5.9 million of financial assets measured at fair value on a non-recurring basis within other investments on the consolidated balance sheets.

Reconciliation of Level 3 Financial Assets and Liabilities

The following table provides a reconciliation of the beginning balances of the Level 3 financial assets (in thousands):

	Year Ended December 31,	
	2022	2021
Balance at beginning of period	\$ 80,411	\$ 10,000
Additions ⁽¹⁾	64,044	70,260
Change in fair value ⁽²⁾	(138,552)	151
Balance at end of period	<u>\$ 5,903</u>	<u>\$ 80,411</u>

(1) Relates to non-marketable equity securities included in other investments on the consolidated balance sheets.

(2) Includes a \$128.1 million impairment related to an investment in the non-marketable equity security due to the announced winding down of the equity investee in the third quarter of 2022 and a \$10.0 million reduction in securities in a privately-held company related to an exchange of securities in a privately-held entity following its acquisition. The impairment charge was recorded to other income (expense), net on the consolidated statement of operations.

The following table provides a reconciliation of the beginning balances of the Level 3 financial liabilities (in thousands):

	Year Ended December 31,	
	2022	2021
Balance at beginning of period	\$ —	\$ —
Additions ⁽¹⁾	14,100	—
Change in fair value	900	—
Balance at end of period	<u>\$ 15,000</u>	<u>\$ —</u>

(1) Relates the contingent consideration from the acquisition of PBSC, which are included in accrued and other current liabilities on the consolidated balance sheets. Refer to Note 3 "Acquisitions" to the consolidated financial statements for information regarding this contingent consideration.

8. Leases

Real Estate Operating Leases

The Company leases real estate property at approximately 71 locations of which all leases have commenced as of December 31, 2022. These leases are classified as operating leases. As of December 31, 2022, the remaining lease terms vary from approximately two months to seven years. For certain leases the Company has options to extend the lease term for periods varying from two months to ten years. These renewal options are not considered in the remaining lease term unless it is reasonably certain that the Company will exercise such options. For leases with an initial term of 12 months or longer, the Company has recorded a right-of-use asset and lease liability representing the fixed component of the lease payment. Any fixed payments related to non-lease components, such as common area maintenance or other services provided by the landlord, are accounted for as a component of the lease payment and therefore, a part of the total lease cost.

Flexdrive Program

The Company operates a fleet of rental vehicles through its independently managed subsidiary, a portion of which are leased from third-party vehicle leasing companies. These leases are classified as finance leases and are included in property and equipment, net on the consolidated balance sheets. As of December 31, 2022, the remaining lease terms vary between one month to four years. These leases generally do not contain any non-lease components and, as such, all payments due under these arrangements are allocated to the respective lease component.

Lease Position as of December 31, 2022

The table below presents the lease-related assets and liabilities recorded on the consolidated balance sheets (in thousands, except for remaining lease terms and percentages):

	December 31, 2022	December 31, 2021
Operating Leases		
Assets		
Operating lease right-of-use assets ⁽¹⁾	\$ 135,213	\$ 223,412
Liabilities		
Operating lease liabilities, current	\$ 45,803	\$ 53,765
Operating lease liabilities, non-current	176,356	210,232
Total operating lease liabilities	<u>\$ 222,159</u>	<u>\$ 263,997</u>
Finance Leases		
Assets		
Finance lease right-of-use assets ⁽²⁾	\$ 32,887	\$ 26,802
Liabilities		
Finance lease liabilities, current ⁽³⁾	15,053	13,556
Finance lease liabilities, non-current ⁽⁴⁾	19,921	14,242
Total finance lease liabilities	<u>\$ 34,974</u>	<u>\$ 27,798</u>
Weighted-average remaining lease term (years)		
Operating leases	5.1	5.6
Finance leases	2.5	2.2
Weighted-average discount rate		
Operating leases	6.4 %	6.3 %
Finance leases	5.2 %	2.8 %

- (1) On November 3, 2022, the Company committed to a decision to exit and sublease or cease use of certain facilities to align with the Company's anticipated operating needs and incurred impairment charges related to real estate operating right-of-use assets of \$55.3 million in the fourth quarter of 2022.
- (2) This balance is included within property and equipment, net on the consolidated balance sheets and is primarily related to leases acquired in the Flexdrive transaction. Refer to Note 3 "Acquisitions" to the consolidated financial statements for information regarding this transaction.
- (3) This balance is included within other current liabilities on the consolidated balance sheets and is primarily related to leases acquired in the Flexdrive transaction. Refer to Note 3 "Acquisitions" to the consolidated financial statements for information regarding this transaction.
- (4) This balance is included within other liabilities on the consolidated balance sheets and is primarily related to leases acquired in the Flexdrive transaction. Refer to Note 3 "Acquisitions" to the consolidated financial statements for information regarding this transaction.

Lease Costs

The table below presents certain information related to the costs for operating leases and finance leases for the year ended December 31, 2022 (in thousands):

	Year Ended December 31,	
	2022	2021
Operating Leases		
Operating lease cost	\$ 67,283	\$ 73,973
Finance Leases		
Amortization of right-of-use assets	15,124	24,756
Interest on lease liabilities	1,034	1,073
Other Lease Costs		
Short-term lease cost	5,355	5,264
Variable lease cost ⁽¹⁾	17,040	13,282
Total lease cost	\$ 105,836	\$ 118,348

(1) Consists primarily of common-area maintenance, taxes and utilities for real estate leases, and certain vehicle related charges under the Flexdrive program.

Sublease income was \$11.6 million for the year ended December 31, 2022 and \$6.6 million for the year ended December 31, 2021 which was primarily related to subleases from the Company's transaction with Woven Planet in the third quarter of 2021. Sublease income is included within other income, net on the consolidated statement of operations. The related lease expense for these leases is included within operating expenses on the consolidated statement of operations.

On November 3, 2022, the Company committed to a plan of termination which included restructuring charges related to a decision to exit and sublease or cease use of certain facilities to align with the Company's anticipated operating needs. Refer to Note 16 "Restructuring" to the consolidated financial statements for information regarding this transaction.

The table below presents certain supplemental information related to the cash flows for operating and finance leases recorded on the consolidated statements of cash flows (in thousands):

	Year Ended December 31,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 76,188	\$ 80,329
Operating cash flows from finance leases	1,095	1,102
Financing cash flows from finance leases	34,783	35,547

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the lease liabilities recorded on the consolidated balance sheet as of December 31, 2022 (in thousands):

	Operating Leases	Finance Leases	Total Leases
2023	\$ 66,458	\$ 16,511	\$ 82,969
2024	54,918	13,052	67,970
2025	42,832	5,877	48,709
2026	28,642	770	29,412
2027	25,368	1,400	26,768
Thereafter	43,234	—	43,234
Total minimum lease payments	261,452	37,610	299,062
Less: amount of lease payments representing interest	(39,293)	(2,636)	(41,929)
Present value of future lease payments	222,159	34,974	257,133
Less: current obligations under leases	(45,803)	(15,053)	(60,856)
Long-term lease obligations	\$ 176,356	\$ 19,921	\$ 196,277

Future lease payments receivable in car rental transactions under the Flexdrive Program are not material since the lease term is less than a month.

9. Commitments and Contingencies

Noncancelable Purchase Commitments

In March 2018, the Company entered into a noncancelable arrangement with Amazon Web Services (“AWS”), a web-hosting services provider, under which the Company had an obligation to purchase a minimum amount of services from this vendor through June 2021. The parties modified the aggregate commitment amounts and timing in January 2019, May 2020 and February 2022. Under the most recent amended arrangement, the Company committed to spend an aggregate of at least \$350 million between February 2022 and January 2026, with a minimum amount of \$80 million in each of the four contractual periods, on services with AWS. As of December 31, 2022, the Company has made payments of \$104.6 million under the amended arrangement.

In November 2018, the Company completed the acquisition of Motivate, a New York headquartered bikeshare company. Over the approximately five years following the transaction, the Company committed to invest an aggregate of \$100 million in the bikeshare program for the New York metro area. The Company also assumed certain pre-existing contractual obligations to increase the bike fleets in other locations which are not considered to be material. As of December 31, 2022, The Company has made investments in excess of \$100.0 million under the arrangement.

In May 2019, the Company entered into a noncancelable arrangement with the City of Chicago, with respect to the Divvy bike share program, under which the Company has an obligation to pay approximately \$7.5 million per year to the City of Chicago through January 2028 and to spend a minimum of \$50 million on capital equipment for the bike share program through January 2028. As of December 31, 2022, the Company has made payments totaling \$29.2 million and capital equipment investments totaling \$37.0 million under the arrangement.

As of December 31, 2022, the future minimum payments under the Company’s noncancelable purchase commitments were as follows (in thousands):

2023	\$ 108,519
2024	88,800
2025	94,477
2026	9,396
2027	24,240
Thereafter	—
Total future minimum payments	\$ 325,432

Letters of Credit

The Company maintains certain stand-by letters of credit from third-party financial institutions in the ordinary course of business to guarantee certain performance obligations related to leases, insurance policies and other various contractual arrangements.

None of the outstanding letters of credit are collateralized by cash. As of December 31, 2022 and 2021, the Company had letters of credit outstanding of \$55.1 million and \$53.1 million, respectively.

Indemnification

The Company enters into indemnification provisions under agreements with other parties in the ordinary course of business, including certain business partners, investors, contractors, parties to certain acquisition or divestiture transactions and the Company's officers, directors and certain employees. The Company has agreed to indemnify and defend the indemnified party's claims and related losses suffered or incurred by the indemnified party resulting from actual or threatened third-party claims because of the Company's activities or, in some cases, non-compliance with certain representations and warranties made by the Company. It is not possible to determine the maximum potential loss under these indemnification provisions due to the Company's limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision. To date, losses recorded on the consolidated statements of operations in connection with the indemnification provisions have not been material.

Legal Proceedings

The Company is currently involved in, and may in the future be involved in, legal proceedings, claims, regulatory inquiries, and governmental investigations in the ordinary course of business, including suits by drivers, riders, renters, third parties and governmental entities (individually or as class actions) alleging, among other things, various wage and expense related claims, violations of state or federal laws, improper disclosure of the Company's fees, rules or policies, that such fees, rules or policies violate applicable law, or that the Company has not acted in conformity with such fees, rules or policies, as well as proceedings related to product liability, antitrust, its acquisitions, securities issuances or business practices, or public disclosures about the business. In addition, the Company has been, and is currently, named as a defendant in a number of litigation matters related to accidents or other trust and safety incidents involving drivers or riders using the Lyft Platform.

The outcomes of the Company's legal proceedings are inherently unpredictable and subject to significant uncertainties. For some matters for which a material loss is reasonably possible, an estimate of the amount of loss or range of losses is not possible nor is the Company able to estimate the loss or range of losses that could potentially result from the application of nonmonetary remedies. Until the final resolution of legal matters, there may be an exposure to a material loss in excess of the amount recorded.

Independent Contractor Classification Matters

With regard to independent contractor classification of drivers on the Lyft Platform, the Company is regularly subject to claims, lawsuits, arbitration proceedings, administrative actions, government investigations and other legal and regulatory proceedings at the federal, state and municipal levels challenging the classification of these drivers as independent contractors, and claims that, by the alleged misclassification, the Company has violated various labor and other laws that would apply to driver employees. Laws and regulations that govern the status and classification of independent contractors are subject to change and divergent interpretations by various authorities, which can create uncertainty and unpredictability for the Company.

For example, Assembly Bill 5 (as codified in part at Cal. Labor Code sec. 2750.3) codified and extended an employment classification test set forth by the California Supreme Court that established a new standard for determining employee or independent contractor status. The passage of this bill led to additional challenges to the independent contractor classification of drivers using the Lyft Platform. For example, on May 5, 2020, the California Attorney General and the City Attorneys of Los Angeles, San Diego and San Francisco filed a lawsuit against the Company and Uber for allegedly misclassifying drivers on the companies' respective platforms as independent contractors in violation of Assembly Bill 5 and California's Unfair Competition Law, and on August 5, 2020, the California Labor Commissioner filed lawsuits against the Company and Uber for allegedly misclassifying drivers on the companies' respective platforms as independent contractors, seeking injunctive relief and material damages and penalties. On August 10, 2020, the court granted a motion for a preliminary injunction, forcing the Company and Uber to reclassify drivers in California as employees until the end of the lawsuit. Subsequently, voters in California approved Proposition 22, a state ballot initiative that provided a framework for drivers utilizing platforms like Lyft to maintain their status as independent contractors under California law. Proposition 22 went into effect on December 16, 2020. On April 20, 2021, the court granted the parties' joint request to dissolve the preliminary injunction in light of the passage of Proposition 22. On May 5, 2021, the California Labor Commissioner filed a petition to coordinate its lawsuit with the Attorney General lawsuit and three other cases against the Company and Uber. The coordination petition was granted and the coordinated cases have been assigned to a judge in San Francisco Superior Court. On December 19, 2022, the California Attorney General's and California Labor Commissioner's cases were stayed in San Francisco Superior Court pending the appeal of a Superior Court order denying Lyft's and Uber's motions to compel arbitration. On January 12, 2021, a separate lawsuit was filed in the California Supreme Court against the State of California alleging that Proposition 22 is unconstitutional under the California Constitution. The California Supreme Court denied review on February 3, 2021. Plaintiffs then filed a similar lawsuit in Alameda County Superior Court on February 11, 2021. Protect App-Based Drivers & Services (PADS) -- the coalition that established and operated the official ballot measure committee that successfully advocated for the passage of Proposition 22 -- intervened in the Alameda lawsuit. On August 20, 2021, after a merits hearing, the Alameda Superior Court issued an order finding that Proposition 22 is unenforceable. Both the California Attorney General and PADS filed appeals to the California Court of Appeal. Oral arguments were heard on December 13, 2022 and a decision is expected soon. Separately, on July 14, 2020, the Massachusetts Attorney General filed a lawsuit against the Company and Uber for allegedly misclassifying drivers as independent contractors under Massachusetts

law, and seeking declaratory and injunctive relief. The Company and Uber filed motions to dismiss, which were denied by the court in March 2021. In September 2021, the Massachusetts Attorney General served Lyft and Uber with a motion for summary judgment on the issue of driver classification. In January 2022, before Lyft and Uber served their opposition briefs, the court continued the summary judgment motion to allow the parties more time to conduct discovery. Certain adverse outcomes of such actions would have a material impact on the Company's business, financial condition and results of operations, including damages, penalties and potential suspension of operations in impacted jurisdictions, including California or Massachusetts. The Company's chances of success on the merits are still uncertain and any possible loss or range of loss cannot be reasonably estimated. Such regulatory scrutiny or action may create different or conflicting obligations from one jurisdiction to another.

The Company is currently involved in a number of putative class actions, thousands of individual claims, including those brought in arbitration or compelled pursuant to the Company's Terms of Service to arbitration, matters brought, in whole or in part, as representative actions under California's Private Attorney General Act, Labor Code Section 2698, et seq., alleging that the Company misclassified drivers as independent contractors and other matters challenging the classification of drivers on the Company's platform as independent contractors. The Company is currently defending allegations in a number of lawsuits that the Company has failed to properly classify drivers and provide those drivers with sick leave and related benefits during the COVID-19 pandemic. The Company's chances of success on the merits are still uncertain and any possible loss or range of loss cannot be reasonably estimated.

The Company disputes any allegations of wrongdoing and intends to continue to defend itself vigorously in these matters. However, results of litigation, arbitration and regulatory actions are inherently unpredictable and legal proceedings related to these driver claims, individually or in the aggregate, could have a material impact on the Company's business, financial condition and results of operations. Regardless of the outcome, litigation and arbitration of these matters can have an adverse impact on the Company because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors.

Unemployment Insurance Assessment

The Company is involved in administrative audits with various state employment agencies, including audits related to driver classification, in California, Oregon, Wisconsin, Illinois, New York, Pennsylvania and New Jersey. The Company believes that drivers are properly classified as independent contractors and plans to vigorously contest any adverse assessment or determination. The Company's chances of success on the merits are still uncertain. The Company accrues liabilities that may result from assessments by, or any negotiated agreements with, these employment agencies when a loss is probable and reasonably estimable, and the expense is recorded to general and administrative expenses.

In 2018, the New Jersey Department of Labor & Workforce Development ("NJDOLE") opened an audit reviewing whether drivers were independent contractors or employees for purposes of determining whether unemployment insurance regulations apply from 2014 through March 31, 2018. The NJDOLE issued an assessment on June 4, 2019 and subsequently issued an updated assessment on March 31, 2021. The assessment was calculated through April 30, 2019, but only calculated the alleged contributions, penalties, and interests owed from 2014 through 2017. We filed a petition to challenge the assessment, and are awaiting a hearing. The Company has also submitted payment for the principal revised amount of the assessment to stop interest from accruing on this amount. While the ultimate resolution of this matter is uncertain, the Company recorded this matter within accrued and other current liabilities on the consolidated balance sheet as of December 31, 2022.

Indirect Taxes

The Company is under audit by various domestic tax authorities with regard to indirect tax matters. The subject matter of indirect tax audits primarily arises from disputes on tax treatment and tax rates applied to the sale of the Company's services in these jurisdictions. The Company accrues indirect taxes that may result from examinations by, or any negotiated agreements with, these tax authorities when a loss is probable and reasonably estimable and the expense is recorded to general and administrative expenses.

Patent Litigation

The Company is currently involved in legal proceedings related to alleged infringement of patents and other intellectual property and, in the ordinary course of business, the Company receives correspondence from other purported holders of patents and other intellectual property offering to sell or license such property and/or asserting infringement of such property. The Company disputes any allegation of wrongdoing and intends to defend itself vigorously in these matters. The Company's chances of success on the merits are still uncertain and any possible loss or range of loss cannot be reasonably estimated.

Consumer and Other Class Actions

The Company is involved in a number of putative class actions alleging violations of consumer protection, civil rights, and other laws, such as the Telephone Consumer Protection Act of 1991, or TCPA; antitrust and unfair competition laws such as California's Cartwright Act, Unfair Practices Act and Unfair Competition Law; and the Americans with Disabilities Act, or the ADA, among others. In 2021, the Company received a favorable outcome in a case in the Northern District of California alleging ADA violations with respect to Lyft's wheelchair accessible vehicle ("WAV") offerings in three Bay Area counties, *Independent Living Resource Center San Francisco ("ILRC") v. Lyft, Inc.* After hearing evidence at a 5-day bench trial, the court ruled that plaintiffs

failed their burden to prove that Lyft violates the ADA. The plaintiffs did not appeal the ruling. Lyft is facing a similar ADA lawsuit seeking injunctive and other relief in the Southern District of New York, *Lowell v. Lyft, Inc.* On December 22, 2022, a magistrate judge recommended certification of three classes encompassing regions where Lyft does not currently offer WAV service (Westchester County, NY; New York State except New York City; and all other “non-WAV” regions in the U.S.). Lyft filed objections to the magistrate judge’s recommendation and the district judge will issue a final decision, after which a trial date will be set. The Company disputes any allegations of wrongdoing and intends to continue to defend itself vigorously in these matters. The Company’s chances of success on the merits are still uncertain and any possible loss or range of loss cannot be reasonably estimated.

Personal Injury and Other Safety Matters

In the ordinary course of the Company’s business, various parties have from time to time claimed, and may claim in the future, that the Company is liable for damages related to accidents or other incidents involving drivers, riders, renters or third parties using or who have used services offered on the Lyft Platform, as well as from third parties. The Company is currently named as a defendant in a number of matters related to accidents or other incidents involving drivers, riders, renters and third parties. The Company believes it has meritorious defenses, disputes the allegations of wrongdoing and intends to defend itself vigorously in these matters. There is no pending or threatened claim that has arisen from these accidents or incidents that individually, in the Company’s opinion, is likely to have a material impact on its business, financial condition or results of operations; however, results of litigation and claims are inherently unpredictable and legal proceedings related to such accidents or incidents, in the aggregate, could have a material impact on the Company’s business, financial condition and results of operations. For example, on January 17, 2020, the Superior Court of California, County of Los Angeles, granted the petition of multiple plaintiffs to coordinate their claims relating to alleged sexual assault or harassment by drivers on the Lyft Platform, and a Judicial Council Coordinated Proceeding has been created before the Superior Court of California, County of San Francisco, where the claims of these and other plaintiffs are currently pending. Regardless of the outcome of these or other matters, litigation can have an adverse impact on the Company because of defense and settlement costs individually and in the aggregate, diversion of management resources and other factors. Although the Company intends to vigorously defend against these lawsuits, its chances of success on the merits are still uncertain as these matters are at various stages of litigation and present a wide range of potential outcomes. The Company accrues for losses that may result from these matters when a loss is probable and reasonably estimable.

Beginning in April 2019, multiple putative class actions and derivative actions have been filed in state and federal courts against the Company, its directors, certain of its officers, and certain of the underwriters named in the registration statement relating to the Company's initial public offering ("IPO") alleging violation of securities laws, breach of fiduciary duties, and other causes of action in connection with the IPO. The putative class actions have been consolidated into two putative class actions, one in California state court and the other in federal court. The derivative actions have also been consolidated into one action in federal court in California.

On July 1, 2020, the California state court sustained in part and overruled in part the Company's demurrer to the consolidated complaint. The Company filed its answer to this consolidated complaint on August 3, 2020. On February 26, 2021, the California state court struck additional allegations from the consolidated complaint and granted plaintiffs leave to amend, and plaintiffs filed an amended complaint on March 17, 2021. The Company filed its demurrer and motion to strike the amended claim on April 13, 2021, and on July 16, 2021, the California state court overruled the demurrer but struck additional allegations from the consolidated complaint and granted plaintiffs leave to amend. The state court plaintiffs filed their renewed motion to certify a class action on June 24, 2021, and on January 25, 2022, the court denied plaintiffs' motion without prejudice and stayed the case in light of the certified class action proceeding in federal court.

In the California federal court class action, on May 14, 2020, the Company filed a motion to dismiss the consolidated complaint and on September 8, 2020, the federal court granted in part and denied in part that motion. The Company filed its answer to this consolidated complaint on October 2, 2020, and the court certified the class action on August 20, 2021. On February 8, 2022, the parties informed the court they had reached an agreement in principle to settle the case on a class-wide basis, and the plaintiff filed an unopposed motion for preliminary approval of the settlement on June 16, 2022. On August 19, 2022, the putative lead plaintiffs in the California state court action filed a motion to intervene in the California federal court class action for purposes of challenging the proposed class action settlement. In response, the parties in the federal case submitted an amended stipulation of settlement on September 27, 2022 which now allows the state plaintiffs to opt-in to the federal class for purposes of objecting to the settlement, which rendered the motion to intervene moot. The federal parties' motion for preliminary settlement approval was granted by the court on December 16, 2022. The court subsequently issued a scheduling order setting forth deadlines for notifying the class of the proposed settlement, for filing objections or opting out of the class, briefing schedules for the parties seeking final approval of the settlement and for seeking attorneys' fees and costs, and setting a final fairness hearing for June 22, 2023.

In the consolidated derivative action, at the parties' joint request, the California federal court stayed the case on February 17, 2021.

Although the Company believes these lawsuits are without merit and intends to vigorously defend against them, the Company has accrued amounts related to such matters when a loss is probable and reasonably estimable and the expense is recorded to general and administrative expenses.

10. Debt

Outstanding debt obligations as of December 31, 2022 were as follows (in thousands):

	Maturities	Interest Rate	December 31, 2022	December 31, 2021
Convertible senior notes ⁽¹⁾	May 2025	1.50%	\$ 740,609	\$ 604,317
Non-revolving Loan ⁽²⁾	2022 - 2024	2.88% - 4.50%	24,429	75,680
Master Vehicle Loan ⁽²⁾	2022 - 2025	2.60% - 6.85%	74,456	31,440
Total long-term debt, including current maturities			\$ 839,494	\$ 711,437
Less: long-term debt maturing within one year			36,287	56,264
Total long-term debt			<u>\$ 803,207</u>	<u>\$ 655,173</u>

(1) The Company adopted ASC 2020-06 on January 1, 2022 using the modified retrospective approach, which resulted in a \$133.5 million increase to the carrying value of the convertible senior notes to reflect the full principal amount of the convertible senior notes outstanding net of issuance costs at the time of adoption.

(2) These loans were acquired as part of the Flexdrive acquisition on February 7, 2020.

The following table sets forth the primary components of interest expense as reported on the consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Contractual interest expense related to the 2025 Notes	\$ 11,212	\$ 11,212	\$ 7,008
Amortization of debt discount and issuance costs ⁽¹⁾	2,928	35,575	21,050
Interest expense related to vehicle loans	5,595	4,848	4,620
Interest expense	<u>\$ 19,735</u>	<u>\$ 51,635</u>	<u>\$ 32,678</u>

(1) Following the adoption of ASC 2020-06 on January 1, 2022 using the modified retrospective approach, the debt discount associated with the equity component on convertible debt outstanding is now classified as debt, which results in a decrease in the amount of interest expense being recorded each period from January 1, 2022 to maturity.

Convertible Senior Notes

In May 2020, the Company issued \$747.5 million aggregate principal amount of 1.50% convertible senior notes due 2025 (the "2025 Notes") pursuant to an indenture, dated May 15, 2020 (the "Indenture"), between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as trustee. The 2025 Notes were offered and sold pursuant to a purchase agreement (the "Purchase Agreement") with J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC, as representatives of the several initial purchasers (the "Initial Purchasers") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act").

The 2025 Notes mature on May 15, 2025, unless earlier converted, redeemed or repurchased. The 2025 Notes are senior unsecured obligations of the Company with interest payable semiannually in arrears on May 15 and November 15 of each year, beginning on November 15, 2020, at a rate of 1.50% per year. The net proceeds from this offering were approximately \$733.2 million, after deducting the Initial Purchasers' discounts and commissions and debt issuance costs.

The initial conversion rate for the 2025 Notes is 26.0491 shares of the Company's Class A common stock per \$1,000 principal amount of 2025 Notes, which is equivalent to an initial conversion price of approximately \$38.39 per share of the Class A common stock. The initial conversion price of the 2025 Notes represents a premium of approximately 30% to the \$29.53 per share closing price of the Company's Class A common stock on The Nasdaq Global Select Market on May 12, 2020. The conversion rate is subject to adjustment under certain circumstances in accordance with the terms of the Indenture.

The 2025 Notes will be convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding February 15, 2025, only under the following circumstances:

- during any fiscal quarter (and only during such fiscal quarter), if the last reported sale price of the Company's Class A common stock, for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price (as defined in the Indenture) per \$1,000 principal amount of 2025 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's Class A common stock and the conversion rate on each such trading day;
- if the Company calls such Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of specified corporate events.

On or after February 15, 2025, the 2025 Notes will be convertible at the option of the holder until the close of business on the second scheduled trading day immediately preceding the maturity date. Upon conversion, the Company may satisfy its conversion obligation by paying and/or delivering, as the case may be, 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, in the manner and subject to the terms and conditions provided in the Indenture.

Holders of the 2025 Notes who convert their 2025 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 2025 Notes may require us to repurchase all or a portion of their 2025 Notes at a repurchase price equal to 100% of the principal amount of the 2025 Notes being repurchased, plus any accrued and unpaid interest to, but excluding, the repurchase date.

Prior to the adoption of ASU 2020-06, the Company separated the 2025 Notes into a liability and an equity component. At the date of issuance, the Company determined the fair value of the liability component to be \$558.3 million calculated as the present value of future cash flows discounted at the borrowing rate for a similar nonconvertible debt instrument. The equity component

representing the conversion option was \$189.2 million and was determined by deducting the fair value of the liability component from the par value of the 2025 Notes. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. The difference between the principal amount of the 2025 Notes and the liability component ("debt discount") was amortized to interest expense over the contractual term at an effective interest rate of 8.0%.

Following the adoption of ASU 2020-06 on January 1, 2022, the Company no longer bifurcates the 2025 Notes, but rather accounts for the conversion feature as a single debt instrument. The difference between the carrying amount and face value of the liability results in a reduced liability component. Therefore, less interest expense is being recorded each period from January 1, 2022 to maturity and the equity component is now classified as debt, eliminating the subsequent amortization of the debt discount as interest expense. Accordingly, the Company recorded a net decrease to additional paid-in capital of approximately \$140.0 million, net of tax, to remove the equity component separately recorded for the conversion features associated with the 2025 Notes and equity component associated with the issuance costs, an increase of approximately \$133.5 million in the carrying value of the 2025 Notes to reflect the full principal amount, net of issuance costs, and an increase to accumulated deficit of approximately \$6.5 million, net of tax in the Company's consolidated balance sheet with no impact to the Company's consolidated statements of operations.

Debt issuance costs related to the 2025 Notes totaled \$14.3 million at inception were comprised of discounts and commissions payable to the Initial Purchasers and third-party offering costs and will be amortized to interest expense using the effective interest method over the contractual term. As of December 31, 2022, the unamortized debt discount and debt issuance cost of the 2025 Notes was \$6.9 million on the consolidated balance sheet.

The last reported sale price of the Company's Class A common stock exceeded 130% of the conversion price of the 2025 Notes for at least 20 trading days during the 30 consecutive trading day period ended June 30, 2021. Accordingly, the 2025 Notes were convertible at the option of the holders at any time during the quarter ended September 30, 2021. During the quarter ended September 30, 2021, holders of \$2,000 in aggregate principal amount of the 2025 Notes elected early conversion. The Company settled the conversion in cash resulting in an immaterial recognized loss on extinguishment of the liability and equity components during the third quarter of 2021.

During the quarter ended December 31, 2022, the 2025 Notes did not meet any of the circumstances that would allow for a conversion.

Based on the last reported sale price of the Company's Class A common stock on December 31, 2022, the if-converted value of the 2025 Notes was \$214.6 million, which would not exceed the outstanding principal amount.

The net carrying amounts of the liability component of the 2025 Notes were as follows (in thousands):

	December 31, 2022
Principal	\$ 747,498
Unamortized debt discount and debt issuance costs ⁽¹⁾	(6,889)
Net carrying amount of liability component	\$ 740,609

(1) The Company adopted ASC 2020-06 on January 1, 2022 using the modified retrospective approach, which resulted in a \$133.5 million increase to the carrying value of the convertible senior notes to reflect the full principal amount of the convertible senior notes outstanding net of issuance costs at the time of adoption.

As of December 31, 2022, the total estimated fair values (which represents a Level 2 valuation) of the 2025 Notes were approximately \$656.8 million. The estimated fair value of the 2025 Notes was determined based on a market approach which was determined based on the actual bids and offers of the 2025 Notes in an over-the-counter market on the last trading day of the period.

The 2025 Notes are unsecured and do not contain any financial covenants, restrictions on dividends, incurrence of senior debt or other indebtedness, or restrictions on the issuance or repurchase of securities by the Company.

Capped Calls

In connection with the issuance of the 2025 Notes, the Company entered into privately negotiated capped call transactions (the "Capped Calls") with certain of the Initial Purchasers or their respective affiliates (the "option counterparties") at a cost of approximately \$132.7 million. The Capped Calls cover, subject to anti-dilution adjustments, the number of shares of Class A common stock underlying the 2025 Notes sold in the offering. 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 2025 Notes is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the 2025 Notes the trading price of the Company's Class A common stock price exceeds the conversion price of the 2025 Notes. The cap price of the Capped Calls will initially be \$73.83 per share, which represents a premium of 150% over the last reported sale price of the Company's Class A common stock of \$29.53 per share on the Nasdaq Global Select Market on May 12, 2020, and is subject to certain 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 included as a reduction to additional paid-in-capital within shareholders' equity.

Non-revolving Loan

Following the acquisition of Flexdrive by the Company on February 7, 2020, Flexdrive remained responsible for its obligations under a Loan and Security Agreement dated March 11, 2019, as amended (the "Non-revolving Loan") with a third-party lender. Pursuant to the term of the Non-revolving Loan as amended on June 21, 2021 and most recently on September 27, 2022, Flexdrive may request an extension of credit in the form of advances up to a maximum principal amount of \$130 million to purchase new Hyundai and Kia vehicles, or for other purposes, subject to approval by the lender. Advances paid or prepaid under the Non-revolving Loan may not be reborrowed. Repayment terms for each advance include equal monthly installments sufficient to fully amortize the advances over the term, with an option for the final installment to be greater than the others. The repayment term for each advance ranges from 24 months to 48 months. Interest is payable monthly in arrears at a fixed interest rate equal to the two-year U.S. Treasury note yield plus a spread of 3.4% for a 24-month term, the three-year U.S. Treasury note yield plus a spread of 3.4% for a 36 month term, and the average of the three and five-year U.S. Treasury note yields plus a spread of 3.4% for a 48 month term. The Non-revolving Loan is secured by all vehicles financed under the Non-revolving Loan.

The Non-revolving Loan also contains customary affirmative and negative covenants that, among other things, limit Flexdrive's ability to enter into certain acquisitions or consolidations or engage in certain asset dispositions. Upon the occurrence of certain events of default, including bankruptcy and insolvency events with respect to Flexdrive or the Company, all amounts due under the Non-revolving Loan may become immediately due and payable, among other remedies. As of December 31, 2022, the Company was in compliance with all covenants related to the Non-revolving Loan in all material aspects. Further, the Company continued to guarantee the payments of Flexdrive for any amounts borrowed following the acquisition.

Master Vehicle Loan

Following the acquisition of Flexdrive by the Company on February 7, 2020, Flexdrive remained responsible for its obligations under a Master Vehicle Acquisition Financing and Security Agreement, dated February 7, 2020 as amended (the "Master Vehicle Loan") with a third-party lender. Pursuant to the term of the Master Vehicle Loan, Flexdrive may request loans up to a maximum principal amount of \$50 million to purchase vehicles. Repayment terms for each loan include equal monthly installments sufficient to amortize the loan over the term, with an option for the final installment to be greater than the others and is typically equal to the residual value guarantee the Company provides to the lender. The repayment term for each loan ranges from 12 months to 48 months. Interest is payable monthly in advance at a fixed interest rate equal to the three-year swap rate plus a spread of 2.10% on the date of the loan. Principal amounts outstanding related to the Master Vehicle Loan may be fully or partially prepaid at the option of Flexdrive and must be prepaid under certain circumstances. However, if a loan is terminated for any reason prior to the last day of the minimum loan term Flexdrive will be obligated to pay to the lender, an early termination fee in an amount which is equal to the interest which would otherwise be payable by Flexdrive to lender for the remainder of the minimum loan term for that loan. The Master Vehicle Loan is secured by all vehicles financed under the Master Vehicle Loan as well as certain amounts held in escrow for the benefit of the lender. Amounts held in escrow are recorded as restricted cash on the consolidated balance sheets.

The Master Vehicle Loan contains customary affirmative and negative covenants that, among other things, limit Flexdrive's ability to enter into certain acquisitions or consolidations or engage in certain asset dispositions. Upon the occurrence of certain events of default, including bankruptcy and insolvency events with respect to Flexdrive or the Company, all amounts due under the Master Vehicle Loan may become immediately due and payable, among other remedies. As of December 31, 2022, Flexdrive was in compliance with all covenants related to the Master Vehicle Loan in all material respects. Further, the Company continued to guarantee the payments of Flexdrive for any amounts borrowed following the acquisition.

The fair values of the Non-revolving Loan and Master Vehicle Loan were \$24.9 million and \$72.3 million, respectively, as of December 31, 2022 and were determined based on quoted prices in markets that are not active, which are considered a Level 2 valuation input. As of December 31, 2022, the Company made repayments of \$67.6 million on these loans.

Maturities of long-term debt outstanding, including current maturities, as of December 31, 2022 were as follows (in thousands):

2023	\$ 36,290
2024	30,920
2025	772,284
2026	—
2027	—
Thereafter	—
Total long-term debt outstanding	<u>\$ 839,494</u>

Vehicle Procurement Agreement

Following the acquisition of Flexdrive by the Company on February 7, 2020, Flexdrive remained responsible for its obligations under a Vehicle Procurement Agreement (“VPA”), as amended, with a third-party (“the Procurement Provider”). Procurement services under the VPA include purchasing and upfitting certain motor vehicles as specified by Flexdrive, interim financing, providing certain fleet management services, including without limitation vehicle titling, registration and tracking services on behalf of Flexdrive. Pursuant to the terms of the VPA, Flexdrive will make the applicable payments to the Procurement Provider for the procurement services either directly or through an advance made by the Master Vehicle Loan or the Non-revolving Loan. Interest on interim financing is payable on any unpaid amount based on either the base rate on corporate loans posted by at least seven of the ten largest US banks or LIBOR of interest for one month periods as set forth in The Wall Street Journal plus a spread of 3.00%, as applicable.

The Procurement Provider has a security interest in vehicles purchased until the full specified payment has been indefeasibly paid. The VPA contains customary affirmative and negative covenants restricting certain activities by Flexdrive. As of December 31, 2022, the Company was in compliance with all covenants of the VPA. As of December 31, 2022, the outstanding borrowings from the interim financing under the VPA was \$3.0 million.

On March 11, 2019, the Procurement Provider entered into a \$95.0 million revolving credit facility with a third-party lender to finance the acquisition of motor vehicles on behalf of Flexdrive under the VPA. On September 17, 2020, the revolving credit facility was amended, extending the stated maturity date to December 31, 2021 and reducing the borrowing capacity to \$50.0 million. On March 11, 2019, Flexdrive entered into a Limited Non-Recourse Secured Continuing Guaranty and Subordination Agreement with the third-party lender to guarantee the Procurement Provider's performance for any amount borrowed under the revolving credit facility. As of December 31, 2022, there was no exposure to loss under the terms of the guarantee.

Revolving Credit Facility

On November 3, 2022, Lyft, Inc. entered into a revolving credit agreement (the “Revolving Credit Agreement”) by and among the Company, as the borrower, JPMorgan Chase Bank, N.A., as administrative agent, and certain lenders party thereto from time to time.

The Revolving Credit Agreement provides the Company with a senior secured revolving credit facility (the “Revolving Credit Facility”) in an aggregate principal amount of \$420.0 million that matures on the earlier of (i) November 3, 2027 and (ii) February 13, 2025, if, as of such date, the Company's Liquidity (as defined in the Revolving Credit Agreement) minus the aggregate principal amount of the Company's 2025 Convertible Notes (as defined in the Revolving Credit Agreement) outstanding on such date is less than \$1.25 billion. Subject to certain conditions precedent, the Revolving Credit Agreement also grants the Company the option to increase the commitment under the Revolving Credit Facility by or obtain incremental term loans in an aggregate principal amount of up to \$300.0 million, plus, after September 30, 2023, an unlimited amount so long as the senior secured leverage ratio does not exceed 2.50:1.00. The Revolving Credit Facility provides for borrowings up to the amount of the facility, with a sublimit of \$168 million for the issuance of letters of credit. At closing, \$53.5 million in letters of credit were issued under the Revolving Credit Facility and no amount had been drawn under the Revolving Credit Facility.

Under the Revolving Credit Agreement, loans bear interest, at the Company's option, at an annual rate equal to either (i) the sum of (x) the Adjusted Term SOFR Rate (as defined in the Revolving Credit Agreement) plus (y) a variable rate based on the Company's total leverage ratio, ranging from 1.50% to 2.25% or (ii) the sum of (x) the highest of (A) the rate of interest last quoted by The Wall Street Journal as the prime rate in effect in the United States, (B) the greater of the rate calculated by the Federal Reserve Bank of New York as the federal funds effective rate or the rate that is published by the Federal Reserve Bank of New York as the overnight bank funding rate, in either case, plus 0.50%, and (C) the one-month Adjusted Term SOFR Rate plus 1.00% and (y) a variable rate based on the Company's total leverage ratio, ranging from 0.05% to 1.25%. The Company is required to pay a commitment fee between 0.225% and 0.375%, depending on the Company's total leverage ratio, per annum on the undrawn portion available under the Revolving Credit Facility.

The Revolving Credit Agreement contains customary affirmative and negative covenants and restrictions typical for a financing of this type that, among other things, restrict the Company and its restricted subsidiaries' ability to incur additional indebtedness, create liens, merge or consolidate or make certain dispositions, pay dividends and make distributions or other restricted payments, engage in transactions with affiliates, and make certain investments and acquisitions. The Revolving Credit Agreement also contains financial covenants that require the Company to maintain (a) a minimum liquidity amount of at least \$1.5 billion, tested on a quarterly basis, commencing with the quarter ending December 31, 2022 through the quarter ending September 30, 2023, (b) a total leverage ratio not to exceed 3.50:1.00 commencing with the quarter ending December 31, 2023 through the quarter ending September 30, 2024 and thereafter a ratio not to exceed 3.00:1.00 (with an increase to 3.50:1.00 if the Company has an acquisition for cash consideration greater than \$75 million for the fiscal quarter during which such acquisition takes place and the three fiscal quarters immediately following such acquisition), and (c) a fixed charge coverage ratio of at least 1.25:1.00, commencing with the quarter ending December 31, 2023. The Revolving Credit Agreement contains customary events of default relating to, among other things, payment defaults, breach of representation or warranty or covenants, cross default to material indebtedness, bankruptcy-related defaults, judgment defaults, and the occurrence of certain change of control events. Non-compliance with one or more of the

covenants and restrictions or the occurrence of an event of default could result in the full or partial principal balance of the Revolving Credit Agreement becoming immediately due and payable and termination of the commitments.

The Company's obligations under the Revolving Credit Facility are guaranteed by certain of the Company's present and future material domestic subsidiaries. The Company's obligations under, and each guarantor's obligations under its guaranty of, the Revolving Credit Facility are secured by a first priority interest on substantially all of the Company's or such guarantor's respective assets.

As of December 31, 2022, the Company was in compliance with all covenants related to the Revolving Credit Facility in all material aspects and no amounts had been drawn under the Revolving Credit Facility.

As of December 31, 2022, there was \$0.2 million outstanding from other financings.

11. Common Stock and Employee Stock Plans

Common Stock

The Company's amended and restated certificate of incorporation authorizes the issuance of Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to 20 votes per share. Shares of Class B common stock are convertible into an equivalent number of shares of Class A common stock and generally convert into shares of Class A common stock upon transfer. Any dividends paid to the holders of Class A common stock and Class B common stock will be paid on a pro rata basis. On a liquidation event, any distribution to common stockholders is made on a pro rata basis to the holders of the Class A common stock and Class B common stock.

The following table summarizes the Company's shares of common stock reserved for issuance as of December 31, 2022:

Options issued and outstanding under the 2008 Plan	993,145
RSUs outstanding under the 2008 Plan, the 2018 Plan, and the 2019 Plan	22,315,333
Remaining shares available for future issuance under the 2019 ESPP Plan and the 2019 Plan	72,818,573

Equity Award Plans

2008 Equity Incentive Plan

In July 2008, the board of directors of the Company adopted the 2008 Equity Incentive Plan (the 2008 Plan) under which the Company may grant options to purchase its common stock and offer to sell and issue restricted shares of its common stock and issue RSUs to selected employees, officers, directors and consultants of the Company. In June 2018, this plan was superseded by the 2018 Equity Incentive Plan (the 2018 Plan) and all reserved shares under the 2008 Plan were transferred to the 2018 Plan.

Under the 2008 Plan, incentive stock options and nonqualified stock options are to be granted at a price that is not less than 100% of the fair value of the underlying common stock at the date of grant; provided, that incentive stock options granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company are to be at a price not less than one hundred ten percent (110%) of the fair value of the underlying common stock at the date of grant. Stock options granted to newly hired employees typically vest 25% on the first anniversary of the date of hire and ratably each month over the ensuing 36-month period. The maximum term for stock options granted under the 2008 Plan might not exceed ten years from the date of grant. RSUs granted to newly hired employees typically vest 25% on the first Company-established vest date after the first anniversary of the employee's date of hire and ratably each quarter over the ensuing 12-quarter period for purposes of the service condition. The maximum term for RSUs granted under the 2008 Plan might not exceed seven years from the date of grant.

2018 Equity Incentive Plan

In June 2018, the board of directors and the stockholders of the Company adopted the 2018 Plan, which serves as the successor to the 2008 Plan and provides for the grant of stock options, stock appreciation rights, restricted stock, and RSUs to employees and consultants of the Company and its subsidiaries and non-employee directors of the Company. A total of 75,504,222 shares of the Company's common stock initially was reserved for issuance under the 2018 Plan, which was increased in June 2018 by an additional 11,836,692 shares. In addition, the shares reserved for issuance under the 2018 Plan also will include any shares subject to stock options, RSUs or similar awards granted under its 2008 Plan that, after the date the Company's board of directors initially approved its 2018 Plan, expire or otherwise terminate without having been exercised in full, are tendered to or withheld by the Company for payment of an exercise price or for satisfying tax withholding obligations or are forfeited to or repurchased by the Company due to failure to vest (provided that the maximum number of shares that may be added to its 2018 Plan from its 2008 Plan is 75,504,222 shares). Under the 2018 Plan, RSUs granted to newly hired employees typically vest 25% on the first Company-established vest date after the first anniversary of the employee's date of hire and ratably each quarter over the ensuing 12-quarter

period for purposes of the service condition. The maximum term for RSUs granted under the 2018 Plan might not exceed seven years from the date of grant. In March 2019, this plan was superseded by the 2019 Equity Incentive Plan (the 2019 Plan) and all reserved shares under the 2018 Plan were transferred to the 2019 Plan.

2019 Equity Incentive Plan

In March 2019, the board of directors of the Company and the stockholders of the Company adopted the 2019 Plan which serves as the successor to the 2018 Plan and provides for the grant of stock options, stock appreciation rights, restricted stock, and RSUs to employees and consultants of the Company and its subsidiaries and non-employee directors of the Company. RSUs granted with only service conditions under the 2019 Plan to employees generally vest in a period up to four years.

A total of 44,000,000 shares of the Company's Class A common stock were reserved for issuance pursuant to the 2019 Plan. In addition, the shares reserved for issuance under the Company's 2019 Plan also included (i) those shares reserved but unissued under our 2018 Plan as of immediately prior to the termination of the 2018 Plan and (ii) any shares subject to stock options, RSUs or similar awards granted under the 2018 Plan or 2008 Plan that, after the date the Company's board of directors approved the 2019 Plan, expire or otherwise terminate without having been exercised in full, are tendered to or withheld by the Company for payment of an exercise price or for satisfying tax withholding obligations or are forfeited to or repurchased by the Company due to failure to vest (provided that the maximum number of shares that may be added to the Company's 2019 Plan pursuant to (i) and (ii) is 80,604,678 shares).

The number of shares available for issuance under the 2019 Plan will be increased on January 1 of each year, beginning on January 1, 2020, in an amount equal to the least of (i) 35,000,000 shares, (ii) five percent of the outstanding shares of all classes of the Company's common stock on the last day of the immediately preceding fiscal year or (iii) such number of shares determined by the administrator. On January 1, 2020, an additional 15,129,789 shares of Class A common stock were reserved for issuance under the 2019 Plan. On January 1, 2021, an additional 16,186,855 shares of Class A common stock were reserved for issuance under the 2019 Plan. On January 1, 2022, an additional 17,246,911 shares of Class A common stock were reserved for issuance under the 2019 Plan.

The summary of stock option activity is as follows (in thousands, except per share data):

	Number of Shares	Options Outstanding		
		Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Balance as of December 31, 2021	1,105	\$ 4.79	1.83	\$ 41,916
Exercises	(112)	4.09		
Forfeitures	—	—		
Cancellations	—	—		
Balance as of December 31, 2022	993	\$ 4.87	1.89	\$ 6,109

There were no stock options granted during the year ended December 31, 2022 and 2021. As of December 31, 2022, all outstanding options were fully vested and exercisable.

The aggregate intrinsic value of stock options exercised during the years ended December 31, 2022, 2021 and 2020 was \$2.9 million, \$41.9 million and \$36.1 million, respectively. The aggregate intrinsic value disclosed in the above table is based on the difference between the original exercise price of the stock option and the fair value of the Company's common stock of \$11.02 and \$42.73 per share as of December 31, 2022 and 2021, respectively.

In the first quarter of 2019, the Company issued 3,162,797 shares of its common stock, valued at \$205.6 million, pursuant to the exercise by the Company's co-founders of all their respective vested and outstanding options (after withholding an aggregate of 3,617,460 shares of common stock subject to such options for payment of the exercise price and satisfaction of the aggregate tax withholding obligations, totaling \$223.5 million, in connection with the exercise of certain of those options). In the second quarter of 2019, these shares of common stock were reclassified into shares of Class A common stock and subsequently exchanged for shares of Class B common stock.

Restricted Stock Units

The summary of restricted stock unit activity (“RSU”) is as follows (in thousands, except per share data):

	Number of Shares	Weighted- Average Grant Date Fair Value	Aggregate Intrinsic Value
Nonvested units as of December 31, 2021	17,116	\$ 45.75	\$ 730,528
Granted	35,189	24.57	
Vested	(23,928)	33.78	
Canceled	(6,062)	34	
Nonvested units as of December 31, 2022	22,315	\$ 28.15	\$ 244,926
Expected to vest as of December 31, 2022	21,165		\$ 233,242

Included in the grants for the year ended December 31, 2022 are approximately 942,428 performance based restricted stock units (“PSUs”). The weighted average grant date fair value per share of the PSUs granted in the year ended December 31, 2022 was \$36.72. Included in these PSUs were the following:

i. PSUs that have performance criteria tied to the Company’s stock performance. The Company valued these PSUs using a Monte Carlo valuation model and took into consideration the likelihood of the market criteria being achieved. The resulting fair value expense is amortized over the life of the PSU award.

ii. PSUs that have performance criteria tied to the achievement of certain performance milestones. Compensation cost associated with these PSUs are recognized based on the estimated number of shares that the Company ultimately expects will vest and amortized on a straight-line basis over the requisite service period of each performance milestone. Each reporting period, the Company assesses the probability that the performance criteria will be met and records expense for those shares for which vesting is probable.

All PSUs are subject to a continuous service condition in addition to certain performance criteria.

The fair value as of the respective vesting dates of RSUs that vested during the years ended December 31, 2022, 2021 and 2020 was \$354.3 million, \$1.0 billion and \$700.9 million, respectively. In connection with RSUs that vested in the year ended December 31, 2022, the Company withheld 358,330 shares and remitted cash payments of \$6.7 million on behalf of the RSU holders to the relevant tax authorities. In connection with RSUs that vested in the year ended December 31, 2021, the Company withheld 508,934 shares and remitted cash payments of \$26.3 million on behalf of the RSU holders to the relevant tax authorities. In connection with RSUs that vested in the year ended December 31, 2020, the Company withheld 551,372 shares and remitted cash payments of \$20.2 million on behalf of the RSU holders to the relevant tax authorities.

The Company’s default tax withholding method for RSUs is the sell-to-cover method with the exception of RSUs held by Section 16 officers, as set forth in Rule 16a-1 of the Securities Exchange Act of 1934, of the Company that will use the net settlement method.

2019 Employee Stock Purchase Plan

In March 2019, the Company’s board of directors adopted, and the Company’s stockholders approved, the 2019 Employee Stock Purchase Plan (the “ESPP”). The initial ESPP went into effect on March 27, 2019 and was amended on July 18, 2022. Subject to any limitations contained therein, the ESPP allows eligible employees to contribute, through payroll deductions, up to 15% of their eligible compensation to purchase the Company’s Class A common stock at a discounted price per share. The ESPP provides for consecutive, overlapping 12-month offering periods, subject to certain reset provisions as defined in the plan. The initial offering period ran from March 28, 2019 through June 30, 2020.

A total of 6,000,000 shares of Class A common stock were initially reserved for issuance under the ESPP. On January 1, 2020, an additional 3,025,957 shares of Class A common stock were reserved for issuance under the ESPP. On January 1, 2021, an additional 3,237,371 shares of Class A common stock were reserved for issuance under the ESPP. On January 1, 2022, an additional 3,449,382 shares of Class A common stock were reserved for issuance under the ESPP. As of December 31, 2022, 3,803,504 shares of Class A common stock have been purchased under the 2019 ESPP. The number of shares reserved under the 2019 ESPP will automatically increase on the first day of each calendar year beginning on January 1, 2020 in a number of shares equal to the least of (i) 7,000,000 shares of Class A common stock, (ii) one percent of the outstanding shares of all classes of the Company’s common stock on the last day of the immediately preceding fiscal year, or (iii) an amount determined by the administrator of the 2019 ESPP.

Stock-Based Compensation

The Company recorded stock-based compensation expense on the consolidated statements of operations for the periods indicated as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Cost of revenue	\$ 44,132	\$ 39,491	\$ 28,743
Operations and support	25,442	24,083	15,829
Research and development	391,983	414,324	325,624
Sales and marketing	49,867	38,243	23,385
General and administrative	239,343	208,419	172,226
Total stock-based compensation expense	<u>\$ 750,767</u>	<u>\$ 724,560</u>	<u>\$ 565,807</u>

In conjunction with one of the acquisitions in 2018, the Company issued 241,390 shares of restricted stock awards to executives of an acquired company with an aggregate grant-date fair value of \$11.4 million. These restricted stock awards are fully vested as of the year ended December 31, 2020. The Company recorded \$4.2 million as compensation related to these vested restricted stock awards which is included in research and development expense on the consolidated statement of operations for the year ended December 31, 2020.

As of December 31, 2022, 2021, and 2020 there are no remaining unrecognized compensation costs related to unvested stock options and restricted stock awards.

As of December 31, 2022, the total unrecognized compensation cost was \$499.5 million. The Company expects to recognize this expense over the remaining weighted-average period of approximately 1.0 year. The Company recognizes compensation expense on the RSUs granted prior to the effectiveness of its IPO registration statement on March 28, 2019 using the accelerated attribution method. All RSUs granted after March 28, 2019 vest on the satisfaction of a service-based condition only. The Company recognizes compensation expense for such RSUs upon a straight-line basis over their requisite service periods.

12. Income Taxes

The components of the provision for income taxes for the periods indicated are as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
United States	\$ (1,600,323)	\$ (1,072,489)	\$ (1,804,623)
Foreign	21,684	21,570	7,232
Loss before income taxes	<u>\$ (1,578,639)</u>	<u>\$ (1,050,919)</u>	<u>\$ (1,797,391)</u>

The provision for income taxes for the periods indicated are as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Current provision			
Federal	\$ —	\$ —	\$ —
State	1,256	1,272	1,201
Foreign	4,240	7,228	1,156
Total current	<u>\$ 5,496</u>	<u>\$ 8,500</u>	<u>\$ 2,357</u>
Deferred provision			
Federal	481	639	(36,375)
State	1,256	—	(9,534)
Foreign	(1,361)	2,086	(982)
Total deferred	<u>376</u>	<u>2,725</u>	<u>(46,891)</u>
Total provision for (benefit from) income taxes	<u>\$ 5,872</u>	<u>\$ 11,225</u>	<u>\$ (44,534)</u>

A reconciliation of the U.S. federal statutory income tax rates to the Company's effective tax rate is as follows:

	Year Ended December 31,		
	2022	2021	2020
Provision at federal statutory rate	21.0 %	21.0 %	21.0 %
State, net of federal benefit	2.1	2.6	3.2
Permanent tax adjustments	(0.4)	(0.2)	(0.4)
Nondeductible expenses	(0.7)	(1.1)	(0.6)
Stock-based compensation	(4.9)	2.5	1.0
Convertible senior notes	—	—	2.7
Change in valuation allowance	(17.1)	(25.2)	(24.0)
Other adjustments	(0.4)	(0.7)	(0.3)
Provision for income taxes	(0.4)%	(1.1)%	2.6 %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes at the enacted rates. The significant components of the Company's deferred tax assets and liabilities as of the periods indicated were as follows (in thousands):

	December 31,	
	2022	2021
Deferred tax assets:		
Net operating loss carryforwards	\$ 2,127,233	\$ 2,079,896
Insurance reserves and accruals	296,423	276,625
Stock-based compensation	19,132	38,066
Capitalized research expenses	163,370	—
Accrued legal settlement/fees	114,963	89,680
Lease liability	55,579	66,211
Accrued and other liabilities	76,311	64,555
Total deferred tax assets	2,853,011	2,615,033
Less: Valuation allowance	(2,706,982)	(2,408,647)
Deferred tax assets, net of valuation allowance	146,029	206,386
Deferred tax liabilities:		
State income taxes	(124,982)	(115,768)
Operating lease right of use assets	(36,379)	(59,838)
Convertible senior notes	—	(31,892)
Total deferred tax liabilities	(161,361)	(207,498)
Net deferred tax assets (liabilities)	\$ (15,332)	\$ (1,112)

A reconciliation of the valuation allowance is as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Beginning balance	\$ 2,408,647	\$ 2,144,548	\$ 1,751,118
Net changes in deferred tax assets and liabilities	298,335	264,099	393,430
Ending balance	\$ 2,706,982	\$ 2,408,647	\$ 2,144,548

The valuation allowance increased by \$298.3 million for the year ended December 31, 2022, compared to the increase of \$264.1 million for the year ended December 31, 2021. The Company believes that, based on a number of factors, the available objective evidence creates sufficient uncertainty regarding the realizability of the deferred tax assets such that a valuation allowance has been recorded. These factors include the Company's history of net losses since its inception.

As of December 31, 2022, the Company had U.S. federal and state net operating loss carryforwards of approximately \$7.8 billion and \$6.7 billion, respectively.

The federal net operating loss carryforwards generated through December 31, 2017 expire at various dates beginning in 2030 and will continue to expire through 2037, while federal net operating loss carryforwards generated in 2018 or later do not expire. The state net operating loss carryovers will begin to expire in 2023 and will continue to expire at various times depending upon individual state carryforward rules. Utilization of the net operating loss carryforwards are subject to various limitations including the ownership change limitations provided by Internal Revenue Code (IRC) Section 382 and similar state provisions.

The Company is subject to taxation in the United States and various foreign jurisdictions. All net operating losses generated to date are subject to adjustment for U.S. federal and state income tax purposes. Additionally, all tax years remain open to examination as of December 31, 2022 with the exception of tax years beginning before 2018 in Canada and 2021 in the United Kingdom.

The Company has not provided foreign withholding taxes on the undistributed earnings of its foreign subsidiaries as of December 31, 2022, 2021, and 2020, because it intends to permanently reinvest such earnings outside of the U.S. If these foreign earnings were to be repatriated in the future, the related U.S. tax liability will be immaterial, due to the participation exemption put in place by the 2017 Tax Act.

The Company's policy is to recognize interest and penalties associated with uncertain tax benefits as part of the income tax provision and include accrued interest and penalties with the related income tax liability on the Company's consolidated balance sheets. To date, the Company has not recognized any interest and penalties in its consolidated statements of operations, nor has it accrued for or made payments for interest and penalties. The Company has no material unrecognized tax benefits as of December 31, 2022, 2021 and 2020.

13. Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. The diluted net loss per share is computed by giving effect to all potentially dilutive common stock equivalents outstanding for the period. For purposes of this calculation, stock options, RSUs, PSUs, the 2025 Notes and stock purchase rights granted under the Company's ESPP are considered to be common stock equivalents but are excluded from the calculation of diluted net loss per share when including them has an anti-dilutive effect. Basic and diluted net loss per share are the same for each class of common stock because they are entitled to the same liquidation and dividend rights.

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

	Year Ended December 31,		
	2022	2021	2020
Net loss	\$ (1,584,511)	\$ (1,062,144)	\$ (1,752,857)
Weighted-average shares used in computing net loss per share, basic and diluted	354,731	334,724	312,175
Net loss per share, basic and diluted	\$ (4.47)	\$ (3.17)	\$ (5.61)

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

	As of December 31,		
	2022	2021	2020
2025 Notes ⁽¹⁾	19,471	19,471	19,471
Restricted stock units	20,542	16,285	33,428
Performance based restricted stock units	1,773	831	175
Stock options	993	1,105	1,919
ESPP	307	115	89
Total	43,086	37,807	55,082

(1) In connection with the issuance of the 2025 Notes, the Company entered into Capped Calls, which were not included for purposes of calculating the number of diluted shares outstanding, as their effect would have been anti-dilutive. The Capped Calls are expected to reduce the potential dilution to the Company's Class A common stock (or, in the event a conversion of the 2025 Notes is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the 2025 Notes the Company's Class A common stock price exceeds the conversion price of the 2025 Notes.

14. Related Party Transactions

The Company's transactions with related parties were immaterial for the years ended December 31, 2022, 2021 and 2020.

15. 401(k) Plan

The Company adopted a 401(k) Plan that qualifies as a deferred salary arrangement under Section 401 of the IRC. Under the 401(k) Plan, participating employees may defer a portion of their pretax earnings not to exceed the maximum amount allowable. The Company does not make contributions for employees.

16. Restructuring

November 2022 Restructuring Plan

In November 2022, the Company announced a restructuring plan to reduce operating expenses and adjust cash flows. As a result of the restructuring plan, in the fourth quarter of 2022, the Company recorded \$29.5 million in employee severance and other employee costs and \$9.5 million in net stock-based compensation expense related to equity compensation for employees impacted by the plan of termination.

The Company's plan of termination also included restructuring charges related to a decision to exit and sublease or cease use of certain facilities to align with the Company's anticipated operating needs. The Company reassessed its real estate asset groups and estimated the fair value of the space to be subleased using current market conditions. Where the carrying value of the individual asset groups exceeded their fair value, an impairment charge was recognized for the difference. During the year ended December 31, 2022, this included \$55.3 million in impairment charges related to real estate operating lease right-of-use assets, \$23.9 million in accelerated depreciation of certain fixed assets and \$2.1 million in write-off fixed assets not yet placed into service. As a result of the above, the Company incurred net restructuring charges of \$120.3 million in the year ended December 31, 2022.

In the first quarter of 2023, the Company expects to finalize the exit of certain leases as part of the plan of termination and the Company completed a transaction for the divestiture of certain assets related to the Company's first party vehicle services business. As a result, in the first quarter of 2023, the Company expects to record lease termination penalties and impairment charges related to the cease use of certain facilities to real estate operating lease right-of-use assets. The remaining employee related charges, which include employee severance, benefits and stock-based compensation, will not be material in the first quarter of 2023.

The following table summarizes the above restructuring related charges (benefits) by line item within the Company's consolidated statements of operations where they were recorded in the year ended December 31, 2022 (in thousands):

	Stock-Based Compensation	Severance and Other Employee Costs	Right-of-Use Asset Impairments and Other Costs	Accelerated Depreciation	Total
Cost of revenue	\$ 182	\$ 1,612	\$ —	\$ —	\$ 1,794
Operation and support	(31)	5,173	4,851	8,680	18,673
Research and development	3,818	9,706	15,393	36	28,953
Sales and marketing	458	3,123	—	—	3,581
General and administrative	5,082	9,861	37,120	15,192	67,255
Total	<u>\$ 9,509</u>	<u>\$ 29,475</u>	<u>\$ 57,364</u>	<u>\$ 23,908</u>	<u>\$ 120,256</u>

Cash paid for restructuring in 2022 was related to severance and other employee costs which include cash severance expense and other termination benefits. As of December 31, 2022, there were \$1.6 million in restructuring-related liabilities. As of December 31, 2021, there were no restructuring-related liabilities.

November 2020 Restructuring Plan

In November 2020, the Company announced an additional restructuring plan to reduce operating expenses and adjust cash flows in light of the ongoing economic challenges resulting from the COVID-19 pandemic and its impact on the Company's business. As a result of the restructuring plan, which was substantially completed in the fourth quarter of 2020, the Company recognized a severance and other employee costs of \$1.5 million. This was offset by a stock based compensation benefit of \$0.1 million due to the accelerated vesting of certain equity awards for employees who were terminated. As a result, the Company recognized net restructuring costs of \$1.4 million in the year ended December 31, 2020.

April 2020 Restructuring Plan

In April 2020, the Company announced a restructuring plan to reduce operating expenses and adjust cash flows in light of the ongoing economic challenges resulting from the COVID-19 pandemic and its impact on the Company's business. As a result of the restructuring plan, which was substantially completed in the second quarter of 2020, the Company recognized a stock-based compensation benefit related to the reversal of previously recognized stock-based compensation expenses for unvested stock awards,

primarily related to RSUs granted prior to the effectiveness of its IPO registration statement on March 28, 2019 using the accelerated attribution method, of \$72.7 million. This was offset by a \$22.9 million charge related to the accelerated vesting of certain equity awards for employees who were terminated, resulting in a net stock-based compensation benefit of \$49.8 million. Additionally, the Company recognized other restructuring charges including severance and other employee costs of \$32.1 million as well as lease termination and other restructuring charges of \$3.1 million. As a result of the above, the Company recognized a net restructuring benefit of \$14.5 million in the year ended December 31, 2020.

The following table summarizes the above restructuring related charges (benefits) by line item within the Company's consolidated statements of operations where they were recorded in the year ended December 31, 2020 (in thousands):

	Stock-Based Compensation Benefit	Severance and Other Employee Costs	Lease Termination and Other Costs	Total
Cost of revenue	\$ (4,237)	\$ 2,010	\$ 1,529	\$ (698)
Operation and support	(2,830)	8,281	1,060	6,511
Research and development	(37,082)	11,706	—	(25,376)
Sales and marketing	(1,626)	3,071	—	1,445
General and administrative	(4,031)	7,062	539	3,570
Total	<u>\$ (49,806)</u>	<u>\$ 32,130</u>	<u>\$ 3,128</u>	<u>\$ (14,548)</u>

17. Variable Interest Entities

As part of its acquisition of PBSC, the Company acquired several joint ventures ("JVs") which were deemed to be variable interest entities ("VIEs") in accordance with ASC 810 Consolidation on the acquisition date. The Company determined that PBSC is the primary beneficiary of one of the acquired VIEs, in which it owns an 80% equity interest, as PBSC has the power to direct the majority of the activities of the VIE that most significantly impact its economic performance, the obligation to absorb losses and the right to receive benefits. As PBSC is the primary beneficiary of the VIE, the assets, liabilities, non-controlling interest, revenues and operating results are included in the consolidated financial statements. During the quarter ended September 30, 2022, PBSC entered into another joint venture deemed to be a VIE which was accounted for under the equity method which was immaterial.

The acquisition date fair value of the VIEs acquired as part of the PBSC acquisition was \$22.2 million, which exceeds the carrying value and is recorded within other investments in the consolidated balance sheet. The maximum potential financial statement loss the Company would incur if these VIEs were to default on all their obligations would be the loss of the carrying value of these investments as well as any current or future investments, if any, PBSC were to make which was immaterial as of December 31, 2022.

The Company has determined that PBSC does not direct the activities that would significantly affect the economic performance of these VIEs. Therefore, the Company is not the primary beneficiary of these VIEs. As a result, the Company accounts for its investment in these VIEs under the equity method, and they are not consolidated into the Company's consolidated financial statements. In addition, the Company recognizes its proportionate share of the reported profits or losses of these VIEs in other income (expense), net in the consolidated statements of operations, and as an adjustment to its investment in VIEs in the consolidated balance sheets. The profits and losses of these unconsolidated VIEs were not material to the consolidated statements of operations for the period ended December 31, 2022.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of December 31, 2022, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

In accordance with guidance issued by the staff of the Securities and Exchange Commission, companies are permitted to exclude acquisitions from their first assessment of internal control over financial reporting following the date of acquisition. Based on those guidelines, management's assessment of the effectiveness of the Company's internal control over financial reporting excluded PBSC Urban Solutions, Inc. ("PBSC"), which the Company acquired in the second quarter of 2022. See Note 3 "Acquisitions" to the consolidated financial statements for additional information on the Company's acquisition of PBSC, our wholly-owned subsidiary. We have included the financial results of this acquisition in the consolidated financial statements from the date of acquisition. PBSC represented approximately 2% of consolidated total assets as of December 31, 2022, and 1% of consolidated total revenue for the fiscal year ended December 31, 2022.

Our management, under the supervision of our Chief Financial Officer and Chief Accounting Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022 based on the framework in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2022.

The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the fiscal quarter ended December 31, 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item, including information about our Directors, Executive Officers and Audit Committee and Code of Conduct, is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC, no later than 120 days after December 31, 2022.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2023 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2022.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

1. Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets

Consolidated Statements of Operations

Consolidated Statements of Comprehensive Loss

Consolidated Statements of Stockholders' Equity (Deficit)

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

2. Financial Statement Schedules

All other schedules have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. Exhibits

The exhibits listed below are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference, in each case as indicated below.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the registrant.	10-Q	001-38846	3.1	5/14/2019
3.2	Amended and Restated Bylaws of the registrant, as amended, as currently in effect.	8-K	001-38846	3.1	11/08/2022
4.1	Form of Class A common stock certificate of the registrant.	S-1/A	333-229996	4.1	3/18/2019
4.2	Description of Capital Stock.				
4.3	Indenture, dated as of May 15, 2020, between Lyft, Inc. and U.S. Bank National Association, as trustee.	8-K	001-38846	4.1	5/15/2020
4.4	Form of 1.50% Convertible Senior Notes due 2025 (included in Exhibit 4.3).	8-K	001-38846	4.2	5/15/2020
10.1	Form of Indemnification Agreement between the registrant and each of its directors and executive officers.	S-1	333-229996	10.1	3/1/2019
10.2+	Lyft, Inc. 2019 Equity Incentive Plan and related form agreements.	S-1/A	333-229996	10.2	3/18/2019
10.3+	Form of Restricted Stock Unit Agreement under the Lyft, Inc. 2019 Equity Incentive Plan.	10-Q	001-38846	10.1	11/12/2020
10.4+	Lyft, Inc. 2019 Employee Stock Purchase Plan and related form agreements, as amended and restated as of July 18, 2022.				
10.5+	Lyft, Inc. 2018 Equity Incentive Plan and related form agreements.	S-1/A	333-229996	10.4	3/18/2019
10.6+	Lyft, Inc. 2008 Equity Incentive Plan and related form agreements.	S-1/A	333-229996	10.5	3/18/2019
10.7+	Lyft, Inc. Executive Change in Control and Severance Plan.	S-1	333-229996	10.6	3/1/2019
10.8+	Lyft, Inc. Outside Director Compensation Policy, amended on March 22, 2022.	10-Q	001-38846	10.1	5/10/2022
10.9+	Employment Letter Agreement between the registrant and Logan Green, dated as of March 12, 2019.	S-1/A	333-229996	10.8	3/18/2019
10.10+	Employment Letter Agreement between the registrant and John Zimmer, dated as of March 14, 2019.	S-1/A	333-229996	10.9	3/18/2019
10.11+	Employment Letter Agreement between the registrant and Kristin Sverchek, dated as of March 8, 2019.	S-1/A	333-229996	10.10	3/18/2019
10.12+	Employment Letter Agreement between the registrant and Ashwin Raj, dated as of February 16, 2022.	10-K	001-38846	10.13	2/28/2022
10.13+	Employment Letter Agreement between the registrant and Elaine Paul, dated as of November 26, 2021.	10-K	001-38846	10.14	2/28/2022
10.14(i)	Office Lease between the registrant and SPF China Basin Holdings, LLC, dated as of April 8, 2016 as amended on September 27, 2017, May 31, 2018, June 11, 2018 and September 24, 2018.	S-1/A	333-229996	10.14	3/18/2019
10.14(ii)	Fifth Amendment to Office Lease between the registrant and SPF China Basin Holdings, LLC, dated as of November 18, 2019.	10-K	001-38846	10.14 (ii)	2/28/2020
10.15(i)	Sublease between the registrant and Dropbox, Inc., dated as of February 23, 2016.	S-1/A	333-229996	10.15	3/18/2019
10.15(ii)	First Amendment to Sublease between the registrant and Dropbox, Inc., dated as of November 18, 2022.				
10.16	Form of Capped Call Transaction Confirmation.	8-K	001-38846	10.2	5/15/2020
10.17	Revolving Credit Agreement, dated as of November 3, 2022, by and among the Company, the lenders party thereto, and JPMorgan Chase Bank, N.A. as the administrative agent	8-K	001-38846	10.1	11/7/2022

- 21.1 [List of subsidiaries of the registrant.](#)
- 23.1 [Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.](#)
- 24.1 Power of Attorney (included in signature pages hereto).
- 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.](#)
- 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.](#)
- 32.1† [Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following financial information from Lyft, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the fiscal years ended December 31, 2022, 2021 and 2020; (ii) Consolidated Statements of Comprehensive Income (Loss) for the fiscal years ended December 31, 2022, 2021, and 2020; (iii) Consolidated Balance Sheets as of December 31, 2022 and 2021; (iv) Consolidated Statements of Cash Flows for the fiscal years ended December 31, 2022, 2021, and 2020; (v) Consolidated Statements of Stockholders' Equity for the fiscal years ended December 31, 2022, 2021, and 2020; and (vi) Notes to the Consolidated Financial Statements.
- 104 The cover page from Lyft, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022, formatted in iXBRL (included as Exhibit 101).

+ Indicates management contract or compensatory plan.

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

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

LYFT, INC.

Date: February 27, 2023

By: /s/ Logan Green

Logan Green

Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Logan Green, John Zimmer and Elaine Paul, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual's substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Logan Green</u> Logan Green	Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2023
<u>/s/ John Zimmer</u> John Zimmer	President and Vice Chair	February 27, 2023
<u>/s/ Elaine Paul</u> Elaine Paul	Chief Financial Officer (Principal Financial Officer)	February 27, 2023
<u>/s/ Lisa Blackwood-Kapral</u> Lisa Blackwood-Kapral	Chief Accounting Officer (Principal Accounting Officer)	February 27, 2023
<u>/s/ Prashant (Sean) Aggarwal</u> Prashant (Sean) Aggarwal	Chair	February 27, 2023
<u>/s/ Ariel Cohen</u> Ariel Cohen	Director	February 27, 2023
<u>/s/ Valerie Jarrett</u> Valerie Jarrett	Director	February 27, 2023
<u>/s/ David Lawee</u> David Lawee	Director	February 27, 2023
<u>/s/ Ann Miura-Ko</u> Ann Miura-Ko	Director	February 27, 2023
<u>/s/ David Risher</u> David Risher	Director	February 27, 2023
<u>/s/ David E. Stephenson</u> David E. Stephenson	Director	February 27, 2023
<u>/s/ Mary Agnes (Maggie) Wilderotter</u> Mary Agnes (Maggie) Wilderotter	Director	February 27, 2023

Board of Directors

Logan Green

Chair of the Board
and Co-founder, Lyft

Sean Aggarwal

Lead Independent
Director, Lyft

John Zimmer

President, Co-founder
and Vice Chair, Lyft

Ariel Cohen

Chief Executive Officer and
Co-founder, Navan, Inc.

Valerie Jarrett

Chief Executive Officer,
Barack Obama Foundation

David Lawee

Founder, CapitalG

Ann Miura-Ko

Partner, Floodgate Fund

David Risher

Chief Executive Officer, Lyft

Dave Stephenson

Chief Financial Officer and
Head of Employee Experience,
Airbnb

Mary Agnes (Maggie) Wilderotter

Chief Executive Officer and
Chairman, Grand Reserve Inn

Officers

David Risher

Chief Executive Officer and
Director

John Zimmer

President, Co-founder and
Vice Chair

Elaine Paul

Chief Financial Officer

Ashwin Raj

Executive Vice President,
Head of Rideshare

Kristin Svercek

President of Business Affairs

Corporate Information

Stock Exchange

Lyft, Inc.'s class A common
stock is traded on The
Nasdaq Global Select Market
under the symbol "LYFT"

Investor Relations

185 Berry Street, Suite 400
San Francisco, California
94107

investor@lyft.com

Investor Relations Website:

investor.lyft.com

Transfer Agent and Registrar

**American Stock Transfer
& Trust Company LLC**

6201 15th Ave
Brooklyn, NY 11219
1-(800)937-5449
1-(718)-921-8124

Web: www.astfinancial.com

Email: help@astfinancial.com

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP





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@LYFT