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

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended September 30, 2021

**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

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**Lyft, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-8809830**  
(I.R.S. Employer  
Identification No.)

**185 Berry Street, Suite 5000**  
**San Francisco, California 94107**  
(Address of registrant's principal executive offices, including zip code)

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

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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

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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 1, 2021, the number of shares of the registrant's Class A common stock outstanding was 332,123,513 and the number of shares of the registrant's Class B common stock outstanding was 8,602,629.

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## NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q 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 make enhancements to our platform;
- our ability to efficiently develop and maintain partnerships with other companies to offer autonomous vehicle technologies on our platforms in a timely manner;
- our ability to compete with existing and new competitors in existing and new markets and offerings;
- 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 autonomous vehicles, bikes and scooters, Lyft Auto Care, Driver Centers and Lyft Mobile Services, 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;
- 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 Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations 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 Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. 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 Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

**PART I – FINANCIAL INFORMATION**
**Item 1. Financial Statements**

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

	September 30, 2021	December 31, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 728,382	\$ 319,734
Short-term investments	1,653,899	1,931,334
Prepaid expenses and other current assets	510,971	343,070
Total current assets	2,893,252	2,594,138
Restricted cash and cash equivalents	143,846	118,559
Restricted investments	898,415	1,101,712
Other investments	75,260	10,000
Property and equipment, net	322,487	313,297
Operating lease right-of-use assets	235,219	275,756
Intangible assets, net	54,852	65,845
Goodwill	180,516	182,687
Other assets	20,421	16,970
Total assets	\$ 4,824,268	\$ 4,678,964
<b>Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 127,431	\$ 84,108
Insurance reserves	1,011,153	987,064
Accrued and other current liabilities	1,206,521	954,008
Operating lease liabilities — current	54,773	49,291
Total current liabilities	2,399,878	2,074,471
Operating lease liabilities	223,035	265,803
Long-term debt, net of current portion	662,457	644,236
Other liabilities	54,824	18,291
Total liabilities	3,340,194	3,002,801
Commitments and contingencies (Note 8)		
Stockholders' equity		
Preferred stock, \$0.00001 par value; 1,000,000,000 shares authorized as of September 30, 2021 and December 31, 2020; no shares issued and outstanding as of September 30, 2021 and December 31, 2020	—	—
Common stock, \$0.00001 par value; 18,000,000,000 Class A shares authorized as of September 30, 2021 and December 31, 2020; 332,117,153 and 314,934,487 Class A shares issued and outstanding, as of September 30, 2021 and December 31, 2020, respectively; 100,000,000 Class B shares authorized as of September 30, 2021 and December 31, 2020; 8,602,629 and 8,802,629 Class B shares issued and outstanding, as of September 30, 2021 and December 31, 2020, respectively	3	3
Additional paid-in capital	9,538,400	8,977,061
Accumulated other comprehensive income (loss)	(3,105)	(473)
Accumulated deficit	(8,051,224)	(7,300,428)
Total stockholders' equity	1,484,074	1,676,163
Total liabilities and stockholders' equity	\$ 4,824,268	\$ 4,678,964

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 864,405	\$ 499,744	\$ 2,238,390	\$ 1,794,801
Costs and expenses				
Cost of revenue	364,032	261,614	1,122,961	1,055,388
Operations and support	109,679	123,136	292,375	355,528
Research and development	226,693	232,106	716,950	693,946
Sales and marketing	108,955	78,548	287,502	326,807
General and administrative	231,907	257,693	652,023	718,087
Total costs and expenses	1,041,266	953,097	3,071,811	3,149,756
Loss from operations	(176,861)	(453,353)	(833,421)	(1,354,955)
Interest expense	(13,093)	(12,529)	(38,510)	(20,573)
Other income, net	125,042	7,474	130,388	38,766
Loss before income taxes	(64,912)	(458,408)	(741,543)	(1,336,762)
Provision for (benefit from) income taxes	6,627	1,109	9,253	(42,060)
Net loss	\$ (71,539)	\$ (459,517)	\$ (750,796)	\$ (1,294,702)
Net loss per share, basic and diluted	\$ (0.21)	\$ (1.46)	\$ (2.26)	\$ (4.18)
Weighted-average number of shares outstanding used to compute net loss per share, basic and diluted	337,753	314,530	332,049	309,433
<b>Stock-based compensation included in costs and expenses:</b>				
Cost of revenue	\$ 10,192	\$ 7,021	\$ 28,818	\$ 21,201
Operations and support	6,180	5,310	18,223	10,942
Research and development	111,474	96,212	324,932	243,993
Sales and marketing	9,290	6,910	27,757	16,115
General and administrative	61,309	51,264	163,945	140,247

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss	\$ (71,539)	\$ (459,517)	\$ (750,796)	\$ (1,294,702)
Other comprehensive (loss) income				
Foreign currency translation adjustment	(1,407)	4,759	(2,492)	4,147
Unrealized gain (loss) on marketable securities, net of taxes	(89)	(2,523)	(140)	468
Other comprehensive (loss) income	(1,496)	2,236	(2,632)	4,615
Comprehensive loss	<u>\$ (73,035)</u>	<u>\$ (457,281)</u>	<u>\$ (753,428)</u>	<u>\$ (1,290,087)</u>

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

**Lyft, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
*(in thousands)*  
*(unaudited)*

Nine Months Ended September 30, 2020

	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
<b>Balances as of December 31, 2019</b>	302,596	\$ 3	\$ 8,398,927	\$ (5,547,571)	\$ 2,725	\$ 2,854,084
Issuance of common stock upon exercise of stock options	504	—	2,329	—	—	2,329
Issuance of common stock upon settlement of restricted stock units	3,838	—	—	—	—	—
Shares withheld related to net share settlement	(146)	—	(6,763)	—	—	(6,763)
Stock-based compensation	—	—	159,978	—	—	159,978
Other comprehensive loss	—	—	—	—	(4,066)	(4,066)
Net loss	—	—	—	(398,073)	—	(398,073)
<b>Balances as of March 31, 2020</b>	<u>306,792</u>	<u>\$ 3</u>	<u>\$ 8,554,471</u>	<u>\$ (5,945,644)</u>	<u>\$ (1,341)</u>	<u>\$ 2,607,489</u>
Issuance of common stock upon exercise of stock options	153	—	757	—	—	757
Issuance of common stock upon settlement of restricted stock units	4,813	—	—	—	—	—
Shares withheld related to net share settlement	(145)	—	(4,437)	—	—	(4,437)
Issuance of common stock under employee stock purchase plan	463	—	11,071	—	—	11,071
Equity component of the convertible senior notes issued, net of tax and offering costs	—	—	139,224	—	—	139,224
Purchase of capped calls	—	—	(132,681)	—	—	(132,681)
Stock-based compensation	—	—	105,803	—	—	105,803
Other comprehensive income	—	—	—	—	6,445	6,445
Net loss	—	—	—	(437,112)	—	(437,112)
<b>Balances as of June 30, 2020</b>	<u>312,076</u>	<u>\$ 3</u>	<u>\$ 8,674,208</u>	<u>\$ (6,382,756)</u>	<u>\$ 5,104</u>	<u>\$ 2,296,559</u>
Issuance of common stock upon exercise of stock options	97	—	413	—	—	413
Issuance of common stock upon settlement of restricted stock units	5,435	—	—	—	—	—
Shares withheld related to net share settlement	(118)	—	(3,315)	—	—	(3,315)
Stock-based compensation	—	—	166,717	—	—	166,717
Other comprehensive income	—	—	—	—	2,236	2,236
Net loss	—	—	—	(459,517)	—	(459,517)
<b>Balances as of September 30, 2020</b>	<u>317,490</u>	<u>\$ 3</u>	<u>\$ 8,838,023</u>	<u>\$ (6,842,273)</u>	<u>\$ 7,340</u>	<u>\$ 2,003,093</u>

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

**Lyft, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
*(in thousands)*  
*(unaudited)*

	Nine Months Ended September 30, 2021						
	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	
	Shares	Amount					
<b>Balances as of December 31, 2020</b>	323,737	\$ 3	\$ 8,977,061	\$ (7,300,428)	\$ (473)	\$ 1,676,163	
Issuance of common stock upon exercise of stock options	488	—	3,244	—	—	3,244	
Issuance of common stock upon settlement of restricted stock units	5,218	—	—	—	—	—	
Shares withheld related to net share settlement	(130)	—	(7,653)	—	—	(7,653)	
Stock-based compensation	—	—	164,229	—	—	164,229	
Other comprehensive income	—	—	—	—	218	218	
Net loss	—	—	—	(427,339)	—	(427,339)	
<b>Balances as of March 31, 2021</b>	<u>329,313</u>	<u>\$ 3</u>	<u>\$ 9,136,881</u>	<u>\$ (7,727,767)</u>	<u>\$ (255)</u>	<u>\$ 1,408,862</u>	
Issuance of common stock upon exercise of stock options	115	—	589	—	—	589	
Issuance of common stock upon settlement of restricted stock units	5,279	—	—	—	—	—	
Shares withheld related to net share settlement	(155)	—	(8,091)	—	—	(8,091)	
Issuance of common stock under employee stock purchase plan	674	—	16,559	—	—	16,559	
Stock-based compensation	—	—	200,111	—	—	200,111	
Other comprehensive loss	—	—	—	—	(1,354)	(1,354)	
Net loss	—	—	—	(251,918)	—	(251,918)	
<b>Balances as of June 30, 2021</b>	<u>335,226</u>	<u>\$ 3</u>	<u>\$ 9,346,049</u>	<u>\$ (7,979,685)</u>	<u>\$ (1,609)</u>	<u>\$ 1,364,758</u>	
Issuance of common stock upon exercise of stock options	156	—	969	—	—	969	
Issuance of common stock upon settlement of restricted stock units	5,469	—	—	—	—	—	
Shares withheld related to net share settlement	(131)	—	(6,110)	—	—	(6,110)	
Settlement of convertible senior notes	—	—	(1)	—	—	(1)	
Stock-based compensation	—	—	197,493	—	—	197,493	
Other comprehensive loss	—	—	—	—	(1,496)	(1,496)	
Net loss	—	—	—	(71,539)	—	(71,539)	
<b>Balances as of September 30, 2021</b>	<u>340,720</u>	<u>\$ 3</u>	<u>\$ 9,538,400</u>	<u>\$ (8,051,224)</u>	<u>\$ (3,105)</u>	<u>\$ 1,484,074</u>	

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

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

	Nine Months Ended September 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
Net loss	\$ (750,796)	\$ (1,294,702)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	106,065	121,650
Stock-based compensation	563,675	432,498
Amortization of premium on marketable securities	3,287	4,083
Accretion of discount on marketable securities	(918)	(13,434)
Amortization of debt discount and issuance costs	26,317	12,501
Deferred income tax from convertible senior notes	—	(46,324)
(Gain) loss on sale and disposal of assets, net	(4,358)	18,179
Gain on divestiture	(119,284)	—
Other	2,901	6,332
Changes in operating assets and liabilities, net effects of acquisition		
Prepaid expenses and other assets	(174,488)	84,789
Operating lease right-of-use assets	48,044	47,476
Accounts payable	44,447	(15,153)
Insurance reserves	24,089	(455,834)
Accrued and other liabilities	190,057	16,359
Lease liabilities	(34,540)	(32,706)
Net cash used in operating activities	<u>(75,502)</u>	<u>(1,114,286)</u>
<b>Cash flows from investing activities</b>		
Purchases of marketable securities	(2,524,957)	(3,368,614)
Purchase of non-marketable security	—	(10,000)
Purchases of term deposits	(441,506)	(718,811)
Proceeds from sales of marketable securities	353,407	476,196
Proceeds from maturities of marketable securities	2,483,774	4,011,701
Proceeds from maturities of term deposits	607,506	232,811
Purchases of property and equipment and scooter fleet	(56,676)	(70,844)
Cash paid for acquisitions, net of cash acquired	3	(12,376)
Sales of property and equipment	30,493	14,945
Proceeds from divestiture	122,688	—
Other	(2,000)	—
Net cash provided by investing activities	<u>572,732</u>	<u>555,008</u>
<b>Cash flows from financing activities</b>		
Repayment of loans	(33,982)	(35,592)
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	21,362	14,610
Taxes paid related to net share settlement of equity awards	(21,854)	(14,515)
Principal payments on finance lease obligations	(28,661)	(29,042)
Other	(3)	—
Net cash provided by (used in) financing activities	<u>(63,138)</u>	<u>536,021</u>
Effect of foreign exchange on cash, cash equivalents and restricted cash and cash equivalents	(141)	(286)
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	433,951	(23,543)
<b>Cash, cash equivalents and restricted cash and cash equivalents</b>		
Beginning of period	438,485	564,465
End of period	<u>\$ 872,436</u>	<u>\$ 540,922</u>

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

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

	Nine Months Ended September 30,	
	2021	2020
<b>Reconciliation of cash, cash equivalents and restricted cash and cash equivalents to the consolidated balance sheets</b>		
Cash and cash equivalents	\$ 728,382	\$ 424,806
Restricted cash and cash equivalents	143,846	115,229
Restricted cash, included in prepaid expenses and other current assets	208	887
<b>Total cash, cash equivalents and restricted cash and cash equivalents</b>	<b>\$ 872,436</b>	<b>\$ 540,922</b>
<b>Non-cash investing and financing activities</b>		
Purchases of property and equipment, and scooter fleet not yet settled	\$ 60,259	\$ 45,291
Right-of-use assets acquired under finance leases	25,524	6,204
Right-of-use assets acquired under operating leases	5,800	23,295
Remeasurement of finance and operating lease right of use assets for lease modification	384	—
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 condensed consolidated financial statements.*

**Lyft, Inc.**  
**Notes to the Condensed Consolidated Financial Statements**  
*(unaudited)*

**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 Company’s proprietary technology platform (the “Lyft Platform”) provides a marketplace where drivers can be matched with riders via the Lyft mobile application (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 shared bikes and scooters, the Express Drive program, where drivers can enter into short-term rental agreements with Flexdrive or a third party for vehicles that may be used to provide ridesharing services on the Lyft Platform, 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 Centers and Lyft Auto Care, where drivers and riders can request auto maintenance and collision repair services offered through the Lyft Platform in certain markets.

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“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 condensed 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.

The condensed consolidated balance sheet as of December 31, 2020 included herein was derived from the audited financial statements as of that date. The accompanying unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company’s financial position, results of operations, comprehensive loss, stockholders’ equity, and cash flows for the periods presented, but are not necessarily indicative of the results of operations to be anticipated for any future annual or interim period.

**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 condensed 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 instruments, goodwill and identifiable intangible assets, leases, indirect tax obligations, legal contingencies, valuation allowance for deferred income taxes, and the valuation of stock-based compensation.

Beginning in the middle of March 2020, the outbreak of the coronavirus (“COVID-19”) in the United States, Canada, and globally has impacted Lyft’s business. The Company continues to be impacted by COVID-19, but the long-term impact will

depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including the duration of the pandemic, new information about additional variants, the availability and efficacy of vaccine distributions, additional or renewed actions by government authorities and private businesses to contain the pandemic or respond to its impact and altered consumer behavior, among other things. The Company has adopted a number of measures in response to the COVID-19 pandemic including, but not limited to, establishing new health and safety requirements for ridesharing and updating workplace policies. The Company also made adjustments to its expenses and cash flow to correlate with declines in revenues including headcount reductions in 2020. Refer to Note 14 “Restructuring” to the condensed consolidated financial statements for information regarding the 2020 restructuring events. The Company cannot be certain that these actions will mitigate the negative effects of the pandemic on Lyft’s business. 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 condensed 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.

**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 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. 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 condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue from contracts with customers (ASC 606)	\$ 784,068	\$ 450,559	\$ 2,049,756	\$ 1,681,239
Rental revenue (ASC 842)	80,337	49,185	188,634	113,562
Total revenue	\$ 864,405	\$ 499,744	\$ 2,238,390	\$ 1,794,801

*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 in accordance with ASC 606.

The Company generates revenue from licensing and data access agreements, primarily with third-party autonomous vehicle companies. 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.

*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 Flexdrive, comprised of both owned vehicles and vehicles leased from third-party leasing companies ("head leases"). 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 condensed 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.

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 condensed 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 condensed 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 \$174.6 million and \$104.7 million as of September 30, 2021 and December 31, 2020, respectively. The Company's allowance for credit losses was \$8.3 million and \$15.2 million as of September 30, 2021 and December 31, 2020, respectively. The write-offs were immaterial for the nine months ended September 30, 2021. The change in the allowance for credit losses for the nine months ended September 30, 2021 was related to an increase in provisions for expected credit losses.

*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 September 30, 2021 and December 31, 2020, 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 three and nine months ended September 30, 2021 and 2020.

For the three and nine months ended September 30, 2021, in relation to the driver, rider, Light Vehicle riders, and Lyft Rentals renters incentive programs, the Company recorded \$423.3 million and \$995.5 million as a reduction to revenue and \$16.8 million and \$40.2 million as sales and marketing expense, respectively. For the three and nine months ended September 30, 2020, in relation to the driver, rider, Light Vehicle riders, and Lyft Rentals renters incentive programs, the Company recorded \$125.0 million and \$295.6 million as a reduction to revenue and \$11.0 million and \$115.0 million as sales and marketing expense, respectively.

#### **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. treasury bills. 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 condensed 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 condensed 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 September 30, 2021, 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 condensed 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. treasury bills, 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 condensed consolidated statements of operations.

#### *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 ultimate 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 limited historical loss experience. Because of the limited operational history, the Company makes certain assumptions based on currently available information and industry statistics 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 in the consolidated balance sheets. 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.

#### *Leases*

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 or sublessor 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 condensed 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 condensed 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 condensed consolidated statements of operations. The interest component of finance leases is included in cost of revenue on the condensed 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 are incurred.

## **Recent Accounting Pronouncements**

### *Recently Adopted Accounting Pronouncements*

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes", which removes certain exceptions to the general principles in Topic 740 and improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying and amending existing guidance. Effective on January 1, 2021, the Company adopted this standard, which did not have a material impact on the condensed consolidated financial statements and related disclosures.

In January 2020, the FASB issued ASU No. 2020-01, "Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815", which clarifies the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting under Topic 323, and the accounting for certain forward contracts and purchased options accounted for under Topic 815. Effective on January 1, 2021, the Company adopted this standard, which did not have a material impact on the condensed consolidated financial statements.

In October 2020, the FASB issued ASU No. 2020-10, "Codification Improvements", which updates various Codification Topics by clarifying or improving disclosure requirements to align with the SEC's regulations, and improving the consistency of the Codification to ensure all guidance that requires or provides an option for an entity to provide information in the notes to financial statements is codified in the Disclosure Section of the Codification. Effective on January 1, 2021, the Company adopted this standard, which did not have a material impact on the condensed consolidated financial statements.

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

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 will be effective for the Company for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company is currently assessing the impact of adopting this standard on the condensed consolidated financial statements.

## **3. Acquisitions**

### *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 condensed consolidated statements of operations.

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 and 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 condensed 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 condensed 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 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 system 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. 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 and the estimated standalone selling price of the commercial arrangement elements as determined by a cost approach. The assumptions used in the valuation included the historical direct and indirect Level 5 costs incurred as well as the number of vehicles, miles and drivers needed to recreate the data produced from the rideshare license and Flexdrive access. The gain was included in other income, net on the condensed consolidated statement of operations for the quarter ended September 30, 2021. The commercial agreements for the utilization of Lyft system 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. The Company also derecognized \$3.4 million in assets held for sale.

## 5. 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):

	September 30, 2021			
	Cost or Amortized Cost	Unrealized		Estimated Fair Value
		Gains	Losses	
<b>Unrestricted Balances<sup>(1)</sup></b>				
Money market funds	\$ 1,177	\$ —	\$ —	\$ 1,177
Money market deposit accounts	395,308	—	—	395,308
Term deposits	435,000	—	—	435,000
Certificates of deposit	690,807	162	(5)	690,964
Commercial paper	451,844	107	(2)	451,949
Corporate bonds	75,990	7	(12)	75,985
Total unrestricted cash equivalents and short-term investments	2,050,126	276	(19)	2,050,383
<b>Restricted Balances<sup>(2)</sup></b>				
Money market funds	66,066	—	—	66,066
Term deposits	6,506	—	—	6,506
Certificates of deposit	487,079	122	(1)	487,200
Commercial paper	359,166	50	(8)	359,208
Corporate bonds	61,950	11	(6)	61,955
U.S. government securities	5,947	—	—	5,947
Total restricted cash equivalents and investments	986,714	183	(15)	986,882
Total unrestricted and restricted cash equivalents and investments	\$ 3,036,840	\$ 459	\$ (34)	\$ 3,037,265

(1) Excludes \$331.9 million of cash, which is included within the \$2.4 billion of cash and cash equivalents and short-term investments on the condensed consolidated balance sheets.

(2) Excludes \$55.6 million of restricted cash, which is included within the \$1.0 billion of restricted cash and cash equivalents and restricted short-term investments on the condensed consolidated balance sheets.

	December 31, 2020			
	Cost or Amortized Cost	Unrealized		Estimated Fair Value
		Gains	Losses	
<b>Unrestricted Balances<sup>(1)</sup></b>				
Money market deposit accounts	\$ 174,347	\$ —	\$ —	\$ 174,347
Term deposits	601,000	—	—	601,000
Certificates of deposit	677,602	178	(4)	677,776
Commercial paper	376,771	38	(20)	376,789
Corporate bonds	287,445	115	(41)	287,519
Total unrestricted cash equivalents and short-term investments	<u>2,117,165</u>	<u>331</u>	<u>(65)</u>	<u>2,117,431</u>
<b>Restricted Balances<sup>(2)</sup></b>				
Money market funds	24,757	—	—	24,757
Money market deposit accounts	162	—	—	162
Term deposits	6,506	—	—	6,506
Certificates of deposit	481,154	213	(3)	481,364
Commercial paper	469,193	57	(10)	469,240
Corporate bonds	184,560	67	(26)	184,601
Total restricted cash equivalents and investments	<u>1,166,332</u>	<u>337</u>	<u>(39)</u>	<u>1,166,630</u>
Total unrestricted and restricted cash equivalents and investments	<u>\$ 3,283,497</u>	<u>\$ 668</u>	<u>\$ (104)</u>	<u>\$ 3,284,061</u>

(1) Excludes \$133.6 million of cash, which is included within the \$2.3 billion of cash and cash equivalents and short-term investments on the condensed consolidated balance sheets.

(2) Excludes \$53.8 million of restricted cash, which is included within the \$1.2 billion of restricted cash and cash equivalents and restricted short-term investments on the condensed 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 credit rating organizations in accordance with its investment policy. This policy is designed to minimize the Company's exposure to credit losses. As of September 30, 2021, 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 September 30, 2021 was primarily related to the continued market volatility associated with COVID-19. 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 assessment of credit losses for any marketable available-for-sale debt security as of September 30, 2021. These estimates may change, as new events occur and additional information is obtained, and will be recognized on the condensed consolidated financial statements as soon as they become known. No credit losses were recognized as of September 30, 2021 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):

	September 30, 2021	
	Estimated Fair Value	Unrealized Losses
Certificates of deposit	\$ 125,279	\$ (6)
Corporate bonds	75,721	(18)
Commercial paper	106,249	(10)
U.S. government securities	3,298	—
Total available-for-sale debt securities in an unrealized loss position	<u>\$ 310,547</u>	<u>\$ (34)</u>

#### **Accrued and Other Current Liabilities**

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

	September 30, 2021	December 31, 2020
Insurance-related accruals	\$ 313,855	\$ 269,849
Legal accruals	323,735	226,408
Ride-related accruals	212,048	196,439
Long-term debt, current	49,553	35,760
Insurance claims payable and related fees	34,517	28,318
Other	272,813	197,234
Accrued and other current liabilities	<u>\$ 1,206,521</u>	<u>\$ 954,008</u>

#### **Insurance Reserves**

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

	Nine Months Ended September 30,	
	2021	2020
Balance at beginning of period	\$ 987,064	\$ 1,378,462
Reinsurance recoverable established in period	(251,328)	—
Additions related to:		
Reserves for current period	227,478	321,232
Change in estimates for prior periods	128,045	61,248
Losses paid	(329,805)	(430,429)
Transfer of certain legacy auto insurance liabilities	—	(407,885)
Net balance at the end of the period	<u>761,454</u>	<u>922,628</u>
Add: Reinsurance recoverable at the end of the period	249,699	—
Balance at end of period	<u>\$ 1,011,153</u>	<u>\$ 922,628</u>

#### **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 condensed consolidated statements of operations for the nine months ended September 30, 2020, 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 is 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 has been 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 condensed consolidated balance sheet. In addition to the initial funds withheld balance of \$271.5 million, additional coverage of certain legacy insurance liabilities is collateralized by a \$75.0 million trust account established by DARAG for the benefit of PVIC. As of September 30, 2021, the balance of the net funds withheld liability is immaterial. A loss of approximately \$20.4 million for the total cost of the Reinsurance Transaction was recognized on the condensed consolidated statement of operations for the nine months ended September 30, 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 since the premium of \$271.5 million was retained by PVIC on a funds withheld basis on behalf of the reinsurer.

### Other Income (Expense), Net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest income <sup>(1)</sup>	\$ 1,923	\$ 7,631	\$ 7,008	\$ 39,394
Gain (loss) on sale of securities, net	(17)	10	685	(886)
Foreign currency exchange gains (losses), net	736	744	1,212	580
Sublease income	2,947	—	2,947	—
Gain from transaction with Woven Planet	119,284	—	119,284	—
Other, net	169	(911)	(748)	(322)
Other income (expense), net	\$ 125,042	\$ 7,474	\$ 130,388	\$ 38,766

(1) Interest income was reported as a separate line item on the condensed consolidated statement of operations in periods prior to the second quarter of 2020.

## 6. Fair Value Measurements

### Financial Instruments Measured at Fair Value on a Recurring Basis

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

	September 30, 2021			
	Level 1	Level 2	Level 3	Total
<b>Unrestricted Balances<sup>(1)</sup></b>				
Money market funds	\$ 1,177	\$ —	\$ —	\$ 1,177
Certificates of deposit	—	690,964	—	690,964
Commercial paper	—	451,949	—	451,949
Corporate bonds	—	75,985	—	75,985
Total unrestricted cash equivalents and investments	1,177	1,218,898	—	1,220,075
<b>Restricted Balances<sup>(2)</sup></b>				
Money market funds	66,066	—	—	66,066
Certificates of deposit	—	487,199	—	487,199
Commercial paper	—	359,207	—	359,207
Corporate bonds	—	61,955	—	61,955
U.S. treasury securities	—	5,947	—	5,947
Total restricted cash equivalents and investments	66,066	914,308	—	980,374
Total unrestricted and restricted cash equivalents and investments	\$ 67,243	\$ 2,133,206	\$ —	\$ 2,200,449

(1) \$331.9 million of cash, \$395.3 million of money market deposit accounts and \$435.0 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 \$2.4 billion of cash and cash equivalents and short-term investments on the condensed consolidated balance sheets.

(2) \$55.6 million of restricted cash and \$6.5 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 \$1.0 billion of restricted cash and cash equivalents and restricted short-term investments on the condensed consolidated balance sheets.

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
<b>Unrestricted Balances<sup>(1)</sup></b>				
Certificates of deposit	\$ —	\$ 677,777	\$ —	\$ 677,777
Commercial paper	—	376,789	—	376,789
Corporate bonds	—	287,519	—	287,519
Total unrestricted cash equivalents and short-term investments	—	1,342,085	—	1,342,085
<b>Restricted Balances<sup>(2)</sup></b>				
Money market funds	24,757	—	—	24,757
Certificates of deposit	—	481,365	—	481,365
Commercial paper	—	469,240	—	469,240
Corporate bonds	—	184,601	—	184,601
Total restricted cash equivalents and investments	24,757	1,135,206	—	1,159,963
Total unrestricted and restricted cash equivalents and investments	\$ 24,757	\$ 2,477,291	\$ —	\$ 2,502,048

(1) \$133.6 million of cash, \$174.3 million of money market deposit accounts and \$601.0 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 condensed consolidated balance sheets.

(2) \$53.8 million of restricted cash, \$0.2 million of a money market deposit account and \$6.5 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 \$1.2 billion of restricted cash and cash equivalents and restricted short-term investments on the condensed consolidated balance sheets.

The fair value of the Company's Level 1 financial instruments is based on quoted market prices for identical instruments. The fair value of the Company's Level 2 fixed income securities is obtained from an independent pricing service, which may use quoted market prices for identical or comparable instruments or model driven valuations using observable market data or inputs corroborated by observable market data. Level 3 instrument valuations are valued based on unobservable inputs and other estimation techniques due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such financial instruments.

During the nine months ended September 30, 2021, the Company did not make any transfers between the levels of the fair value hierarchy.

*Financial Instruments Measured at Fair Value on a Non-Recurring Basis*

In March 2020, the Company purchased a non-marketable equity security for total cash consideration of \$10.0 million. This investment is classified in other investments on the condensed consolidated balance sheets.

In June 2021, the Company received an investment 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 a carrying value of \$64.0 million and is categorized as Level 3. The Company does not have significant influence over this privately-held company and has elected to measure this investment as a non-marketable equity security and classified it in other investments on the condensed consolidated balance sheet.

Non-marketable equity securities will be remeasured to fair value upon the occurrence of observable transactions for an identical or similar investments of the same issuer or impairment. If these forecasts are not met, impairment charges may be recorded. As of September 30, 2021, there were no remeasurement adjustments.

**7. Leases**

*Real Estate Operating Leases*

The Company leases real estate property at approximately 81 locations with 79 commenced leases and two not yet commenced leases having an initial term of 12 months or longer as of September 30, 2021. These leases are classified as operating leases. As of September 30, 2021, the remaining lease terms vary from approximately three months to nine 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 Flexdrive, 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 condensed consolidated balance sheets. As of September 30, 2021, the remaining lease terms vary between one month to three 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 September 30, 2021*

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>Operating Leases</b>		
<b>Assets</b>		
Operating lease right-of-use assets	\$ 235,219	\$ 275,756
<b>Liabilities</b>		
Operating lease liabilities, current	\$ 54,773	\$ 49,291
Operating lease liabilities, non-current	223,035	265,803
Total operating lease liabilities	<u>\$ 277,808</u>	<u>\$ 315,094</u>
<b>Finance Leases</b>		
<b>Assets</b>		
Finance lease right-of-use assets <sup>(1)</sup>	\$ 31,385	\$ 28,108
<b>Liabilities</b>		
Finance lease liabilities, current <sup>(2)</sup>	15,883	20,795
Finance lease liabilities, non-current <sup>(3)</sup>	15,634	6,593
Total finance lease liabilities	<u>\$ 31,517</u>	<u>\$ 27,388</u>
<b>Weighted-average remaining lease term (years)</b>		
Operating leases	5.7	6.3
Finance leases	2.2	1.5
<b>Weighted-average discount rate</b>		
Operating leases	6.3 %	6.4 %
Finance leases	3.1 %	4.7 %

(1) This balance is included within property and equipment, net on the condensed consolidated balance sheets.

(2) This balance is included within other current liabilities on the condensed consolidated balance sheets.

(3) This balance is included within other liabilities on the condensed consolidated balance sheets.

### Lease Costs

The table below presents certain information related to the lease costs for operating leases for the three and nine months ended September 30, 2021 and 2020 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Operating Leases</b>				
Operating lease cost	\$ 20,250	\$ 17,506	\$ 56,415	\$ 61,763
<b>Finance Leases</b>				
Amortization of right-of-use assets	5,893	11,386	19,348	27,747
Interest on lease liabilities	277	620	850	1,600
<b>Other Lease Costs</b>				
Short-term lease cost	1,091	1,001	4,151	3,326
Variable lease cost <sup>(1)</sup>	244	3,899	4,018	10,943
Total lease cost	\$ 27,755	\$ 34,412	\$ 84,782	\$ 105,379

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

Sublease income was \$2.9 million for the three months ended September 30, 2021 which was related to subleases from the Company's transaction with Woven Planet in the third quarter of 2021.

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

	Nine Months Ended September 30,	
	2021	2020
<b>Cash paid for amounts included in the measurement of lease liabilities</b>		
Operating cash flows from operating leases	\$ 63,204	\$ 48,188
Operating cash flows from finance leases	835	1,600
Financing cash flows from finance leases	28,661	29,042

*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 condensed consolidated balance sheet as of September 30, 2021 (in thousands):

	Operating Leases	Finance Leases	Total Leases
Remainder of 2021	\$ 12,542	\$ 5,793	\$ 18,335
2022	73,844	13,355	87,199
2023	58,517	9,341	67,858
2024	52,943	4,067	57,010
2025	41,815	—	41,815
Thereafter	96,138	—	96,138
Total minimum lease payments	335,799	32,556	368,355
Less: amount of lease payments representing interest	(57,991)	(1,039)	(59,030)
Present value of future lease payments	277,808	31,517	309,325
Less: current obligations under leases	(54,773)	(15,883)	(70,656)
Long-term lease obligations	\$ 223,035	\$ 15,634	\$ 238,669

As of September 30, 2021, the Company had two real estate leases not yet commenced with an immaterial amount of future lease payments. These leases are expected to commence in 2021 with lease terms of three years.

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

**8. Commitments and Contingencies**

*Noncancelable Purchase Commitments*

In March 2018, the Company entered into a noncancelable arrangement with 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. In January 2019 and May 2020, the parties modified the aggregate commitment amounts and timing. Under the amended arrangement, the Company committed to spend an aggregate of at least \$300 million between January 2019 and June 2022, with a minimum amount of \$80 million in each of the three contractual periods, on services with this vendor. As of September 30, 2021, the Company has made payments in excess of \$300 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. The Company has made investments totaling \$87.1 million as of September 30, 2021.

In May 2019, the Company entered into a non-cancellable 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 2023. The Company has made payments totaling \$23.1 million and investments totaling \$20.8 million as of September 30, 2021.

*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. The outstanding letters of credit are collateralized by cash. As of September 30, 2021 and December 31, 2020, the Company had letters of credit outstanding of \$56.5 million and \$54.2 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 condensed 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, or third parties (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, 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 3, 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 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 12, 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 and joined in a demurrer filed by the California Attorney General. 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 have filed notices of appeal to the California Court of Appeal. 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. Lyft and Uber have not yet served their opposition briefs. 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, Connecticut, Oregon, Wisconsin, Illinois, New York 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.

#### *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 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 class actions alleging violations of consumer protection laws such as the Telephone Consumer Protection Act of 1991, or TCPA, as well as violations of other laws such as the Americans with Disabilities Act, or the ADA, seeking injunctive or other relief. Recently, 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 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 in the Southern District of New York, *Lowell v. Lyft, Inc.*, which seeks to certify New York and nationwide classes. 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, or renters 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 on the Lyft Platform, other 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 legal proceeding 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.

#### Securities Litigation

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 IPO Registration Statement 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 the hearing on this motion is set for November 4, 2021. 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, and set trial to commence on December 5, 2022. In the consolidated derivative action, at the parties' joint request, the California federal court stayed the case on February 17, 2021. The Company believes these lawsuits are without merit and intends to vigorously defend against them. The Company's chances of success on the merits are still uncertain and any possible loss or range of loss cannot be reasonably estimated.

#### 9. Debt

Outstanding debt obligations as of September 30, 2021 were as follows (in thousands):

	Maturities	Interest Rates as of September 30, 2021	September 30, 2021	December 31, 2020
Convertible senior notes	May 2025	1.50%	\$ 595,059	\$ 568,744
Non-revolving Loan <sup>(1)</sup>	2022 - 2024	2.60% - 5.25%	86,208	103,305
Master Vehicle Loan <sup>(1)</sup>	2021 - 2024	2.60% - 6.75%	30,743	7,947
Total long-term debt, including current maturities			\$ 712,010	\$ 679,996
Less: long-term debt maturing within one year			(49,553)	(35,760)
Total long-term debt			\$ 662,457	\$ 644,236

(1) 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 condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Contractual interest expense related to the 2025 Notes	\$ (2,803)	\$ (2,803)	\$ (8,409)	\$ (4,205)
Amortization of debt discount and issuance costs	(9,078)	(8,381)	(26,317)	(12,501)
Interest expense related to vehicle loans	(1,212)	(1,345)	(3,784)	(3,867)
Interest expense	\$ (13,093)	\$ (12,529)	\$ (38,510)	\$ (20,573)

### **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 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, 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 Notes being repurchased, plus any accrued and unpaid interest to, but excluding, the repurchase date.

In accounting for the issuance of the 2025 Notes, 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") is amortized to interest expense over the contractual term at an effective interest rate of 8.0%.

Debt issuance costs related to the 2025 Notes totaled \$14.3 million and was comprised of discounts and commissions payable to the Initial Purchasers and third-party offering costs. The Company allocated the total amount incurred to the liability and equity components of the 2025 Notes based on their relative values. Issuance costs attributable to the liability component were \$10.7 million and will be amortized to interest expense using the effective interest method over the contractual term. Issuance costs attributable to the equity component were netted with the equity component in stockholders' equity.

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 September 30, 2021, 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 September 30, 2021, the if-converted value of the 2025 Notes was \$1.0 billion, exceeding the outstanding principal amount.

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

	September 30, 2021
Principal	\$ 747,498
Unamortized debt discount and debt issuance costs	(152,439)
Net carrying amount of liability component	\$ 595,059

As of September 30, 2021, the total estimated fair values (which represents a Level 2 valuation) of the 2025 Notes were approximately \$1.2 billion. 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 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, 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 a maximum term of 48 months. Interest is payable monthly in arrears at a fixed interest rate equal to the one-month LIBOR plus a spread on the date of the loan which ranges from 2.51% for an advance with a 24 month term and 2.74% for an advance with 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 September 30, 2021, the Company was in compliance with all covenants related to the Non-revolving Loan. 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 a minimum term of 12 months to a maximum term of 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 condensed 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 September 30, 2021, 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 \$85.3 million and \$30.5 million, respectively, as of September 30, 2021 and were determined based on quoted prices in markets that are not active, which are considered a Level 2 valuation input.

Maturities of long-term debt outstanding, including current maturities, as of September 30, 2021 were as follows (in thousands):

Remainder of 2021	\$	10,638
2022		57,047
2023		29,076
2024		20,190
2025		595,059
Thereafter		—
Total long-term debt outstanding	\$	712,010

#### **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 September 30, 2021, the Company was in compliance with all covenants of the VPA. As of September 30, 2021, the outstanding borrowings from the interim financing under the VPA was \$1.3 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 September 30, 2021, there was no exposure to loss under the terms of the guarantee.

**10. Common Stock**

**Restricted Stock Units**

The summary of restricted stock unit ("RSU") activity 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, 2020	33,602	\$ 41.49	\$ 1,650,577
Granted	10,754	58.44	
Vested	(15,966)	44.85	
Canceled	(7,474)	45.44	
Nonvested units as of September 30, 2021	20,916	\$ 46.37	\$ 1,119,947

Included in the grants for the nine months ended September 30, 2021 are approximately 784,000 performance based restricted stock units ("PSUs"). 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. Compensation cost associated with these PSUs is recognized on an accelerated attribution model and ultimately based on whether or not satisfaction of the performance and market criteria is probable.
- 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 nine months ended September 30, 2021 and 2020 was \$839.0 million and \$478.1 million, respectively. In connection with RSUs that vested in the nine months ended September 30, 2021, the Company withheld 415,427 shares and remitted cash payments of \$21.9 million on behalf of the RSU holders to the relevant tax authorities.

As of September 30, 2021, the total unrecognized compensation cost was \$720.7 million. The Company expects to recognize this expense over the remaining weighted-average period of 1.8 years. 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. Generally, 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.

**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 ESPP went into effect on March 27, 2019. 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. As of September 30, 2021, 1,969,894 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.

#### 11. Income Tax

The Company's tax provision and the resulting effective tax rate for interim periods is determined based upon its estimated annual effective tax rate adjusted for the effect of discrete items arising in that quarter.

The Company's provision for income taxes has not been historically significant to the business as the Company has incurred operating losses to date. The provision for income taxes consists primarily of state and foreign taxes in jurisdictions in which the Company conducts business.

The Company recorded income tax expense of \$6.6 million and \$9.3 million in the three and nine months ended September 30, 2021 and an income tax expense of \$1.1 million and benefit of \$42.1 million in the three and nine months ended September 30, 2020, respectively. For the nine months ended September 30, 2020, a net income tax benefit of \$46.3 million was recorded to the income tax provision due to the application of ASC 740-20. Under intraperiod allocation, a deferred tax liability related to the equity component of the convertible debt is a source of income that can be used to recognize the tax benefit of the current year loss through continuing operations. The effective tax rate was (10.21)% and (1.25)% for the three and nine months ended September 30, 2021 and (0.24)% and 3.15% for the three and nine months ended September 30, 2020, respectively. The effective tax rate differs from the U.S. statutory tax rate primarily due to the valuation allowances on the Company's deferred tax assets as it is more likely than not that some or all of the Company's deferred tax assets will not be realized.

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 condensed consolidated balance sheets. To date, the Company has not recognized any interest and penalties in its condensed consolidated statements of operations, nor has it accrued for or made payments for interest and penalties. The Company has no unrecognized tax benefits as of September 30, 2021 and December 31, 2020.

#### 12. 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, restricted stock awards 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss	\$ (71,539)	\$ (459,517)	\$ (750,796)	\$ (1,294,702)
Weighted-average shares used in computing net loss per share, basic and diluted	337,753	314,530	332,049	309,433
Net loss per share, basic and diluted	\$ (0.21)	\$ (1.46)	\$ (2.26)	\$ (4.18)

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):

	September 30,	
	2021	2020
Restricted stock units	19,957	40,851
2025 Notes <sup>(1)</sup>	19,471	19,471
Stock options	1,159	2,203
Performance based restricted stock units	959	250
ESPP	175	280
Restricted stock awards	—	—
Total	41,721	63,055

(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 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 exceeds the conversion price of the 2025 Notes.

### 13. Related Party Transactions

The Company's transactions with related parties were immaterial for the three and nine months ended September 30, 2021 and 2020.

### 14. Restructuring

#### *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 three months ended June 30, 2020.

The following table summarizes the above restructuring related charges (benefits) by line item within the Company's condensed consolidated statements of operations where they were recorded in the quarter ended June 30, 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	\$ (49,806)	\$ 32,130	\$ 3,128	\$ (14,548)

#### *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 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.

There were no restructuring-related charges recognized in the three months ended September 30, 2021. As of September 30, 2021, there were no restructuring-related liabilities.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements included in our 2020 Annual Report on Form 10-K. As discussed in the section titled "Note About Forward-Looking Statements," the following 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 Quarterly Report on Form 10-Q and in our 2020 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. Our fiscal year ends December 31.*

### **Our Business**

Our mission is to improve people's lives with the world's best transportation.

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 continue to be 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 the significant number of rides we have facilitated to continuously 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 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 users 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 personal car ownership and use.

We generate substantially all of our revenue 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, Lyft Driver Center and Lyft Auto Care users, and by making our ridesharing marketplace available to organizations through our Lyft Business offerings, such as our Concierge and Corporate Business Travel programs. In the second quarter of 2021, we began generating revenues from licensing and data access agreements, primarily with third-party autonomous vehicle companies.

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 that has resulted in the rapid growth of our business.

Notwithstanding the impact of COVID-19, we will continue to invest in the future, both organically and through acquisitions of complementary businesses. We also continue to invest in the expansion of our network of shared bikes and scooters and Lyft Autonomous, which focuses on the deployment and scaling of third-party self-driving technology on the Lyft network. Our strategy is to always be at the forefront of transportation innovation, and we believe that through these investments, we will continue to be well positioned as a leader in Transportation-as-a-Service. Even as we invest in the business, we also remain focused on finding ways to operate more efficiently.

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. As we progress through the COVID-19 recovery, we remain confident the demand for our offerings will continue to grow as more and more people discover and rely on the convenience, experience and affordability of using Lyft.

### **Impact of COVID-19 to our Business**

The ongoing COVID-19 pandemic continues to impact communities in the United States, Canada and globally. Since the pandemic began in March 2020, governments and private businesses - at the recommendation of public health officials - have enacted precautions to mitigate the spread of the virus, including travel restrictions and extensive social distancing measures in many regions of the United States and Canada, and many enterprises instituted 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. Our business continues to be impacted by the COVID-19 pandemic.

Although we have seen some signs of demand improving as COVID-19 case counts trended down, particularly compared to the demand levels at the start of the pandemic, demand remains below the levels prior to the pandemic. The exact timing and pace of the recovery remain uncertain. The extent to which our 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 concerning COVID-19 variants and the severity of the pandemic and actions by government authorities and private businesses to contain the pandemic or recover from its impact, among other things. For example, an increase in cases due to variants of the virus has caused many businesses to delay employees returning to the office. Even as travel restrictions and shelter-in-place orders are modified or lifted, we anticipate that continued social distancing, altered consumer behavior, reduced travel and commuting, and expected corporate cost cutting will be significant challenges for us. The strength and duration of these challenges cannot be presently estimated.

In response to the COVID-19 pandemic, we have adopted multiple measures, including, but not limited to, establishing new health and safety requirements for ridesharing and updating workplace policies. We also made adjustments to our expenses and cash flow to correlate with declines in revenues including headcount reductions in 2020.

We have strengthened our business over the last year and we are confident in our ability to continue to navigate this challenging period. In the third quarter of 2021, we saw continued recovery as vaccines were more widely distributed and more communities fully reopened, which resulted in revenue increasing 73% in the third quarter of 2021 compared to the third quarter of 2020, and the number of Active Riders increasing 51% in the third quarter of 2021 compared to the third quarter of 2020. Net loss decreased \$388.0 million, or 84%, from \$459.5 million in the third quarter of 2020 to \$71.5 million in the third quarter of 2021, which included a benefit from a pre-tax gain of \$119.3 million from the transaction with Woven Planet. Adjusted EBITDA in the third quarter of 2021 was \$67.3 million, marking a second consecutive quarterly Adjusted EBITDA profitability. We remain focused on our long-term growth opportunities. With \$2.4 billion in unrestricted cash and cash equivalents and short-term investments as of September 30, 2021, we believe we have sufficient liquidity to continue business operations and to take action we determine to be in the best interests of our employees, stockholders, stakeholders and of drivers and riders on the Lyft Platform. For more information on risks associated with the COVID-19 pandemic and our litigation matters, see the section titled "Risk Factors" in Item 1A of Part II.

### **Recent Developments**

#### *Transaction with Woven Planet Holdings, Inc. ("Woven Planet")*

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, as well as commercial agreements for the utilization of Lyft system and fleet data to accelerate the safety and commercialization of the automated-driving vehicles that Woven Planet is developing. We 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 our operations and financial results, and therefore does not qualify for reporting as a discontinued operation. We recognized a pre-tax gain of \$119.3 million as a result of our transaction with Woven Planet, which was included in other income, net on the condensed consolidated statement of operations for the quarter ended September 30, 2021. Refer to Note 4 "Divestitures" to the condensed consolidated financial statements for information regarding the divestiture of certain assets related to our self-driving vehicles division, Level 5.

#### *Reinsurance of Certain Legacy Auto Liability Insurance*

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 Agreement arrangement does not discharge PVIC of its obligations to the policyholder. A loss of approximately \$20.4 million for the net cost of the Reinsurance Transaction was recognized on the condensed consolidated statement of operations for the nine months ended September 30, 2021, with \$20.2 million in cost of revenue and \$0.2 million in general and administrative expenses.

**Financial Results for the Three Months Ended September 30, 2021**

- Total revenue was \$864.4 million, an increase of 73% year-over-year.
- Total costs and expenses were \$1.0 billion, including stock-based compensation expense of \$198.4 million.
- Loss from operations was \$176.9 million.
- Other income was \$125.0 million, including a pre-tax gain of \$119.3 million as a result of the transaction with Woven Planet.
- Net loss was \$71.5 million, a decrease of 84% year-over-year.
- Adjusted EBITDA was \$67.3 million, marking the Company's second consecutive quarterly Adjusted EBITDA profit.
- Cash provided by operating activities was \$41.5 million.
- Unrestricted cash and cash equivalents and short-term investments totaled \$2.4 billion as of September 30, 2021.

**Active Riders and Revenue per Active Rider**

	Active Riders			Revenue per Active Rider		
	2021	2020	Growth Rate	2021	2020	Growth Rate
	<i>(in thousands, except for dollar amounts and percentages)</i>					
Three Months Ended March 31	13,494	21,211	(36.4)%	\$45.13	\$45.06	0.2%
Three Months Ended June 30	17,142	8,688	97.3%	\$44.63	\$39.06	14.3%
Three Months Ended September 30	18,942	12,513	51.4%	\$45.63	\$39.94	14.2%
Three Months Ended December 31		12,552			\$45.40	

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.

The increase in the number of Active Riders in the three months ended September 30, 2021 as compared to the three months ended September 30, 2020 and three months ended June 30, 2021 was due primarily to an increase in new rider activations as a result of the easing of travel restrictions and social distancing measures in certain regions. However, local recovery trends continue to vary significantly and these restrictions continue to have an ongoing impact on people's mobility and we expect seasonality in the winter months may impact the number of Active Riders.

The increase in Revenue per Active Rider in the three months ended September 30, 2021 as compared to the three months ended September 30, 2020 primarily reflects the improvement in demand on our platform compared to earlier periods during the COVID-19 pandemic, which had materially limited people's mobility and severely reduced Active Riders. Revenue per Active Rider reached an all-time record high in the three months ended September 30, 2021, increasing slightly compared to the three months ended June 30, 2021. We saw improvements in Active Riders, consisting of both returning riders as well as new riders, each month in the third quarter as vaccines were more widely distributed and more communities fully reopened. Additions to our Active Rider base at the end of any quarter are generally dilutive to Revenue per Active Rider for the quarter as there is less time to generate revenue. 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 condensed consolidated financial statements and the related notes thereto are prepared in accordance with GAAP. The preparation of condensed 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.

There have been no material changes to our critical accounting policies and estimates as described in our Annual Report on Form 10-K, except as described below.

### **Recent Accounting Pronouncements**

See Note 2 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q 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 to see decreased levels of demand for our platform, decreased numbers of new rider activations, and negative impacts on revenue for so long as responsive measures to COVID-19 remain in place when compared to levels prior to the onset of the COVID-19 pandemic in March 2020. We have adopted multiple measures in response to the COVID-19 pandemic. We cannot be certain that these actions will mitigate some or all of the negative effects of the pandemic on our business. In light of the evolving and unpredictable effects of COVID-19, we are not currently in a position to forecast the expected impact of COVID-19 on our financial and operating results for the remainder of 2021.

#### ***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 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 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, vehicle lease expenses, personnel-related compensation costs, depreciation, amortization of technology-related intangible assets, asset write-off charges, and remarketing 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, fees paid to third-parties providing operations support, facility costs and certain car rental fleet support costs. 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 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-Revolver Loan and our Master Vehicle Loan.

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

Other income (expense), net consists primarily of a pre-tax gain as a result of the transaction with Woven Planet, 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 primarily of income taxes in foreign jurisdictions and U.S. state income taxes. 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 by way of expected future taxable income in the United States.

#### **Results of Operations**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	<i>(in thousands)</i>			
Revenue	\$ 864,405	\$ 499,744	\$ 2,238,390	\$ 1,794,801
Costs and expenses				
Cost of revenue	364,032	261,614	1,122,961	1,055,388
Operations and support	109,679	123,136	292,375	355,528
Research and development	226,693	232,106	716,950	693,946
Sales and marketing	108,955	78,548	287,502	326,807
General and administrative	231,907	257,693	652,023	718,087
Total costs and expenses	1,041,266	953,097	3,071,811	3,149,756
Loss from operations	(176,861)	(453,353)	(833,421)	(1,354,955)
Interest expense	(13,093)	(12,529)	(38,510)	(20,573)
Other income, net	125,042	7,474	130,388	38,766
Loss before income taxes	(64,912)	(458,408)	(741,543)	(1,336,762)
Provision for (benefit from) income taxes	6,627	1,109	9,253	(42,060)
Net loss	\$ (71,539)	\$ (459,517)	\$ (750,796)	\$ (1,294,702)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Costs and expenses				
Cost of revenue	42.1	52.3	50.2	58.8
Operations and support	12.7	24.6	13.1	19.8
Research and development	26.2	46.4	32.0	38.7
Sales and marketing	12.6	15.7	12.8	18.2
General and administrative	26.8	51.6	29.1	40.0
Total costs and expenses	120.5	190.7	137.2	175.5
Loss from operations	(20.5)	(90.7)	(37.2)	(75.5)
Interest expense	(1.5)	(2.5)	(1.7)	(1.1)
Other income, net	14.5	1.5	5.8	2.2
Loss before income taxes	(7.5)	(91.7)	(33.1)	(74.5)
Provision for (benefit from) income taxes	0.8	0.2	0.4	(2.3)
Net loss	(8.3)%	(92.0)%	(33.5)%	(72.1)%

**Comparison of the three and nine months ended September 30, 2021 to the three and nine months ended September 30, 2020**

**Revenue**

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2021	2020		2021	2020	
<i>(in thousands, except for percentages)</i>						
Revenue	\$ 864,405	\$ 499,744	73 %	\$ 2,238,390	\$ 1,794,801	25 %

Revenue increased \$364.7 million, or 73%, in the three months ended September 30, 2021, as compared to the three months ended September 30, 2020, driven primarily by the improvement in demand on our platform as pandemic conditions improved compared to earlier stages of the COVID-19 pandemic which had materially limited people's mobility and severely reduced Active Riders. The number of Active Riders in the third quarter of 2021 increased 51.4% year-over-year as compared to the third quarter of 2020. Revenue per Active Rider increased 14.2% in the three months ended September 30, 2021, as compared to the three months ended September 30, 2020. The increase in Revenue per Active Rider was primarily due to increased demand as vaccines were more widely distributed and more communities fully reopened, as well as elevated pricing as rider demand outpaced driver supply. Revenue per Active Rider also benefited from revenues from licensing and data access agreements, beginning in the second quarter of 2021. We continued our investment in driver supply by increasing driver incentives recorded as a reduction to revenue in light of the increased rider demand as recovery from the pandemic continued.

Revenue increased \$443.6 million, or 25%, in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020, driven primarily by the significant increase in the number of Active Riders in the second and third quarters of 2021 as compared to the same periods in 2020, as vaccines became more widely distributed and more communities fully reopened. This was offset by higher revenue from the first quarter of 2020 which was prior to the implementation of shelter-in-place orders and other travel restrictions across North America beginning in March 2020. We invested in driver supply by increasing driver incentives recorded as a reduction to revenue in light of the increased rider demand as recovery from the pandemic continued.

We expect to see continued recovery in demand for our platform and the resulting positive impacts on revenue as vaccines are more widely distributed, more communities fully reopen and other restrictive travel and social distancing measures in response to COVID-19 continue to be eased. However, we cannot predict the impact of COVID variants and the longer term impact of the pandemic on consumer behavior.

### Cost of Revenue

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	<i>(in thousands, except for percentages)</i>					
Cost of revenue	\$ 364,032	\$ 261,614	39 %	\$ 1,122,961	\$ 1,055,388	6 %

Cost of revenue increased \$102.4 million, or 39%, in the three months ended September 30, 2021 as compared to the three months ended September 30, 2020. The increase was due primarily to a \$59.5 million increase in insurance costs, a \$27.0 million increase in transaction fees, and a \$15.1 million increase in bikes and scooter related costs driven by the increased ride volume as a result of increased demand as recovery from the pandemic continued.

Cost of revenue increased \$67.6 million, or 6%, in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020. The increase was due primarily to a \$76.5 million increase in insurance costs driven by an increase of \$66.8 million in changes to the liabilities for insurance required by regulatory agencies attributable to historical periods and a \$20.2 million increase in transaction costs related to the reinsurance of certain legacy auto insurance liabilities in the second quarter of 2021 offset by a \$62.5 million decrease in transaction costs related to the transfer of certain legacy auto insurance liabilities from the first quarter of 2020. In addition, there was an increase of \$24.4 million in transaction fees and \$9.8 million in bikes and scooter related costs driven by the increased ride volume as a result of increased demand as recovery from the pandemic continued. These increases were partially offset by a \$37.5 million decrease in costs related to Flexdrive and a \$16.3 million decrease in web-hosting fees to support our platform.

### Operations and Support

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	<i>(in thousands, except for percentages)</i>					
Operations and support	\$ 109,679	\$ 123,136	(11)%	\$ 292,375	\$ 355,528	(18)%

Operations and support expenses decreased \$13.5 million, or 11%, in the three months ended September 30, 2021 as compared to the three months ended September 30, 2020. The decrease was primarily due to a \$6.7 million decrease in bikes and scooter related costs and a \$2.8 million decrease in costs related to Flexdrive.

Operations and support expenses decreased \$63.2 million, or 18%, in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020. The decrease was primarily due to a reduction of \$19.8 million in driver onboarding costs and rider and driver support costs and a reduction of \$15.9 million decrease in personnel-related costs. There was also an \$11.3 million decrease in costs related to Flexdrive and a \$6.5 million net decrease related to costs from the restructuring event in the second quarter of 2020, consisting of severance and benefits costs, lease termination costs and a stock-based compensation benefit which did not recur in 2021.

### Research and Development

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	<i>(in thousands, except for percentages)</i>					
Research and development	\$ 226,693	\$ 232,106	(2)%	\$ 716,950	\$ 693,946	3 %

Research and development expenses decreased \$5.4 million, or 2%, in the three months ended September 30, 2021 as compared to the three months ended September 30, 2020. The decrease was primarily due to a \$9.3 million in personnel-related costs, which was partially driven by the transaction with Woven Planet completed on July 13, 2021. There were also decreases of \$5.4 million in consulting and advisory costs and a \$3.8 million in web hosting fees. These decreases were offset by a \$15.3 million increase in stock-based compensation primarily driven by awards related to the retention of Level 5 employees prior to completion of the transaction with Woven Planet in the third quarter of 2021.

Research and development expenses increased \$23.0 million, or 3%, in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020. The increase was due to a \$43.9 million increase in stock-based compensation, which was partially driven by awards related to the retention of Level 5 employees prior to completion of the transaction with Woven Planet in the third quarter of 2021. There was also an increase due to a \$25.4 million benefit from the restructuring event in the second quarter of 2020 consisting of a stock-based compensation benefit and severance and benefits

costs. These increases were offset by a \$23.8 million decrease in personnel-related costs as a result of reduced headcount and a \$14.1 million decrease in consulting and advisory costs.

### Sales and Marketing

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
<i>(in thousands, except for percentages)</i>						
Sales and marketing	\$ 108,955	\$ 78,548	39 %	\$ 287,502	\$ 326,807	(12)%

Sales and marketing expenses increased \$30.4 million, or 39%, in the three months ended September 30, 2021 as compared to the three months ended September 30, 2020. The increase was primarily in response to the increased ride volume and demand as a result of continued pandemic recovery in the third quarter of 2021 compared to the third quarter of 2020, which led to an increase of \$26.5 million in costs associated with driver and rider programs and an increase of \$5.8 million in costs related to incentive programs.

Sales and marketing expenses decreased \$39.3 million, or 12%, in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020. The decrease was primarily due to a \$74.8 million decrease related to incentive programs driven primarily by a reduction in rider incentives. The decrease was partially offset by a \$46.2 million increase in costs associated with driver and rider programs.

### General and Administrative

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
<i>(in thousands, except for percentages)</i>						
General and administrative	\$ 231,907	\$ 257,693	(10)%	\$ 652,023	\$ 718,087	(9)%

General and administrative expenses decreased \$25.8 million, or 10%, in the three months ended September 30, 2021 as compared to the three months ended September 30, 2020. The decrease was due primarily to a \$14.6 million net decrease in policy spend, a \$12.7 million decrease in consultant and advisory costs, and a \$10.3 million decrease in certain loss contingencies including legal accruals and settlements. These decreases were partially offset by an increase of \$13.1 million in an accrual for self-retained general business liabilities and an increase of \$10.0 million in stock-based compensation expense, which was partially driven by awards related to the retention of Level 5 employees prior to completion of the transaction with Woven Planet in the third quarter of 2021.

General and administrative expenses decreased \$66.1 million, or 9%, in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020. The overall decrease was due to a \$35.6 million decrease in consultant and advisory costs, a \$20.0 million decrease in bad debt expense and a \$14.6 million net decrease in policy spend. There was also a reduction of \$17.7 million in office-related costs, personnel-related costs, and other employee-related expenses primarily as a result of the restructuring events in 2020 and our temporary work from home option for many employees beginning in the middle of March 2020. In addition, there were reductions of \$8.7 million in claims administration costs and \$5.9 million in depreciation and amortization. These decreases were partially offset by a \$19.7 million increase in stock-based compensation, a \$17.1 million increase in an accrual for self-retained general business liabilities and a \$15.6 million increase in certain loss contingencies including legal accruals and settlements.

### Interest Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
<i>(in thousands, except for percentages)</i>						
Interest expense	\$ (13,093)	\$ (12,529)	5 %	\$ (38,510)	\$ (20,573)	87 %

Interest expense increased \$0.6 million, or 5%, and \$17.9 million, or 87% in the three and nine months ended September 30, 2021 as compared to the three and nine months ended September 30, 2020, respectively. Interest expense was higher in the nine months ended September 30, 2021 due to a full period of expense related to the issuance of our 2025 Notes in May 2020 and the vehicle-related debt assumed from the acquisition of Flexdrive in February 2020.

**Other Income (Expense), Net**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	<i>(in thousands, except for percentages)</i>					
Other income, net	\$ 125,042	\$ 7,474	1,573 %	\$ 130,388	\$ 38,766	236 %

Other income (expense), net increased \$117.6 million, or 1,573%, and \$91.6 million, or 236% in the three and nine months ended September 30, 2021 as compared to the three and nine months ended September 30, 2020, respectively. The increase was primarily due to a pre-tax gain of \$119.3 million as a result of the transaction with Woven Planet.

**Non-GAAP Financial Measures**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	<i>(in millions, except for percentages)</i>					
Contribution <sup>(1)</sup>	\$ 513.6	\$ 248.8	106.4 %	\$ 1,302.7	\$ 913.5	42.6 %
Contribution Margin <sup>(1)</sup>	59.4 %	49.8 %		58.2 %	50.9 %	
Adjusted EBITDA <sup>(1)</sup>	\$ 67.3	\$ (239.7)	128.1 %	\$ 18.2	\$ (605.2)	103.0 %
Adjusted EBITDA Margin <sup>(1)</sup>	7.8 %	(48.0)%		0.8 %	(33.7)%	

(1) Contribution, Contribution Margin, Adjusted EBITDA, and Adjusted EBITDA Margin are non-GAAP financial measures and metrics. 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.”

**Contribution and Contribution Margin**

Contribution and Contribution Margin are measures used by our management to understand and evaluate our operating performance and trends. We believe Contribution and Contribution Margin are key measures of our ability to achieve profitability and increase it over time. Contribution Margin has generally increased over the periods presented as revenue has increased at a faster rate than the costs included in the calculation of Contribution.

We define Contribution as 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;
- changes to the liabilities for insurance required by regulatory agencies attributable to historical periods;
- 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.

We record changes to historical liabilities for insurance required by regulatory agencies for financial reporting purposes in the quarter of positive or adverse development even though such development may be related to claims that occurred in prior periods. For example, if in the first quarter of a given year, the cost of claims grew by \$1 million for claims related to the prior fiscal year or earlier, the expense would be recorded for GAAP purposes within the first quarter instead of in the results of the prior period. We believe these prior period changes to insurance liabilities do not illustrate the current period performance of our ongoing operations since these prior period changes relate to claims that could potentially date back years. We have limited ability to influence the ultimate development of historical claims. Accordingly, including the prior period changes would not illustrate the performance of our ongoing operations or how the business is run or managed by us. For consistency, we do not adjust the calculation of Contribution for any prior period based on any positive or adverse development that occurs subsequent to the quarter end. Annual Contribution is calculated by adding Contribution of the last four quarters. We believe the adjustment to exclude the changes to historical liabilities for insurance required by regulatory agencies 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.

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 5 “Supplemental Financial Statement Information” to the condensed 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 exceed \$346.5 million but are below the aggregate limit of \$434.5 million may result in the recognition of a deferred gain liability. The deferred gain liability would be amortized and recognized as a benefit to the statement of operations over the settlement period of the ceded reserves. The settlement period of the ceded reserves will be based on the life-to-date cumulative losses collected and will likely extend over periods longer than a quarter. The amount of the deferral will be recalculated each period based on loss payments and updated estimates. Consequently, cumulative adverse development for claims ceded under the Reinsurance Agreement in subsequent periods may result in significant losses to the statement of operations unless the deferred gain recognized in the same period does not offset said losses. We believe that the net amount recognized on the statement of operations associated with claims ceded under the Reinsurance Agreement, including any adverse development 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. Additionally, net amounts recognized for claims ceded under the Reinsurance Agreement would represent changes to historical liabilities for insurance required by regulatory agencies. As stated above, we believe prior period changes to insurance liabilities do not illustrate the current period performance of our ongoing operations or how the business is managed. This is because we have limited ability to influence the ultimate development of these historical claims, which can potentially date back years. Therefore, in the event that the net amount of any adverse developments and any benefits from deferred gains related to claims ceded under the Reinsurance Agreement is recognized on the statement of operations in a subsequent period, those amounts will be excluded from the calculation of Contribution and Adjusted EBITDA through the exclusion of changes to liabilities for insurance required by regulatory agencies attributable to historical periods. As of September 30, 2021, there have been no such net amounts related to claims ceded under the Reinsurance Agreement which have impacted our condensed consolidated statement of operations.

We had restructuring efforts in the second and fourth quarters of 2020 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. 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 revenue 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 expense;
- payroll tax expense related to stock-based compensation;

- changes to the liabilities for insurance required by regulatory agencies attributable to historical periods;
- sublease income;
- costs related to acquisitions and divestitures, if any;
- transaction costs related to certain legacy auto insurance liability, 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 condensed 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 condensed 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 and net loss, 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 revenue to Contribution (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 864.4	\$ 499.7	\$ 2,238.4	\$ 1,794.8
Less cost of revenue	(364.0)	(261.6)	(1,123.0)	(1,055.4)
Adjusted to exclude the following (as related to cost of revenue):				
Amortization of intangible assets	2.8	2.8	8.7	9.3
Stock-based compensation expense	10.2	7.0	28.8	21.2
Payroll tax expense related to stock-based compensation	0.2	0.2	1.6	1.2
Changes to the liabilities for insurance required by regulatory agencies attributable to historical periods <sup>(1)</sup>	—	0.7	128.0	76.4
Transaction costs related to certain legacy auto insurance liabilities <sup>(2)(3)</sup>	—	—	20.2	62.5
Restructuring charges <sup>(4)</sup>	—	—	—	3.5
Contribution	\$ 513.6	\$ 248.8	\$ 1,302.7	\$ 913.5

(1) \$128.0 million of insurance expense recorded during the nine months ended September 30, 2021 reflects changes to reserves estimates of claims from 2020 and earlier periods. \$0.7 million and \$76.4 million of insurance expense recorded during the three and nine months ended September 30, 2020 reflects changes to reserves estimates of claims from the second quarter of 2020 and earlier periods.

- (2) 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 condensed 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 nine months ended September 30, 2021.
- (3) 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 condensed 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 nine months ended September 30, 2020.
- (4) Included in restructuring charges is \$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.

The following table provides a reconciliation of net loss to Adjusted EBITDA (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss	\$ (71.5)	\$ (459.5)	\$ (750.8)	\$ (1,294.7)
Adjusted for the following:				
Interest expense <sup>(1)</sup>	13.4	13.1	39.3	21.8
Other income, net <sup>(2)</sup>	(125.0)	(7.5)	(130.4)	(38.8)
Provision for (benefit from) income taxes	6.6	1.1	9.3	(42.1)
Depreciation and amortization	37.0	41.7	106.1	121.7
Stock-based compensation expense	198.4	166.7	563.7	432.5
Payroll tax expense related to stock-based compensation	4.9	4.0	28.2	18.9
Changes to the liabilities for insurance required by regulatory agencies attributable to historical periods <sup>(3)</sup>	—	0.7	128.0	76.4
Sublease income <sup>(4)</sup>	2.9	—	2.9	—
Costs related to acquisitions and divestitures <sup>(5)</sup>	0.6	—	1.5	0.4
Transaction costs related to certain legacy auto insurance liabilities <sup>(6)(7)</sup>	—	—	20.4	64.7
Restructuring charges <sup>(8)</sup>	—	—	—	34.0
Adjusted EBITDA	\$ 67.3	\$ (239.7)	\$ 18.2	\$ (605.2)

- (1) Includes interest expense for Flexdrive vehicles and the 2025 Notes. \$0.3 million and \$0.9 million related to the interest component of vehicle-related finance leases in the three and nine months ended September 30, 2021, respectively. \$0.6 million and \$1.1 million was related to the interest component of vehicle-related finance leases in the three and nine months ended September 30, 2020, respectively. Refer to Note 7 "Leases" to the condensed consolidated financial statements for information regarding the interest component of vehicle-related finance leases.
- (2) Includes 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 condensed consolidated statement of operations in periods prior to the second quarter of 2020.
- (3) \$128.0 million of insurance expense recorded during the nine months ended September 30, 2021 reflects changes to reserves estimates of claims from 2020 and earlier periods. \$0.7 million and \$76.4 million of insurance expense recorded during the three and nine months ended September 30, 2020 reflects changes to reserves estimates of claims from the second quarter of 2020 and earlier periods.
- (4) 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 condensed 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.
- (5) Includes third-party costs incurred related to our transaction with Woven Planet which closed on July 13, 2021.
- (6) 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 condensed 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 nine months ended September 30, 2021.
- (7) 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 condensed 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 nine months ended September 30, 2020.
- (8) Included in restructuring charges is \$31.4 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 \$49.8 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.

### Liquidity and Capital Resources

As of September 30, 2021, our principal sources of liquidity were cash and cash equivalents of approximately \$728.4 million and short-term investments of approximately \$1.7 billion, exclusive of restricted cash, cash equivalents and investments of \$1.0 billion. 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.

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 as of September 30, 2021 and December 31, 2020 were \$898.4 million and \$1.1 billion, respectively.

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. The extent to which our operations, financial results and financial condition will be impacted in the next few quarters by the pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including the duration of the pandemic, new information about additional variants, the availability and efficacy of vaccine distributions, additional or renewed actions by government authorities and private businesses to contain the pandemic or respond to its impact and altered consumer behavior, among other things. We have adopted several measures in response to the COVID-19 pandemic including, but not limited to, establishing new health and safety requirements for ridesharing, and updating workplace policies. 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. Refer to Note 4 "Divestitures" to the condensed consolidated financial statements for information regarding the divestiture of certain assets related to our self-driving vehicles division, Level 5.

We cannot be certain that our actions will mitigate some or all of the continuing negative effects of the pandemic on our business. With \$2.4 billion in unrestricted cash and cash equivalents and short-term investments as of September 30, 2021, we believe we have sufficient liquidity to meet our working capital and capital expenditures needs for at least the next 12 months.

Our future capital requirements will depend on many factors, including, but not limited to our growth, our ability to maintain profitability on an Adjusted EBITDA basis, 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, measures we take in response to the COVID-19 pandemic, our ability to maintain demand for and confidence in the safety of our platform during and following the COVID-19 pandemic, and the expansion of sales and marketing activities. As noted above, we expect to see continued suppression of demand for our platform and the resultant negative impacts on revenue for so long as the travel restrictions and other social distancing measures in response to COVID-19 remain in place. Further, we may in the future enter into arrangements to acquire or invest in businesses, products, services and technologies. 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.

#### Cash Flows

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

	Nine Months Ended September 30,	
	2021	2020
Net cash used in operating activities	\$ (75,502)	\$ (1,114,286)
Net cash provided by investing activities	572,732	555,008
Net cash provided by (used in) financing activities	(63,138)	536,021
Effect of foreign exchange on cash, cash equivalents and restricted cash and cash equivalents	(141)	(286)
Net change in cash, cash equivalents and restricted cash and cash equivalents	\$ 433,951	\$ (23,543)

### ***Operating Activities***

Cash used in operating activities was \$75.5 million for the nine months ended September 30, 2021. This consisted primarily of a net loss of \$750.8 million 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 \$563.7 million and depreciation and amortization expense of \$106.1 million.

Cash used in operating activities was \$1.1 billion for the nine months ended September 30, 2020. This consisted primarily of a net loss of \$1.3 billion and a decrease in the insurance reserve of \$455.8 million primarily related to the transfer of certain legacy auto insurance liabilities in the first quarter of 2020. This was offset by non-cash stock-based compensation expense of \$432.5 million.

### ***Investing Activities***

Cash provided by investing activities was \$572.7 million for the nine months ended September 30, 2021, which primarily consisted of proceeds from sales and maturities of marketable securities of \$2.8 billion, maturities of term deposits of \$607.5 million and proceeds of \$122.7 million from the transaction with Woven Planet. This was partially offset by purchases of marketable securities of \$2.5 billion and term deposits of \$441.5 million.

Cash provided by investing activities was \$555.0 million for the nine months ended September 30, 2020, which primarily consisted of proceeds from sales and maturities of marketable securities of \$4.5 billion, partially offset by purchases of marketable securities of \$3.4 billion and term deposits of \$718.8 million.

### ***Financing Activities***

Cash used in financing activities was \$63.1 million for the nine months ended September 30, 2021, which primarily consisted of our repayment of loans of \$34.0 million, principal payments of finance lease obligations of \$28.7 million and taxes paid related to net share settlement of equity awards of \$21.9 million. This was partially offset by proceeds from the exercise of stock options and other common stock issuances of \$21.4 million.

Cash provided by financing activities was \$536.0 million for the nine months ended September 30, 2020, which primarily consisted of proceeds from issuance of our 2025 Notes of \$734.1 million offset by the purchase of the Capped Calls for \$132.7 million.

### **Contractual Obligations and Commitments**

As of September 30, 2021, there have been no material changes from the contractual obligations and commitments previously disclosed in our Annual Report on Form 10-K.

### **Off-Balance Sheet Arrangements**

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 3. 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 September 30, 2021, we had unrestricted cash, cash equivalents and short-term investments of approximately \$2.4 billion, which consisted primarily of institutional money market funds, certificates of deposits, commercial paper, corporate bonds, U.S. government and agency securities, and a term deposit, which each carry a degree of interest rate risk, and restricted cash, cash equivalents and restricted investments of \$1.0 billion. A hypothetical 10% 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.

We do not believe that inflation has had a material effect on our business, results of operations or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations or financial condition.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, 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 Quarterly Report on Form

10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

**Changes in Internal Control**

There were 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 period covered by this Quarterly Report on Form 10-Q 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.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

See discussion of Legal Proceedings in [Note 8](#) to the condensed consolidated financial statements included in [Part I, Item 1](#) of this report.

### 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 Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our unaudited condensed 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;
- natural disasters, economic downturns, public health crises or political crises;

#### *Operational factors*

- our limited operating history;
- our history of net losses and any inability to achieve or maintain profitability in the future;
- competition in our industry;
- the unpredictability of our results of operations;
- uncertainty regarding the growth of the ridesharing market;
- our ability to attract and retain qualified drivers and riders;
- our insurance coverage and the adequacy of our insurance reserves;
- the ability of third-party insurance providers to service our auto-related insurance claims;
- our autonomous vehicle technology and the development of the autonomous vehicle industry;
- 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;
- changes to our pricing practices;
- the growth and development of our network of bikes and scooters and the quality of our bikes and scooters;
- our revenue growth rate and ability to manage our growth;
- 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;
- 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 and our delivery service platform;

- our ability to effectively match riders on our Shared and Shared Saver Rides offering and to manage our up-front pricing methodology;
- the development of new offerings on our platform and management of the complexities of such expansion;
- inaccuracies in our key metrics and estimates;
- our marketing efforts;
- our ability to offer high-quality user support and to deal with fraud;
- systems failures and interruptions in the availability of our website, applications, platform or offerings;
- 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 platform offerings;
- litigation resulting from violation of the Telephone Consumer Protection Act or other consumer protection 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, which may have a long-term impact on our business;

*Financing and Transactional Risks*

- our future capital requirements;
- our ability to service our current and future debt, 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;
- the volatility of the trading price of our Class A common stock;
- sales of substantial amounts of our Class A common stock;

- our intention not to pay dividends for the foreseeable future; and
- the publication of research about us by analysts.

#### **Risks Related to General Economic Factors**

*The COVID-19 pandemic has disrupted and harmed, and is expected to 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 ongoing COVID-19 pandemic and related public health responses, such as travel bans, travel restrictions and shelter-in-place orders. The pandemic and these related responses continue to evolve and have caused, and are expected to continue to cause, decreased demand for our platform relative to pre-COVID-19 demand, disruptions in global supply chains, and significant volatility and disruption of financial markets.

The COVID-19 pandemic has subjected our operations, financial performance and financial condition to a number of risks, including, but not limited to, those discussed below:

- Declines in travel as a result of COVID-19, including commuting, local travel, and business and leisure travel, have resulted in decreased demand for our platform which has decreased our revenues. We have also paused our shared rides offerings as a result of COVID-19. During certain periods in the past, these factors have led to a decrease in earning opportunities for drivers on our platform. We have begun to relaunch our shared rides offerings beginning in July 2021. While certain types of travel have begun to increase compared to earlier periods of the COVID-19 pandemic, overall levels remain depressed and changes in travel trends and behavior arising from COVID-19, including as a result of new strains of COVID-19, may continue to develop or persist over time and further contribute to this adverse effect.
- Changes in driver behavior during the COVID-19 pandemic have led to reduced levels of driver availability on our platform relative to rider demand in certain markets. This imbalance fluctuates for various reasons, and to the extent that driver availability is limited, our service levels have been and may be negatively impacted and we have increased prices or provided additional incentives and may need to continue to do so, which may adversely affect our business, financial condition and results of operation.
- The impacts of the COVID-19 pandemic on our business customers have caused a reduction in demand for our Lyft Business offerings and that reduction may persist or expand further in the future.
- The responsive measures to the COVID-19 pandemic have caused us to modify our business practices by having corporate employees in nearly all of our locations work remotely, limiting employee travel, and cancelling, postponing or holding virtual events and meetings. We may be required to or choose voluntarily to take additional actions for the health and safety of our workforce and users of our platform, including after the pandemic subsides and with respect to vaccination, whether in response to government orders or based on our own determinations of what is in the best interests of our employees or users of our platform. The effects of the pandemic, including permanent hybrid and remote working arrangements for employees, may also impact our real estate footprint, financial reporting systems and internal control over financial reporting and disclosure controls and may increase the risk of a cybersecurity breach or incident. To the extent these measures 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.
- 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 meet our standards is critical to our operations. We also design and contract to manufacture certain assets related to our network of shared bikes and scooters and we rely on a small number of suppliers for components and manufacturing services. We have faced challenges due to the COVID-19 pandemic related to these assets, such as delays in their manufacture and delivery and increased costs associated with manufacturing and shipping, and we may face additional challenges in future periods. These challenges may adversely affect our ability to deploy new bikes and scooters on our network or to implement new features on our network of shared bikes and scooters. These supply chain issues have and may continue to adversely affect our business, financial condition and results of operations.
- The impacts of COVID-19 have had and may continue to have an adverse impact on the demand for vehicles rented to drivers through our Express Drive program, and for the fleet rented to users through Lyft Rentals. Further, COVID-19 has and may continue to negatively impact Lyft's ability to conduct rental operations through the Express Drive program and Lyft Rentals as a result of restrictions on travel, mandated closures, limited staffing availability, and other

factors related to COVID-19. For example, in 2020, Lyft Rentals temporarily ceased operations, closing its rental locations, as a result of COVID-19. Further, while Express Drive rental periods renew on a weekly basis, new rental reservations were temporarily blocked in 2020, and subsequently re-opened with modified operations to limit the proximity and amount of interactions between associates and drivers, and to address additional cleaning which may be required as a result of COVID-19. These operations are more costly, and vulnerable to shortages of cleaning supplies or other materials required to operate rental sites while minimizing the risk of exposure to COVID-19. As a result of the adverse impact to demand for rides on the rideshare platform, drivers renting through the Express Drive program have had and may continue to have a diminished ability to pay their rental fees. In response, in 2020, Flexdrive temporarily reduced pricing for Flexdrive rentals in cities most affected by COVID-19, which has since been reversed. In 2020, Flexdrive also began to waive rental fees for drivers who are confirmed to have tested positive for COVID-19 or requested to quarantine by a medical professional, which it continues to do at this time. Further, Lyft Rentals and Flexdrive have faced significantly higher costs in transporting, repossessing, cleaning, and storing unrented and returned vehicles. These impacts to the demand for and operations of the different rental programs have and may continue to adversely affect our business, financial condition and results of operation.

- The COVID-19 pandemic may delay or prevent us, or our current or prospective partners and suppliers, from being able to test, develop or deploy autonomous vehicle-related technology, including through direct impacts of the COVID-19 virus on employee and contractor health; reduced consumer demand for autonomous vehicle travel resulting from an overall reduced demand for travel; shelter-in-place orders by local, state, or federal governments negatively impacting operations, including our ability to test autonomous vehicle-related technology; impacts to the supply chains of our current or prospective partners and suppliers; or economic impacts limiting our or our current or prospective partners' or suppliers' ability to expend resources on developing and deploying autonomous vehicle-related technology. These impacts to the development and deployment of autonomous vehicle-related technology may adversely affect our business, financial condition and results of operations.
- In response to the effects of the COVID-19 pandemic on our business, we have taken certain cost-cutting measures, including lay-offs, furloughs and salary reductions, which may adversely affect employee morale, our culture and our ability to attract and retain employees. As the severity, magnitude and duration of the COVID-19 pandemic, the public health responses, and its economic consequences are uncertain, rapidly changing and difficult to predict, the pandemic's impact on our operations and financial performance, as well as its impact on our ability to successfully execute our business strategies and initiatives, remains uncertain and difficult to predict. As the United States reopens, the recovery of the economy and our business have fluctuated and varied by geography. Further, the ultimate impact of the COVID-19 pandemic on our users, customers, employees, business, operations and financial performance depends on many factors that are not within our control, including, but not limited to: governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including restrictions on travel and transport and modified workplace activities); the impact of the pandemic and actions taken in response thereto on local or regional economies, travel, and economic activity; the speed and efficacy of vaccine distribution; the availability of government funding programs; evolving laws and regulations regarding COVID-19, including those related to disclosure and notification; general economic uncertainty in key markets and financial market volatility; volatility in our stock price, global economic conditions and levels of economic growth; the duration of the pandemic; the extent of any virus mutations or new strains of COVID-19; and the pace of recovery when the COVID-19 pandemic subsides.
- In light of the evolving and unpredictable effects of COVID-19, we are not currently in a position to forecast the expected impact of COVID-19 on our financial and operating results.

***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, COVID-19 has led to certain business disruptions as described in our other risk factors, including travel bans and restrictions, and shelter in place orders that have resulted in declines in demand for our services, as well as adverse effects on drivers and riders on our platform, our suppliers and the economy, all of which have had and may continue to have an adverse effect on our business, financial condition and results of operations. The impact of any natural disaster, act of terrorism or other disruption to us or our third-party providers' abilities could result in decreased demand for our offerings or a delay in the provision of our offerings, 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.

Our business and results of operations are also subject to global economic conditions, including any resulting effect on spending by us or riders. If general economic conditions deteriorate in the United States or in other markets where we operate, discretionary spending may decline and demand for ridesharing may be reduced. An economic downturn resulting in a prolonged recessionary period may have a further adverse effect on our revenue.

#### **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. 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 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;
- 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 public health measures issued by various jurisdictions, including travel bans, travel restrictions and shelter-in-place orders, as well as maintain demand for and confidence in the safety of our platform during and following the COVID-19 pandemic;
- plan for and manage capital expenditures for our current and future offerings, including our network of shared bikes and scooters or certain vehicles in the Express Drive program and the fleet of vehicles for Lyft Rentals, and manage our supply chain and supplier relationships related to our current and future offerings;
- develop, manufacture, source, deploy, maintain and ensure utilization of our assets, including our network of shared bikes and scooters, Driver Hubs, Driver Centers and Mobile Services, Lyft Auto Care, certain vehicles in the Express Drive program, vehicles for Lyft Rentals, and autonomous vehicle technology;
- anticipate and respond to macroeconomic changes and changes 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.

***We have a history of net losses and we may not be able to achieve or maintain profitability in the future.***

We have incurred net losses each year since our inception and we may not be able to achieve or maintain profitability in the future. We incurred net losses of \$71.5 million and \$459.5 million in the three months ended September 30, 2021 and 2020, respectively. Although we have achieved Adjusted EBITDA profitability in each of the last two quarters, 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. 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, or as a result of the COVID-19 pandemic. These efforts may be more costly than we expect and 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 including providing drivers in California with new earnings opportunities and protections, including contributions towards healthcare coverage, occupational accident insurance and minimum guaranteed earnings, and we have incurred and expect to continue to incur additional costs and expenses associated with the COVID-19 pandemic, including sales, marketing and costs relating to our efforts to mitigate the impact of the COVID-19 pandemic. Furthermore, we have expanded over time to include more asset-intensive offerings such as our network of shared bikes and scooters, Flexdrive, Lyft Rentals and Lyft Auto Care. We are also expanding the support available to drivers at our Driver Hubs, our driver-centric service centers and community spaces, Driver Centers, our vehicle service centers, Mobile Services, Lyft Auto Care, and through our Express Drive vehicle rental program. These offerings 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. 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 may continue to be a significant expense in future periods, and as of September 30, 2021, we have \$720.7 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 1.8 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.

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 rider needs 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 competitors in the United States and Canada include Uber and Via. Our main competitors in the bike and scooter sharing market include Lime and Bird. Our main competitors in the consumer vehicle rental market include Enterprise, Hertz and Avis Budget Group as well as emerging car-share marketplaces. We also compete with certain non-ridesharing transportation network companies and taxi cab and livery companies as well as traditional automotive manufacturers.

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, such as BMW, which has an ongoing presence in the transportation network market in Europe. There are also a number of companies developing autonomous vehicle technology that may compete with us in the future, including Alphabet (Waymo), Amazon (Zoox), Apple, Aurora, Baidu, and General Motors (Cruise) 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 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 bikes and scooters, or they may have other financial, technical or resource advantages. These factors may allow our competitors to derive greater revenue and profits from their existing user bases, attract and retain qualified drivers and riders at lower costs 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, including:

- the popularity, utility, ease of use, performance and reliability of our offerings compared to those of our competitors;
- our reputation, including the perceived safety of our platform, and brand strength relative to our competitors;
- our pricing models and the prices of our offerings and the fees we charge drivers on our platform;
- our ability, and our ability compared to our competitors, to manage our business and operations during the ongoing COVID-19 pandemic and recovery as well as in response to related governmental, business and individuals' actions that continue to evolve (including restrictions on travel and transport and modified workplace activities);
- our ability to attract and retain qualified drivers and riders;
- our ability, and our ability compared to our competitors, to develop new offerings;
- our ability to establish and maintain relationships with partners;
- our ability to develop, manufacture, source, deploy, maintain and ensure utilization of our assets, including our network of shared bikes and scooters, Driver Hubs, Driver Centers and Mobile Services, Lyft Auto Care, certain vehicles in the Express Drive program, vehicles for Lyft Rentals and autonomous vehicle technology, including the success of any strategic options we may consider with regard to our assets;
- changes mandated by, or that we elect to make, to address legislation, regulatory authorities or litigation, including settlements, judgments, injunctions and consent decrees, including those related to the classification of drivers on our platform;
- our ability to attract, retain and motivate talented employees;
- our ability to raise additional capital as needed; and
- acquisitions or consolidation within our industry.

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 shared bikes and scooters, 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 shared bikes and scooters, is 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. 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. In addition, we paused our shared rides offerings, and we were temporarily restricted from operating our bike share and scooter share programs in one jurisdiction due to public health and safety measures implemented in response to the COVID-19 pandemic and subsequently temporarily suspended rentals of scooters due to concerns with certain aspects of the program. Although the scooter rental suspension was lifted in February 2021 and we have begun to relaunch our shared rides offerings beginning in July 2021, in the event of a resurgence of COVID-19, 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 may re-evaluate the markets in which we operate and the performance of our network of shared bikes and scooters, 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, or to increase 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 utilization of our platform by existing drivers. 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. If we do not continue to provide drivers with flexibility on our platform, compelling opportunities to earn income and other incentive programs, such as volume-based discounts and performance-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 pandemic, we have periodically had a shortage of available drivers relative to rider demand in certain markets particularly where restrictions on social activities and visiting business venues were or have been eased. This imbalance fluctuates for various reasons, and to the extent that driver availability remains limited and we offer increased incentives to improve supply, our revenue 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. Our competitors may attempt to compete for drivers on the basis of these earning opportunities, or drivers may determine that such earning opportunities are not sufficient. Further, other jurisdictions may adopt similar laws and regulations, which would likely increase our expenses. Notwithstanding the passage of Proposition 22, we are subject to ongoing litigation seeking to reclassify drivers as employees in multiple jurisdictions. This includes a lawsuit seeking to overturn Proposition 22 in California, where a lower-court judge issued an order on August 20, 2021 finding that Proposition 22 is unenforceable (which order is now on appeal with Proposition 22 remaining in effect during the appeal). If we are unsuccessful in such litigation 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 who satisfy our screening criteria and procedures and to increase utilization of our platform by existing drivers could be adversely affected. Further, incentives we provide to attract drivers could fail to attract and retain qualified drivers or fail to increase utilization by existing drivers, 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 or other 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 utilization of our platform by drivers, or impact our ability to onboard new drivers. If we fail to attract qualified drivers on favorable terms, fail to increase utilization of our platform by existing drivers 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, 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 bikes and scooters rentals during the winter months, which may harm our ability to attract and retain riders during such period. 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. Further, government and private business actions in response to the COVID-19 pandemic, such as travel bans, travel restrictions, shelter-in-place orders, increased reliance on work-from-home rather than working in offices, and people and businesses electing to move away from more densely populated cities, have decreased and may continue to decrease utilization of our platform by riders including longer term. In addition, if we do not achieve sufficient utilization of our asset-intensive offerings such as our network of shared bikes and scooters and Lyft Rentals 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. Our restricted reinsurance trust investments as of September 30, 2021 and December 31, 2020 were \$898.4 million and \$1.1 billion, respectively. 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, such as a scaled network of autonomous vehicles, 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 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 claims, coverages and for a variety of commercial risk and are likely to do so in the future. As a result, our insurance and claims expense 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 cancelled 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 limited 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 actuary 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, fluctuations in healthcare costs, 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. 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, the adverse development to insurance reserves we experienced in the fourth quarter of 2020 was largely attributable to historical auto losses that are associated with accident liabilities from the end of 2018 and 2019.

***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.

We may, from time to time, explore the possibility of selling portions of retained insurance risk to third-parties. This may cause us to incur additional expenses in the total cost of this risk. For example, in the first quarter of fiscal 2020, we

entered into a Novation Agreement to transfer nearly all of our primary auto insurance liabilities related to periods preceding October 2018 to a third-party, in October 2020, we expanded our rideshare insurance program to include additional third-party insurance-service providers, and in April 2021, we executed an agreement to reinsure our captive insurance entity for \$183 million of coverage above the insurance liabilities recorded as of March 31, 2021 for policies underwritten during the period of October 1, 2018 to October 1, 2020. We are subject to recapture of the risk if our 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 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;
- 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;
- a failure to provide a range of ride types sought by riders;
- concerns by riders or drivers about the safety of ridesharing and our platform in light of the COVID-19 pandemic or otherwise;
- 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 users or others perceive as overly restrictive, unclear or inconsistent with our values or mission or that are not clearly articulated;
- a failure to detect a defect in our autonomous vehicle technology or our bikes or scooters;
- a failure to enforce our policies in a manner that users perceive as effective, fair and transparent;
- a failure to operate our business in a way that is consistent with our stated values and mission;
- inadequate or unsatisfactory user support service experiences;
- illegal or otherwise inappropriate behavior by our management team or other employees or contractors;
- negative responses by drivers or riders to new offerings on our platform;
- accidents, defects or other negative incidents involving autonomous vehicles or bikes and scooters on our platform;
- perception of our treatment of employees and our response to employee sentiment related to political or social causes or actions of management;

- modification or discontinuation of our community or sustainability programs;
- political or social policies or activities; 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, could 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 could 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 court closures or other unforeseen government shutdown, 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 law or our internal standards. Our business has 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 because of court closures or other government shutdowns related to the COVID-19 pandemic, or to the extent that they do not meet their contractual obligations, our expectations or the requirements of applicable law 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, 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 pricing algorithms to set dynamic prices depending on 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. 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 related to the COVID-19 pandemic and otherwise have imposed limits on prices for certain rides 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 launched, and expect to in the future 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. Any of the foregoing actions may not ultimately be successful in attracting and retaining qualified drivers and riders.

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 enables us to provide additional earning opportunities to drivers in California, 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 launched, and may in the future launch, certain changes to the rates and fee 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 or there may be errors in the technology used in our pricing and we could be underpricing or overpricing our offerings. 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 shared bikes and scooters, Driver Hubs, Driver Centers and Mobile Services, Lyft Auto Care, Express Drive program and Lyft Rentals, factors such as maintenance, debt service, depreciation, asset life, supply chain efficiency and asset replacement may affect our pricing methodologies. 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 shared bikes and scooters, 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 May 2019 the San Francisco Municipal Transportation Agency ("SFMTA") opened a public permit application process for bike share operators in violation of our exclusive right to operate a bike share program in San Francisco's public rights-of-way. In June 2019, we filed an action for injunctive and declaratory relief through one of our subsidiaries to protect its negotiated right to exclusivity for a bike share program and, in July 2019, the court granted a preliminary injunction preventing the SFMTA from issuing any permits in violation of those exclusive rights. While we entered into a settlement agreement with SFMTA in January 2021 pursuant to which we settled this litigation and SFMTA agreed not to issue permits to other bike share operators in violation of our exclusive rights, other jurisdictions in which we currently hold, or may in the future hold, exclusive rights to

operate could follow suit in issuing permits in violation of such exclusive rights or in making a determination that we do not hold exclusive rights to operate. 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, with our support. 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. For example, the City of Miami suspended rentals of bikes and scooters from March through October 2020 as a result of the COVID-19 pandemic and again suspended rentals of scooters from December 2020 through February 2021 due to concerns with certain aspects of the program. 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 shared bikes and scooters, 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 shared bikes and scooters and we rely on a small number of suppliers for components and manufacturing services.

The supply chain for our bikes and scooters exposes us to multiple potential sources of delivery failure or shortages. 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 and could continue to affect our suppliers' ability to deliver products on a timely basis. For example, as a result of the COVID-19 pandemic, some of our suppliers have been delayed in delivering products and we have experienced supply chain interruptions, which has adversely affected our business and has resulted in our later than anticipated deployment of products to the market in some cases.

We incur significant costs related to the design, purchase, sourcing and operations of our network of shared bikes and scooters and we expect to continue incurring such costs as we expand our network of shared bikes and scooters. 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, may 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 shared bikes and scooters 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 bikes and scooters. 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.

The revenue we generate from our network of shared bikes and scooters 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 shared bikes and scooters, 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. Our network of shared bikes and scooters is also subject to risks related to COVID-19, as discussed above. In particular, travel bans and restrictions, as well as shelter in place orders, have decreased demand and we are unable to predict when and to what extent these public health and safety measures may be eased, how riders of shared bikes and scooters will respond to the easing of such measures, and whether additional measures may need to be implemented in the future, any of which may continue to result in decreased demand notwithstanding usual seasonality. Additionally, from time to time we may re-evaluate the markets in which we operate and the performance of our network of shared bikes and scooters, 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 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, including, at times, the development of jointly-owned intellectual property. 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. In addition, the COVID-19 pandemic did, and may in the future, adversely 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, 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.

***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 both on our own research and development and on 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 this research and development or these partnerships will result in the development of market-viable technologies or commercial success in a timely manner or at all and as a result of the sale of our Level 5 self-driving vehicle division, we are more reliant on partnerships for this development. 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; 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 are harmed, whether or not our platform is in use, could 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 may also be 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, including in light of the COVID-19 pandemic and related public health measures issued by various jurisdictions, including travel bans, restrictions, social distancing guidance, and shelter-in-place orders. We may also be subject to personal injury claims whether or not such injury actually occurred as a result of activity on our platform. For example, 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, we may not be able to secure coverage at all.

As we expand our network of shared bikes and scooters, 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 bikes and scooters, including potential indemnification claims. In some cases, we could be required to indemnify governmental entities 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 bikes and scooters, 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 bikes and scooters. 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, could 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 quality problems from time to time, which has resulted or 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, and directly and indirectly modify, maintain and repair, bikes and scooters for our network of shared bikes and scooters. Such bikes and scooters have in the past, 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, there can be no assurance we will be able to detect or prevent all product issues.

Failure to detect, prevent, fix or timely report 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, injuries, litigation, enforcement actions, including fines or penalties, and regulatory proceedings. The occurrence of real or perceived quality problems or material product issues in our current or future bikes and scooters could result in negative publicity, service interruptions, regulatory proceedings, enforcement actions or lawsuits filed against us, particularly if riders or third parties are injured. 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 shared bikes and scooters and adversely affect our business, brand, financial conditions and results of operations.

***Our revenue growth rate and financial performance in recent periods may not be indicative of future performance and such revenue growth rate or growth in demand for our offerings may slow over time.***

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. 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, should not be considered indicative of our future performance. In 2020, our revenue was \$2.4 billion as compared to \$3.6 billion in 2019, representing a 35% decrease. The decline in 2020 was due to decreased demand for our ridesharing platform in light of the COVID-19 pandemic, and while we have experienced revenue growth in 2021 as compared to 2020, we have not yet achieved the revenue we achieved prior to the pandemic and we expect that our revenue and financial performance in future quarters may continue to be adversely impacted due to the ongoing effects of the pandemic. You should not rely on our revenue for any previous quarterly or annual period as any indication of our revenue or revenue growth in future periods. As our business recovers from the effects of COVID-19 and we endeavor to return to pre-COVID financial performance, our revenue growth rates will fluctuate due to a number of reasons, which may include long-term impacts of the COVID-19 pandemic on our business, slowing demand for our offerings, increasing competition, 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 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 from the pandemic. This growth placed, and may continue to place, significant demands on our management and our operational and financial infrastructure. Employee growth has occurred both at our San Francisco headquarters and in a number of our offices across the United States and internationally. The number of our full-time employees increased from 2,708 as of December 31, 2017, to 4,369 as of September 30, 2021. However, 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. 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. An increasing number of organizations, including large online and off-line merchants and businesses, other large Internet companies, financial institutions and government institutions, have disclosed breaches of their information security systems and other information security incidents, some of which have involved sophisticated and highly targeted attacks. Because techniques used to obtain unauthorized access to or to sabotage information systems change frequently and may not be known until launched against us, we may be unable to anticipate or prevent these attacks. 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 becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly 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, prevent data loss and prevent other security breaches or incidents, these security measures cannot guarantee total security or prevent incidents from impacting our platform. Our information technology and infrastructure may be vulnerable to cyberattacks or security 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, having employees or third-party relationships in jurisdictions outside the United States, or expand work-from-home practices of our employees (including increased use of video conferencing), our exposure to cyberattacks or security breaches and incidents may increase. Further, employee and service provider error, malfeasance or other errors in the storage, use or transmission of personal information could result in an actual or perceived privacy or security breach or other security incident. Although we have policies restricting access to personal information we store, in the past there have been allegations regarding violations of these policies and we may be subject to these types of allegations in the future. Our third-party service providers also face similar security risks. We and our third-party service providers may not have the resources or technical sophistication to anticipate, prevent, respond to, or mitigate cyberattacks or other sources of security breaches or incidents, and we or they may face difficulties or delays in identifying and responding to cyberattacks and data security breaches and incidents. In particular, our service providers may also be the targets of cyberattacks, malicious software, phishing schemes, and other attacks, and our third-party service providers' systems and networks may be, or may have been, breached or contain exploitable vulnerabilities or bugs that could result in a breach of or disruption to our or their systems or networks.

Any actual or perceived privacy or security breach or incident 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. Any actual or perceived privacy or security breach or incident impacting any entities with which we share or disclose data (including, for example, our third-party technology providers, third party autonomous vehicle providers, or other parties with whom we have agreed to share our data under licensing or other commercial arrangements) could have similar effects. In addition, any actual or perceived privacy or security breach or incident impacting any 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 strategy. Further, any cyberattacks directed toward, or privacy or security 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 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 data handling or data security liabilities actually incurred, 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 September 30, 2022, and only after complying with certain advance notice requirements. 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.

In January 2019, we entered into an addendum to our commercial agreement with AWS, pursuant to which we committed to spend an aggregate of at least \$300 million between January 2019 and December 2021 on AWS services, with a minimum amount of \$80 million in each of the three years. In May 2020, we amended the addendum to extend the commitment period through June 2022 with no change to the aggregate commitment amounts. 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 as well as third-party vehicle supply, fleet management and finance partners to support our Express Drive Program and Lyft Rentals 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 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. For example, in September 2019, GM issued a recall affecting the 2018 Chevy Malibu, which affected a moderate portion of the fleet provided by Lyft's rental partners. In addition, in May 2020, Hertz filed for bankruptcy protection, which affected their 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.

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, Lyft Rentals program, and potential future fleet businesses expose us to certain risks, including with respect to decreases in the residual value related to the used car market values, or reductions in the utilization of vehicles in the fleets.***

For the Lyft Rentals consumer car rental business and, through our independently managed subsidiary Flexdrive, for vehicles rented to drivers through our Express Drive program, 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% electric vehicles (EVs) on our platform by the end of 2030, that may limit the range of auto manufacturers or vehicles that we source from or purchase. To the extent that any of these auto manufacturers significantly curtail production, increase the cost of purchasing cars or decline to sell cars to us on terms or at prices consistent with past agreements, despite sourcing vehicles from the used car market and other efforts to mitigate, we may be unable to obtain a sufficient number of vehicles to operate our Express

Drive or Lyft Rentals businesses 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 our ability to rent vehicles in Lyft Rentals or the Express Drive program has been and could continue to be adversely affected, resulting in reduced utilization of the vehicles in the fleets. Reduced utilization has increased and could continue to increase costs of maintaining the fleets or storing or moving unused vehicles.

The costs of the fleet vehicles may also be adversely impacted by the relative strength of the used car market. We currently sell 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. Further, market events, such as the COVID-19 pandemic, have affected the demand for or pricing in the used vehicle market. For example, as a result of the COVID-19 pandemic, operators of large fleets, such as rental companies, are reportedly seeking to place large volumes of vehicles into the resale market, which have driven down the price and corresponding residual value of used vehicles. A reduction in residual values for vehicles in the Flexdrive or Lyft Rentals fleets could cause us to sustain a substantial loss on the ultimate sale of such vehicles or require us to depreciate those vehicles at a more accelerated rate. If we are unable to obtain and maintain the fleet of vehicles cost-efficiently or if we are unable to accurately forecast the residual values of vehicles in the fleets, 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 be also 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 or 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. If any of our partners terminates its relationship with us, including as a result of COVID-19-related impacts to their business and operations or for competitive reasons, 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. 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.

We incorporate technology from third parties into our platform. 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 containing 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. 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, 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. For example, in 2018, we launched our scooter sharing offering on our platform in certain markets and in April 2020, we began piloting a delivery service platform in response to the COVID-19 pandemic. 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) 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 return on investment. Further, from time to time we may reevaluate, discontinue and/or reduce these investments and decide to discontinue one or more offerings. 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 into bike and scooter sharing, other modes of transportation, auto repair and collision services, vehicle rental programs and delivery services 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 shared bikes and scooters, 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 new delivery service platform may not be successful and may expose us to additional risks.***

We are in the process of developing and assessing the feasibility of a business-to-business delivery service platform. This offering, which began in April 2020, currently allows businesses to send goods from one location to another. Drivers are provided the opportunity to opt-in to receive delivery requests and are currently paid based on a delivery-specific pay structure. Delivery is not currently available in all markets and therefore not all drivers have the opportunity to receive delivery requests at this time. We face a number of challenges that may affect the ultimate success of this offering, including:

- the market for this offering may not be sustained following the COVID-19 pandemic, or may not develop at all;
- we may be unable to attract and retain drivers for this offering, and drivers currently using our platform may not opt-in to drive for this offering, which may create shortages of driver supply;
- we may be unable to attract and retain businesses to participate in this offering;
- we may fail to develop an effective pricing model for this offering that incentivizes drivers and businesses to use this offering while maintaining margins for us;
- our competitors may have more experience with respect to business or consumer deliveries, greater brand recognition in the delivery space, or greater financial or other resources that enable them to derive greater revenue, attract and retain drivers and businesses for their similar offerings, and more efficiently provide their offerings;
- we may incur additional costs and expenses associated with providing business or consumer delivery services, including insurance-related and other costs;
- we may be subject to litigation in a number of areas, including personal injury and automotive liability, and we may be unsuccessful in compelling to arbitration claims brought by drivers providing rideshare and delivery services on the Lyft Platform;
- we are subject to a variety of laws and regulations that are costly to comply with and may affect the profitability of this offering or our ability to offer delivery in some markets, including laws and regulations regarding pricing or driver benefits, and any failure to comply with such laws and regulations will adversely affect our deliveries offering;
- the implementation of Proposition 22 in California may have an impact on delivery rate cards, which could impact our competitiveness and ability to operate within California; and
- we may fail to effectively respond to market developments in a timely manner, or at all.

Additionally, the development of this delivery service platform may divert resources, including management's attention, from our other offerings and adversely affect their development. If we are unable to develop and grow our delivery service platform, or unable to do so cost-effectively, whether as a result of our own actions or market conditions more generally, 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, because better information becomes available 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. If investors or analysts do not consider our metrics to be accurate representations of our business, 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.

***Our marketing efforts to help grow our business may not be effective.***

Promoting awareness of our offerings is important to our ability to grow our business and to attract new qualified drivers and new riders and can be costly. We believe that much of the growth in our rider base and the number of drivers on our platform is attributable to our paid marketing initiatives. Our marketing efforts currently include referrals, affiliate programs, free or discount trials, partnerships, display advertising, television, billboards, radio, video, content, direct mail, social media, email, hiring and classified advertisement websites, mobile "push" communications, search engine optimization and keyword search campaigns. Our marketing initiatives may become increasingly expensive and generating a meaningful return on those initiatives may be difficult. Even if we successfully increase revenue as a result of our paid marketing efforts, it may not offset the additional marketing expenses we incur.

If our marketing efforts are not successful in promoting awareness of our offerings or attracting new qualified drivers and new riders, or if we are not able to cost-effectively manage our marketing expenses, our results of operations could be adversely affected. If our marketing efforts are successful in increasing awareness of our offerings, this could also lead to increased public scrutiny of our business and increase the likelihood of third parties bringing legal proceedings against us. Any of the foregoing risks could harm our business, financial condition and results of operations.

***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. 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 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 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 and Shared Saver Rides offering and manage the related pricing methodologies, our business, financial condition and results of operations could be adversely affected.***

Shared and Shared Saver 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 or Shared Saver 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 and Shared Saver Rides, drivers earn a fixed amount based on a number of factors, including the time and distance of the ride, the base fare charged to riders 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 or Shared Saver Rides riders is less than the fixed amount that drivers earn or if our algorithms are unable to consistently match Shared or Shared Saver Rides riders, then our business, financial condition and results of operations could be adversely affected.

In light of the COVID-19 pandemic, we suspended Shared and Shared Saver Rides on our platform. While we believe these suspensions were in the best interests of drivers and riders on our platform, these suspensions have adversely affected our business and results of operations. We have begun to relaunch our shared rides offerings beginning in July 2021, and to the extent we continue to suspend these offerings during the COVID-19 pandemic, or demand for these offerings is adversely affected following the end of these suspensions, 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 the adoption of our up-front pricing methodology, we quote a price to riders of our ridesharing offering before they request a ride. We earn fees from drivers either as the difference between an amount paid by a rider based on an up-front quoted fare and the amount earned by a driver based on the actual time and distance for the trip or as a fixed percentage of the fare charged to the rider, in each case, less any applicable driver incentives and any pass-through amounts paid to drivers and regulatory agencies. 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. 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.

***Systems failures and resulting interruptions in the availability of our website, applications, platform or offerings could adversely affect our business, financial condition and results of operations.***

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 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;
- shelter-in-place orders in certain jurisdictions where we operate that have required many of our employees to work remotely, as well as permanent return to work arrangements and workplace strategies;
- 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 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 the COVID-19 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, managing our cost structure or in connection with acquisitions. For example, in response to the effects of the COVID-19 pandemic on our business, we took certain cost-cutting measures, including lay-offs, furloughs and salary reductions, 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 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 on our business, we have undertaken certain cost-cutting measures, including lay-offs, furloughs and salary reductions, which 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 may continue

to intensify as the economy recovers from COVID-19. 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. If the perceived value of our equity awards declines or we are unable to provide competitive compensation packages, it may adversely affect our ability to attract and retain highly qualified personnel, and we may experience increased attrition. 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, 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 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.

***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 contains 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.

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 processes for using open source software to avoid subjecting our platform 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. 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 any future international expansion strategy will subject us to additional costs and risks and our plans may not be successful.***

In 2017, we launched our offerings in Canada and we may continue to expand our international offerings. In addition, we have several international offices that support our business. 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;
- complying with the United States Foreign Corrupt Practices Act and similar laws in other jurisdictions;
- 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;
- operating in jurisdictions where we do not have, or that do not protect, intellectual property rights to the same extent as the United States; 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. 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 the applicable anti-corruption, anti-bribery, export controls and similar laws could result in adverse media coverage, investigations, significant legal fees, loss of export privileges, severe criminal or civil sanctions 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, ridesharing, worker classification, labor and employment, anti-discrimination, payments, gift cards, whistleblowing and worker confidentiality obligations, product liability, 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, 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, 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 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, Lyft Rentals 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 relatively nascent and is rapidly evolving and 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 or attempted to ban ridesharing and bike and scooter sharing. For example, in December 2018, the New York City Taxi & Limousine Commission adopted rules governing minimum driver earnings calculations and utilization rates applicable to our ridesharing platform, as well as certain other ridesharing platforms. Our legal challenge was unsuccessful and other cities are exploring similar legislation. The City of Seattle adopted the Transportation Network Company Driver Minimum Compensation Ordinance effective January 1, 2021, which sets minimum driver earnings calculations for our rideshare platform as well as other rideshare platforms. The City of Portland is also exploring driver earnings legislation. Other jurisdictions in which we currently operate or may want to operate could follow suit. 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 8. Commitments and Contingencies of the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q. Further, earlier this year, 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. 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, Connecticut, Oregon, Wisconsin, Illinois and New Jersey. See the section titled “Legal Proceedings” for additional information about these types of legal proceedings.

***The results of Proposition 22 in California have caused us to alter our operations and incur additional costs and we may face additional challenges as we implement these changes.***

The passage of Proposition 22 in California in November 2020 led us to continue providing flexible earning opportunities to drivers in California. This transition has required, and will continue to require, additional costs and we expect to face other challenges as we transition drivers to this new model, including the logistics of providing the additional earning opportunities, as well as potential changes to our pricing. The change in model may also affect our ability to attract and retain drivers and riders. To the extent similar classification models are adopted in other jurisdictions, we may face similar costs and challenges. Notwithstanding the passage of Proposition 22, we continue to face litigation in California, including to overturn Proposition 22, and in other jurisdictions which may in the future require us to classify drivers as employees if we are unsuccessful in our ongoing litigation.

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

Companies in the Internet and technology industries 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 we gain an increasingly high public profile and the number of competitors in our market increases and as we continue to develop new technologies and intellectual property, the possibility of intellectual property rights claims against us grows. 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 initiated 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 will 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 do 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 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 personally identifiable information and other data relating to the users on our platform. 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 types of 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, 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 becomes operative on January 1, 2023. These laws, rules and regulations evolve frequently and their scope 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 will 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. The effects of this legislation potentially are far-reaching, however, and may require us to further modify our data processing practices and policies and incur additional compliance-related costs and expenses. Additionally, other states have considered or have enacted legislation similar to the CCPA and CPRA. For example, on March 2, 2021, Virginia enacted the Virginia Consumer Data Protection Act, or CDPA, which becomes effective on January 1, 2023, and on June 8, 2021, Colorado enacted the Colorado Privacy Act, or CPA, which takes effect on July 1, 2023. These new and modified state 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 certain types 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 or 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 platform 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. Changes in the law or regulatory landscape could limit or prohibit activities in this regard. 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 regarding the use, collection, security, storage and disclosure of individuals' protected health information, or PHI. In 2009, HIPAA was amended by the HITECH Act to impose certain of HIPAA's privacy and security requirements directly upon business associates of covered entities. Contracted healthcare entities including healthcare providers, health plans, and transportation brokers 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 entities. 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 and protocols imposed by law, regulation, industry standards 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 or regulations or any 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 personally identifiable 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. Even if not subject to legal challenge, 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, 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, Driver Centers and Mobile Services, Lyft Auto Care, our network of shared bikes and scooters 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 and commercial 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 platform 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 platform 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 brokers 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 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. Furthermore, in response to the COVID-19 pandemic, since April 2020, we have been offering deliveries, including prescription delivery, through delivery requests matched on the Lyft Platform. In addition, rides matched through the Lyft Platform have been deemed an essential service by COVID-19 shelter-in-place orders in numerous jurisdictions. The foregoing may subject us to additional laws and regulations, including limits on pricing.

Despite our efforts to comply with applicable laws, regulations and other obligations relating to our platform 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 platform offerings, could harm our reputation and brand, discourage new and existing drivers and riders from using our platform, lead to refunds of rider 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 consumer protection laws. For example, the TCPA restricts telemarketing and the use of automated SMS text messages without proper consent. This has resulted and may in the future result in civil claims against us. 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 in response to COVID-19 and permanent work-from-home and hybrid 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 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.

***We have expended and intend to expend substantial funds in connection with the tax withholding liabilities that arise upon the settlement of RSUs, which may have an adverse effect on our financial condition and results of operations. We have also implemented "sell-to-cover" for certain employees in which shares of our Class A common stock are sold into the market on behalf of RSU holders upon vesting and settlement of RSUs to cover tax withholding liabilities and such sales will result in dilution to our stockholders.***

We have expended and intend to expend substantial funds to satisfy tax withholding and remittance obligations in connection with the settlement of RSUs. Since the initial settlement date for the RSUs that vested upon the effectiveness of our registration statement on Form S-1 related to our initial public offering, or our IPO Registration Statement, we have withheld shares, or provided for sales of shares on behalf of the holder to cover taxes upon vesting ("sell-to-cover"), and remitted tax withholding amounts on behalf of holders of RSUs at the applicable statutory rates. During the quarter ended September 30, 2021, we expended a total of approximately \$6.1 million to satisfy tax withholding and remittance obligations in connection with the settlement of such RSUs. Sell-to-cover transactions will not result in the expenditure of additional cash by us to satisfy the tax withholding obligations for RSUs, but will cause dilution to our stockholders and, to the extent a large number of shares are sold in connection with any vesting event, such sales volume may cause our stock price to fluctuate.

***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 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. As one example, voters in San Francisco approved “Proposition D” in November of 2019, which imposes a percentage-based tax on TNC rides originating in the city. Such taxes may adversely affect our financial condition and results of operations.

We are subject to non-income taxes, such as payroll, sales, use, value-added and goods and services taxes in the United States and various foreign jurisdictions, and we may face indirect tax audits in various U.S. and foreign jurisdictions. 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 fees. 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 sales, as well as penalties and interest, 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. After the U.S. Supreme Court decision in *South Dakota v. Wayfair Inc.*, certain states have enacted laws that would require tax reporting, collection or tax remittance on items sold online. Requiring tax reporting or collection could decrease driver or rider activity, which would harm our business. This new legislation could require us or drivers to incur substantial costs in order to comply, including costs associated with tax calculation, collection and 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, 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 additional substantial 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.

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 our transition to 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 will 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% electric vehicles (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 Senate Bill 1014, 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. 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. 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 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, COVID-19 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 and strategic investments that complement our business, such as our acquisitions of Motivate in November 2018 and Flexdrive in February 2020, as well as divestitures, partnerships and other transactions. We have previously acquired and continue to evaluate targets 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. There is no assurance that such acquired businesses will be successfully integrated into our business or generate substantial revenue, or that our investments in other technologies will generate returns for our business.

Acquisitions involve numerous risks, any of which could harm our business and negatively affect our financial condition and results of operations, including:

- intense competition for suitable acquisition targets, which could increase acquisition 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;
- difficulties in integrating the technologies, operations, existing contracts and personnel of an acquired company;
- 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;
- risks that regulatory bodies may enact new laws or promulgate new regulations that are adverse to an acquired company or business;
- 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, enter into joint ventures or strategic partnerships or other strategic transactions. For example, we recently closed the sale of our Level 5 self-driving vehicle division. 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. 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.

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 the 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. See Note 9 "Debt" to our condensed consolidated financial statements, for further information on these agreements and our outstanding debt obligations. As of September 30, 2021, we had \$712.0 million of indebtedness for borrowed money outstanding.

Our ability to make scheduled payments of the principal of, to pay interest 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. 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, the LIBOR is expected to be phased out as a benchmark by the end of 2021. In March 2021, InterContinental Benchmark Exchange and the United Kingdom's Financial Conduct Authority confirmed that LIBOR for all non-U.S. dollar currencies and for U.S. dollar one-week and two-month LIBOR would cease to be published, provided or representative after December 31, 2021, and all remaining U.S. dollar LIBOR tenors would 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, 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.

***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 reported results of operations may be adversely affected by changes in GAAP.***

GAAP is subject to interpretation by the FASB, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations and could affect the reporting of transactions completed before the announcement of a change. For example, in May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which superseded nearly all existing revenue recognition guidance. It is difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could negatively affect our reported results of operations.

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

As of December 31, 2020, we had \$6.2 billion of federal, \$5.4 billion of state and \$3.4 million of foreign net operating losses ("NOLs") available to reduce future taxable income, which will begin to expire in 2030 for federal, 2022 for state and 2037 for foreign tax 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 rules may apply under state tax laws. Our ability to use net operating loss 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 Act, as modified by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, among other things, includes changes to the rules governing NOLs. NOLs arising in tax years beginning after December 31, 2017 are subject to an 80% of taxable income limitation (as calculated before taking the NOLs into account) for tax years beginning after

December 31, 2020. In addition, NOLs arising in tax years 2018, 2019, and 2020 are subject to a five year carryback and indefinite carryforward, while NOLs arising in tax years beginning after December 31, 2020 also are subject to indefinite carryforward but cannot be carried back. Our NOLs may also be subject to limitations in other jurisdictions. For example, California recently enacted legislation suspending the use of NOLs for taxable years 2020, 2021, and 2022 for many taxpayers. In future years, if and when a net deferred tax asset is recognized related to our NOLs, the changes in the carryforward/carryback periods as well as the new limitation on use of NOLs 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 21.59% 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 12.73% 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 September 30, 2021 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 September 30, 2021.

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. In July 2017, FTSE Russell and S&P Dow Jones announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Beginning in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under the 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. These policies are still fairly new and it is as of yet unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included. 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;
- 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 we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new offerings or platform features;
- investor sentiment and the public's reaction to our press releases, 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.

***Sales of substantial amounts of our Class A common stock, or the perception that such sales have or could occur, could depress the market price of our Class A common stock.***

The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market, and the perception that these sales have or could occur may also depress the market price of our Class A common stock, including if there is short-selling or other hedging transactions.

We have filed a registration statement to register shares reserved for future issuance under our equity compensation plans. As a result, subject to the satisfaction of applicable exercise periods, the shares issued upon exercise of outstanding stock options or upon settlement of outstanding RSU awards will be available for immediate resale in the United States in the open market.

Sales of our Class A common stock may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales could also cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

***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 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 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, 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, 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 exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing 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.

*If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us, our business or our market, or if they change their recommendations regarding our Class A common stock adversely, the market price and trading volume of our Class A common stock could decline.*

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If any of the analysts who cover us change their recommendation regarding our Class A common stock adversely, provide more favorable relative recommendations about our competitors or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If one or more of these securities analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets and demand for our securities could decrease, which could cause the price and trading volume of our Class A common stock to decline.

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

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment.

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

Not applicable.

## **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## **ITEM 5. OTHER INFORMATION**

Not applicable.

**ITEM 6. EXHIBITS**

We have filed the exhibits listed on the accompanying Exhibit Index, which is incorporated herein by reference.

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>	<b>Incorporated by Reference</b>			
		<b>Form</b>	<b>File No.</b>	<b>Exhibit</b>	<b>Filing Date</b>
10.1+	<a href="#">Lyft, Inc. 2019 Employee Stock Purchase Plan and related form agreements, as amended and restated as of July 26, 2021.</a>				
31.1	<a href="#">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.</a>				
31.2	<a href="#">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.</a>				
32.1†	<a href="#">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.</a>				
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	XBRL Taxonomy Extension Schema Document.				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 has been formatted in Inline XBRL				

+ Indicates management contract or compensatory plan.

† The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of 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 Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

**SIGNATURES**

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

**LYFT, INC.**

Date: November 4, 2021

By: /s/ Logan Green  
Chief Executive Officer  
*(Principal Executive Officer)*

Date: November 4, 2021

By: /s/ Brian Roberts  
Chief Financial Officer  
*(Principal Financial Officer)*

## LYFT, Inc.

## 2019 EMPLOYEE STOCK PURCHASE PLAN

(as amended and restated July 26, 2021) (the "Amendment Effective Date")

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Companies with an opportunity to purchase Common Stock through accumulated Contributions. The Company intends for the Plan to have two components: a component that is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code (the "423 Component") and a component that is not intended to qualify as an "employee stock purchase plan" under Section 423 of the Code (the "Non-423 Component"). The provisions of the 423 Component, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. An option to purchase shares of Common Stock under the Non-423 Component will be granted pursuant to rules, procedures, or sub-plans adopted by the Administrator designed to achieve tax, securities laws, or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

2. Definitions.

- (a) "Administrator" means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.
- (b) "Affiliate" means any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.
- (c) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.
- (d) "Board" means the Board of Directors of the Company.
- (e) "Change in Control" means the occurrence of any of the following events:
  - (i) Change in Ownership of the Company. A change in the ownership of the Company that occurs on the date that any one person, or more than one person acting as a group ("Person") acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, (A) the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control and (B) any acquisition of additional stock by the Founders and/or their Permitted Entities (each as defined in the Company's certificate of incorporation, as amended from time to time (the "COI")) as a result of a Permitted Transfer (as defined in the COI) or from the Company in a transaction or issuance (including pursuant to outstanding stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance stock units and any other Company equity compensation awards) approved by the Board or a committee thereof, that results in such parties owning more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control. Further, if the stockholders of the Company immediately before such change in ownership continue to retain

immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event shall not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities. For the avoidance of doubt, increases in the percentage of total voting power owned by the Founders and/or their Permitted Entities resulting solely from a decrease in the number of shares of stock of the Company outstanding shall not constitute an acquisition that creates a Change in Control under this subsection (i); or

(ii) Change in Effective Control of the Company. If the Company has a class of securities registered pursuant to Section 12 of the Exchange Act, a change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period with individuals whose appointment or election to the Board is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) Change in Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (c), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section 2(e), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its primary purpose is to change the jurisdiction of the Company's incorporation, or (ii) its primary purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) “Code” means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code will include such section, any valid regulation or other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) “Committee” means a committee of the Board appointed in accordance with Section 14 hereof.

(h) “Common Stock” means the Class A common stock of the Company.

(i) “Company” means Lyft, Inc., a Delaware corporation, or any successor thereto.

(j) “Compensation” includes an Eligible Employee’s base straight time gross earnings and commissions (to the extent such commissions are an integral, recurring part of compensation) and performance-based incentive bonuses, but excludes payments for sign-on or hire, long-term or multi-year, and retention incentive compensation or bonuses, payments for overtime and shift premium, equity compensation income and other similar compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period.

(k) “Contributions” means the payroll deductions and other additional payments that the Company may permit to be made by a Participant to fund the exercise of options granted pursuant to the Plan.

(l) “Designated Company” means any Subsidiary or Affiliate of the Company that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the 423 Component, only the Company and its Subsidiaries may be Designated Companies, provided, however that at any given time, a Subsidiary that is a Designated Company under the 423 Component will not be a Designated Company under the Non-423 Component.

(m) “Director” means a member of the Board.

(n) “Eligible Employee” means any individual who is a common law employee providing services to the Company or a Designated Company and is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Employer, or any lesser number of hours per week and/or number of months in any calendar year established by the Administrator (if required under applicable local law) for purposes of any separate Offering or the Non-423 Component. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws. Where the period of leave exceeds three (3) months and the individual’s right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423-2) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level

or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering in an identical manner to all highly compensated individuals of the Employer whose Eligible Employees are participating in that Offering. Each exclusion will be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii).

(o) “Employer” means the employer of the applicable Eligible Employee(s).

(p) “Enrollment Date” means the first Trading Day of an Offering Period.

(q) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(r) “Exercise Date” means the last Trading Day of the Purchase Period. Notwithstanding the foregoing, in the event that an Offering Period is terminated prior to its expiration pursuant to Section 20(a), the Administrator, in its sole discretion, may determine that any Purchase Period also terminating under such Offering Period will terminate without options being exercised on the Exercise Date that otherwise would have occurred on the last Trading Day of such Purchase Period.

(s) “Fair Market Value” means, as of any date, the value of a share of Common Stock determined as follows:

(i) For purposes of the Enrollment Date of the first Offering Period under the Plan, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company’s Common Stock.

(ii) For all other purposes, the Fair Market Value will be the closing sales price for Common Stock as quoted on any established stock exchange or national market system (including without limitation the New York Stock Exchange, NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market) on which the Common Stock is listed on the date of determination (or the closing bid, if no sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable. If the determination date for the Fair Market Value occurs on a non-Trading Day (i.e., a weekend or holiday), the Fair Market Value will be such price on the immediately preceding Trading Day, unless otherwise determined by the Administrator. In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

The determination of fair market value for purposes of tax withholding may be made in the Administrator’s discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator; or

(iv) For purposes of the Enrollment Date of the first Offering Period under the Plan, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the Registration Statement.

(t) “Fiscal Year” means a fiscal year of the Company.

(u) “New Exercise Date” means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(v) “Offering” means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Eligible Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

(w) “Offering Periods” means the periods of approximately twelve (12) months during which an option granted pursuant to the Plan may be exercised, commencing on the first Trading Day on or after May 15 and November 15 of each year and terminating on the last Trading Day on or before May 15 and November 15, approximately twelve (12) months later. The duration and timing of Offering Periods may be changed pursuant to Sections 4, 20 and 30.

(x) “Parent” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) “Participant” means an Eligible Employee that participates in the Plan.

(z) “Plan” means this Lyft, Inc. 2019 Employee Stock Purchase Plan, as amended and restated.

(aa) “Purchase Period” means the periods during an Offering Period during which shares of Common Stock may be purchased on a Participant’s behalf in accordance with the terms of the Plan. Unless the Administrator provides otherwise, Purchase Periods for all other Offering Periods will (i) commence on the first Trading Day on or after May 15 and November 15 and (ii) terminate on the last Trading Day on or before November 15 of the same year and May 15 of the following year, respectively.

(bb) “Purchase Price” means an amount equal to eighty-five percent (85%) of the Fair Market Value on the Enrollment Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator subject to compliance with Section 423 of the Code (or any successor rule or provision or any other Applicable Law, regulation or stock exchange rule) or pursuant to Section 20.

(cc) “Registration Date” means the effective date of the Registration Statement.

(dd) “Registration Statement” means the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Common Stock.

(ee) “Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ff) “Trading Day” means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

(gg) “U.S. Treasury Regulations” means the Treasury regulations of the Code. Reference to a specific Treasury Regulation will include such Treasury Regulation, the section of the Code under which such regulation was promulgated, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such Section or regulation.

3. Eligibility.

(a) First Offering Period. Any individual who is an Eligible Employee immediately prior to the first Offering Period will be automatically enrolled in the first Offering Period.

(b) Subsequent Offering Periods. Any Eligible Employee on a given Enrollment Date subsequent to the first Offering Period will be eligible to participate in the Plan, subject to the requirements of Section 5.

(c) Non-U.S. Employees. Eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Eligible Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In the case of the Non-423 Component, Eligible Employees may be excluded from participation in the Plan or an Offering if the Administrator determines that participation of such Eligible Employees is not advisable or practicable.

(d) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds twenty-five thousand dollars (\$25,000) (or, in the case of Offering Periods beginning prior to the Amendment Effective Date, twenty thousand dollars (\$20,000)) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. The Plan will be implemented by consecutive, overlapping Offering Periods with a new Offering Period commencing on the first Trading Day on or after May 15 and November 15 each year, or on such other dates as the Administrator will determine. The duration and timing of Offering Periods may be changed pursuant to Sections 20 and 30. The Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future Offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter; provided, however, that no Offering Period may last more than twenty-seven (27) months.

5. Participation. An Eligible Employee may participate in the Plan pursuant to Section 3(b) by (i) submitting to the Company’s stock administration office (or its designee) a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose (which may be similar to the form attached hereto as Exhibit A) or (ii) following an electronic or other enrollment procedure determined by the Administrator, in either case on or before a date determined by the Administrator prior to an applicable Enrollment Date.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have Contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation that he or she receives on the pay day (for illustrative purposes, should a pay day occur on an Exercise Date, a Participant will have any Contributions made on such day applied to his or her account under the then-current Purchase Period or Offering Period). The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) In the event Contributions are made in the form of payroll deductions, such payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last pay day on or prior to the last Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof; provided, however, that for the first Offering Period, payroll deductions will commence on the first pay day on or following the end of the Enrollment Window.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and Contributions will be made in whole percentages of his or her Compensation only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided under Section 10. Unless otherwise determined by the Administrator, during a Purchase Period, a Participant may not increase the rate of his or her Contributions and may only decrease the rate of his or her Contributions one (1) time. Any such decrease during a Purchase Period requires the Participant (i) properly complete and submit to the Company's stock administration office (or its designee) a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose or (ii) following an electronic or other procedure prescribed by the Administrator, in either case on or before a date determined by the Administrator prior to an applicable Exercise Date. If a Participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Purchase Period and future Offering Periods and Purchase Periods (unless the Participant's participation is terminated as provided in Sections 10 or 11). The Administrator may, in its sole discretion, amend the nature and/or number of Contribution rate changes that may be made by Participants during any Offering Period or Purchase Period and may establish other conditions or limitations as it deems appropriate for Plan administration. Any change in the rate of Contributions made pursuant to this Section 6(d) will be effective as of the first (1<sup>st</sup>) full payroll period following five (5) business days after the date on which the change is made by the Participant (unless the Administrator, in its sole discretion, elects to process a given change in payroll deduction rate more quickly).

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(d), a Participant's Contributions may be decreased to zero percent (0%) at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code and Section 3(d) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Purchase Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Participants to participate in the Plan via cash contributions instead of payroll deductions if (i) payroll deductions are not

permitted under applicable local law, (ii) the Administrator determines that cash contributions are permissible under Section 423 of the Code; or (iii) the Participants are participating in the Non-423 Component.

(g) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

7. Grant of Option. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Purchase Period more than 1,000 (or, in the case of Offering Periods beginning prior to the Amendment Effective Date, 750) shares of Common Stock (subject to any adjustment pursuant to Section 19) and provided further that such purchase will be subject to the limitations set forth in Sections 3(d) and 13. The Eligible Employee may accept the grant of such option (i) with respect to the first Offering Period by submitting a properly completed subscription agreement in accordance with the requirements of Section 5 on or before the last day of the Enrollment Window, and (ii) with respect to any subsequent Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on each Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. No fractional shares of Common Stock will be purchased; any Contributions accumulated in a Participant's account, which are not sufficient to purchase a full share will be retained in the Participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10. Any other funds left over in a Participant's account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of

shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 20. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose (which may be similar to the form attached hereto as Exhibit B), or (ii) following an electronic or other withdrawal procedure determined by the Administrator. All of the Participant's Contributions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect on his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated. Unless otherwise provided by the Administrator, a Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service)

by the Company or a Designated Company will not be treated as terminated under the Plan; however, if a Participant transfers from an Offering under the 423 Component to the Non-423 Component, the exercise of the option will be qualified under the 423 Component only to the extent it complies with Section 423 of the Code, unless otherwise provided by the Administrator.

12. Interest. No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Law, as determined by the Company, and if so required by the laws of a particular jurisdiction, will apply to all Participants in the relevant Offering under the 423 Component, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f).

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be 6,000,000 shares of Common Stock. The number of shares of Common Stock available for issuance under the Plan will be increased 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 Common Stock (subject to any adjustment pursuant to Section 19), (ii) one percent (1%) 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.

(b) Until the shares of Common Stock are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will have only the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. Administration. The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to delegate ministerial duties to any of the Company's employees, to designate separate Offerings under the Plan, to designate Subsidiaries and Affiliates of the Company as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary for the administration of the Plan (including, without limitation, to adopt such procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the U.S., the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan will govern the operation of such sub-plan). Unless otherwise determined by the Administrator, the Eligible Employees eligible to participate in each sub-plan will participate in a separate Offering or in the Non-423 Component. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S.

jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision, and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties.

15. Designation of Beneficiary.

(a) If permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, if permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by notice in a form determined by the Administrator. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time. Notwithstanding Sections 15(a) and (b) above, the Company and/or the Administrator may decide not to permit such designations by Participants in non-U.S. jurisdictions to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

16. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings or for Participants in the Non-423 Component for which Applicable Laws require that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party. Until shares of Common Stock are issued, Participants will have only the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. Adjustments, Dissolution, Liquidation, Merger, or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period will end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 19). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under Applicable Laws, as further set forth in Section 12 hereof) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 20(a), the Administrator will be entitled to change the Offering Periods or Purchase Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and

establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Participants.

21. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the U.S. Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Code Section 409A. The 423 Component of the Plan is exempt from the application of Code Section 409A and any ambiguities herein will be interpreted to so be exempt from Code Section 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or

appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Code Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Code Section 409A. Notwithstanding the foregoing, the Company will have no liability to a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Code Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto. The Company makes no representation that the option to purchase Common Stock under the Plan is compliant with Code Section 409A.

24. Term of Plan. The Plan will become effective upon the later to occur of (i) its adoption by the Board or (ii) the business day immediately prior to the Registration Date. It will continue in effect for a term of twenty (20) years, unless sooner terminated under Section 20.

25. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

26. Governing Law. The Plan will be governed by, and construed in accordance with, the laws of the State of California (except its choice-of-law provisions).

27. No Right to Employment. Participation in the Plan by a Participant will not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate of the Company, as applicable. Further, the Company or a Subsidiary or Affiliate of the Company may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan, unless otherwise required pursuant to Applicable Laws.

28. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

29. Compliance with Applicable Laws. The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

30. Automatic Transfer to Low Price Offering Period. To the extent permitted by Applicable Laws, if the Fair Market Value on any Exercise Date in an Offering Period is lower than the Fair Market Value on the Enrollment Date of such Offering Period, then such Offering Period automatically will be terminated on such Exercise Date immediately after the exercise of all options outstanding as of such Exercise Date, and all Participants in such Offering Period automatically will be re-enrolled in the immediately following Offering Period as of the first day thereof.

**EXHIBIT A**  
**LYFT, Inc.**

**2019 EMPLOYEE STOCK PURCHASE PLAN**

**SUBSCRIPTION AGREEMENT**

\_\_\_ Original Application  
\_\_\_ Change in Payroll Deduction Rate

Offering Date: \_\_\_\_\_

1. ("Employee") hereby elects to participate in the Lyft, Inc. 2019 Employee Stock Purchase Plan (the "Plan") and subscribes to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement, including the country specific terms as set forth in the appendix attached hereto, and the Plan. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Subscription Agreement.

2. Employee hereby authorizes payroll deductions from each paycheck in the amount of \_\_\_% (from 1% to fifteen percent (15%); a decrease in rate may be to zero percent (0%)) of his or her Compensation on each payday during the Offering Period in accordance with the Plan. (Please note that no fractional percentages are permitted.)

3. Employee understands said payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Plan. Employee understands that if he or she does not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise his or her option and purchase Common Stock under the Plan.

4. Employee has received a copy of the complete Plan and its accompanying prospectus. Employee understands that his or her participation in the Plan is in all respects subject to the terms of the Plan.

5. Shares of Common Stock purchased by Employee under the Plan should be issued in the name of \_\_\_\_\_ Employee (or, if permitted by Applicable Laws and designated by Employee, Employee and Spouse).

6. If an Employee is a U.S. taxpayer, Employee understands that if he or she disposes of any shares that he or she purchased under the Plan within two (2) years after the Enrollment Date (the first day of the Offering Period during which he or she purchased such shares) or (1) year after the applicable Exercise Date, he or she will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased over the price paid for the shares. If an Employee is a U.S. taxpayer, Employee hereby agrees to notify the Company in writing within thirty (30) days after the date of any disposition of such shares and to make adequate provision for federal, state or other tax withholding obligations, if any, that arise upon the disposition of such shares. The Company may, but will not be obligated to, withhold the Employee's compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to Employee's sale or disposition of such shares. If an Employee is a U.S. taxpayer, Employee understands that if he or she disposes of such shares at any time after the expiration of the two (2)-year and one (1)-year holding periods, he or she will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will

be taxed as ordinary income only to the extent of an amount equal to the lesser of (i) the excess of the fair market value of the shares at the time of such disposition over the purchase price paid for the shares, or (ii) fifteen percent (15%) of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

7. Responsibility for Taxes.

a. Employee acknowledges that, regardless of any action taken by the Company or, if different, the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Employee's participation in the Plan and legally applicable to Employee ("Tax-Related Items") is and remains Employee's responsibility and may exceed the amount, if any, actually withheld by the Company and/or the Employer. Employee further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of Employee's participation in the Plan, including the grant or exercise of the option to purchase shares of Common Stock, the purchase of shares of Common Stock under the Plan, the subsequent sale of such shares acquired under the Plan and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the option to purchase shares of Common Stock under the Plan to reduce or eliminate Employee's liability for Tax-Related Items or achieve any particular tax result. Further, if Employee is subject to Tax-Related Items in more than one jurisdiction, Employee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

b. Prior to any relevant tax or tax withholding event, as applicable, Employee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Employee authorizes the Company and/or the Employer to satisfy their withholding obligations with regard to all Tax-Related Items by withholding from Employee's wages or other cash compensation otherwise payable to Employee by the Company and/or the Employer. If the obligations for Tax-Related Items cannot be satisfied by withholding from Employee's wages or other cash compensation as contemplated herein, then Employee authorizes the Company and/or the Employer or their respective agents to satisfy their withholding obligations with regard to all Tax-Related Items by withholding from proceeds of the sale of shares of Common Stock acquired upon exercise of the option, either through a voluntary sale or through a mandatory sale arranged by the Company (on Employee's behalf pursuant to this authorization, without further consent), or, if such method is problematic under applicable tax or securities law or has materially adverse accounting consequences, by withholding from the shares of Common Stock to be issued upon exercise of the option to purchase such shares. The Company may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including maximum applicable rates in Employee's jurisdiction. If Tax-Related Items are withheld in excess of Employee's actual tax liability, any over-withheld amount may be refunded to Employee in cash (with no entitlement to the Share equivalent) or, if not refunded, Employee may be entitled to a refund from the local tax, social security or other applicable authorities. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Employee will be deemed to have been issued the full number of Shares subject to the exercised option, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of satisfying withholding obligations for Tax-Related Items.

c. Finally, Employee agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Employee's participation in the Plan or Employee's purchase of shares of Common Stock that cannot be satisfied by the means previously described. The

Company may refuse to purchase shares of Common Stock on Employee's behalf under the Plan and refuse to deliver such shares if Employee fails to comply with Employee's obligations in connection with the Tax-Related Items as described in this section.

8. Nature of Grant. By enrolling in the Plan and making enrollment elections, Employee acknowledges, understands and agrees that:
- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
  - (b) the grant of the option to purchase shares of Common Stock under the Plan is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;
  - (c) all decisions with respect to future options or other grants, if any, will be at the sole discretion of the Company;
  - (d) Employee's participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer, any Subsidiary or Affiliate and shall not interfere with the ability of the Employer to terminate Employee's employment relationship (if any) at any time;
  - (e) Employee is voluntarily participating in the Plan;
  - (f) the option and any shares of Common Stock purchased under the Plan, and the income from and value of the same, are not intended to replace any pension rights or compensation;
  - (g) the option and any shares of Common Stock purchased under the Plan, and the income from and value of the same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
  - (h) unless otherwise agreed with the Company, in writing, the option and any shares of Common Stock purchased under the Plan, and the income from and value of the same, are not granted as consideration for, or in connection with, any service Employee may provide as a director of a Subsidiary or Affiliate;
  - (i) the future value of the underlying shares of Common Stock purchased or to be purchased under the Plan is unknown, indeterminable and cannot be predicted with certainty;
  - (j) if shares of Common Stock are purchased for Employee at the end of an Offering Period, the value of the shares acquired under the Plan may increase or decrease in value, even below the Purchase Price;
  - (k) no claim or entitlement to compensation shall arise from forfeiture of the option to purchase shares of Common Stock resulting from Employee ceasing to provide employment or other services to the

Company or the Employer (regardless of the reason for such termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any);

- (l) in the event of Employee's termination of employment (regardless of the reason for such termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any), unless otherwise determined by the Company, Employee's right to participate in and to purchase shares of Common Stock under the Plan, if any, will terminate effective as of the date that Employee is no longer actively providing services to the Employer, the Company or one of its Designated Companies and will not be extended by any notice period (e.g., active services would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Employee is employed or the terms of Employee's employment agreement, if any); the Board (or the Committee) shall have the exclusive discretion to determine when Employee is no longer actively providing services for purposes of Employee's participation in the Plan (including whether Employee may still be considered to be provided services while on a leave of absence); and
- (m) neither the Company, the Employer nor any other Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between Employee's local currency and the United States Dollar that may affect the value of the option or any amounts due to the Employee pursuant to Employee's participation in the Plan or the subsequent sale of any shares of Common Stock acquired at purchase.

9. **Data Privacy.** *Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Employee's personal data as described in this Subscription Agreement and any other offering materials by and among, as applicable, the Employer, or the Company and any Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Employee's participation in the Plan.*

*Employee understands that the Company and the Employer may hold certain personal information about Employee, including, but not limited to, Employee's name, home address and telephone number, date of birth, social insurance/security number or other identification number, salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all options to purchase shares of Common Stock or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in Employee's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*Employee understands that Data will be transferred to Charles Schwab & Co., Inc. ("Schwab"), and any other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration, and management of the Plan. Employee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country of operation (e.g., the United States) may have different data privacy laws and protections than Employee's country. Employee understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Employee authorizes the Company, Schwab, any other stock plan service provider selected by the Company (presently or in the future), and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation*

*in the Plan. Employee understands that Data will be held only as long as is necessary to implement, administer and manage Employee's participation in the Plan. Employee understands that where provided by law, he or she may exercise rights related to the Data, including, for example the rights to request to view Data, request additional information about the storage and processing of Data, request necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Employee understands that he or she is providing the consents herein on a purely voluntary basis. If Employee does not consent, or if Employee later seeks to revoke his or her consent, his or her status as an Employee and career with the Employer will not be affected; the only consequence of refusing or withdrawing Employee's consent is that the Company would not be able to allow Employee's participation in the Plan or administer or maintain such participation. Therefore, Employee understands that refusing or withdrawing his or her consent may affect Employee's ability to participate in the Plan. For more information on the consequences of Employee's refusal to consent or withdrawal of consent, Employee understands that he or she may contact his or her local human resources representative.*

10. No Advice Regarding Participation. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Employee's participation in the Plan, or the purchase of shares of Common Stock or the sale of shares of Common Stock acquired under the Plan. Employee should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. Insider Trading Restrictions/Market Abuse Laws. Depending on Employee's country, the broker's country or the country in which the shares of Common Stock are listed, Employee may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including but not limited to the United States, Employee's country or the broker or any other stock plan service provider's country, which may affect Employee's ability to directly or indirectly, for Employee or a third party, accept, acquire, sell, attempt to sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (e.g., options) or rights linked to the value of shares of Common Stock during such times as Employee is considered to have "inside information" (as defined by the laws in the applicable jurisdictions) regarding the Company, Employer, or any Subsidiary or Affiliate. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Employee placed before Employee possessed inside information. Furthermore, Employee could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Employee understands that any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company or Employer, Subsidiary or Affiliate insider trading or confidential information policy. Employee acknowledges that it is his or her responsibility to comply with any applicable restrictions and that Employee should consult with his or her personal legal advisor on this matter.

12. Foreign Asset/Account Reporting and Exchange Control Information. Employee understands that Employee's country may have certain foreign asset and/or account reporting requirements and exchange controls which may affect Employee's ability to purchase or hold shares of Common Stock under the Plan or receive cash from Employee's participation in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside Employee's country. Employee understands that he or she may be required to report such accounts, assets or transactions to the tax or other authorities in Employee's country. Employee further understands that he or she may be required to repatriate shares of Common Stock or proceeds acquired as a result of participating in the Plan to Employee's country through a designated bank/broker and/or within a certain time. Employee acknowledges and agrees that it is Employee's responsibility to be compliant with such regulations and

understands that he or she should speak to with his or her personal legal advisor for any details regarding any foreign asset/account reporting or exchange control reporting requirements in Employee's country arising out of Employee's participation in the Plan.

13. Governing Law and Venue. The provisions of this Subscription Agreement, the option to purchase shares of Common Stock and Employee's participation in the Plan are governed by, and subject to, the laws of the State of California (except its choice-of-law provisions). For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or this Subscription Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the federal or state courts of California, and no other courts, where this grant is made and/or to be performed.

14. Language. Employee acknowledges that her or she is proficient in the English language, or has consulted with an advisor who is proficient in the English language, so as to enable Employee to understand the provisions of this Subscription Agreement and the Plan. If Employee has received this Subscription Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

15. Electronic Delivery and Participation. The Company may, in its sole discretion, decide to deliver any documents related to the option and participation in the Plan or future options that may be granted under the Plan by electronic means or request Employee's consent to participate in the Plan by electronic means. Employee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

16. Appendix. Notwithstanding any provision of this Subscription Agreement, the grant of the option to purchase shares of Common Stock and any shares of Common Stock acquired under the Plan shall be subject to any additional terms and conditions set forth in the Appendix to this Subscription Agreement for Employee's country, if any. Moreover, if Employee relocates to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Such terms and conditions are incorporated by reference into and are part of this Subscription Agreement.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Employee's participation in the Plan, on the option and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. Severability. The provisions of this Subscription Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

19. Waiver. Employee acknowledges that a waiver by the Company of breach of any provision of this Subscription Agreement shall not operate or be construed as a waiver of any other provision of this Subscription Agreement, or of any subsequent breach by Employee.

Employee hereby agrees to be bound by the terms of the Plan. The effectiveness of this Subscription Agreement is dependent upon Employee's eligibility to participate in the Plan.

Employee's Social Security / National Insurance Number (for U.S. /  
U.K. tax payers only)" \_\_\_\_\_  
\_\_\_\_\_  
Employee's Address \_\_\_\_\_  
\_\_\_\_\_

20. EMPLOYEE UNDERSTANDS THAT THIS SUBSCRIPTION AGREEMENT WILL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY EMPLOYEE.

Dated: \_\_\_\_\_  
Signature of Employee \_\_\_\_\_

**APPENDIX TO**  
**LYFT, INC.**  
**2019 EMPLOYEE STOCK PURCHASE PLAN**  
**SUBSCRIPTION AGREEMENT**

Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Subscription Agreement.

***Terms and Conditions***

This Appendix includes additional terms and conditions that govern the option to purchase shares of Common Stock granted to Employee under the Plan if Employee resides and/or works in one of the countries listed below.

If Employee is a citizen or resident of a country other than the one in which Employee is currently residing and/or working, transfers employment and/or residency after the Offering Date, or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to Employee.

***Notifications***

This Appendix also includes information regarding certain other legal issues of which Employee should be aware with respect to Employee's participation in the Plan. The information is based on the securities and other laws in effect in the respective countries as of September 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Employee not rely on the information in this Appendix as the only source of information relating to the consequences of Employee's participation in the Plan because the information may be out of date by the Purchase Date or when Employee sells shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Employee's particular situation, and the Company is not in a position to assure Employee of a particular result. Accordingly, Employee should seek appropriate professional advice as to how the relevant laws in Employee's country may apply to his or her situation.

Finally, if Employee is a citizen or resident of a country other than the one in which Employee is currently residing and/or working, transfers employment and/or residency after the Offering Date, or is considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to Employee in the same manner.

## Data Privacy Notice for Employees Inside the European Union and European Economic Area

**Purposes and Legal Bases of Processing.** *The Company processes Data (as defined below) for the purpose of administering and managing Employee's participation in the Plan and facilitating compliance with applicable tax, exchange control, securities and labor law. The legal basis for the processing of Data by the Company and the third-party service providers described below is the necessity of the data processing for the Company to perform its contractual obligations in connection with the option to purchase shares of Common Stock and for the Company's legitimate business interests of managing the Plan and generally administering employee equity awards.*

**Data Collection and Processing.** *The Company collects, processes and uses the following types of personal information about Employee: Employee's name, address, telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company details of all shares of Common Stock acquired under the Plan or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in Employee's favor ("Data"), for the legitimate purpose of managing Employee's participation in the Plan.*

**Stock Plan Administration Service Providers.** *The Company transfers Data to Charles Schwab & Co., Inc. ("Schwab"), an independent service provider based in the U.S. which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such different service provider that serves the Company in a similar manner. Employee may be asked to agree on separate terms and data processing practices with Schwab, with such agreement being a condition for Employee to participate in the Plan. The Company may further transfer Data to other third party service providers, if necessary to ensure compliance with applicable tax, exchange control, securities and labor law. Such third party service providers may include the Company's outside legal counsel and auditor.*

**International Data Transfers.** *The Company and Schwab operate, relevant to the Company, in the U.S., which means that it will be necessary for Data to be transferred to, and processed in, the U.S. Employee understands and acknowledges that the U.S. is not subject to an unlimited adequacy finding by the European Commission and that Employee's Data may not have an equivalent level of protection as compared to Employee's country of residence. The Company complies with applicable legal requirements providing adequate protection for these transfers of Data. Data that the Company collects from Employee will be transferred to, and stored at/processed in the United States, under the European Commission's model contracts for the transfer of personal data to third countries (i.e., the standard contractual clauses), pursuant to Decision 2004/915/EC. Employee should contact [\*\*\*] should he or she wish to examine the intra-group standard data protection clauses entered into by the Company Group.*

**Data Retention.** *The Company will hold and use Data only as long as is necessary to implement, administer and manage Employee's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws, which may extend beyond Employee's employment. Once the required retention period has elapsed for any of the above purposes, the Company will cease processing of Data to the fullest extent practicable.*

**Data Subject Rights.** *Employee may have a number of rights under applicable data privacy laws. Depending on where Employee is based, such rights may include the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) restrict the portability of Data, (vi) lodge complaints with competent authorities in Employee's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Employee can contact [\*\*\*].*

**Contractual Requirement.** *Employee's provision of Data and its processing as described above is a contractual requirement and a condition to Employee's ability to participate in the Plan. Employee understands that, as a*

*consequence of Employee refusing to provide Data, the Company may not be able to allow Employee to participate in the Plan, allow Employee to purchase of any shares of Common Stock or grant other equity awards to Employee or administer or maintain such awards. However, Employee's participation in the Plan is purely voluntary. While Employee will not receive the option to purchase shares of Common Stock or any other equity awards if Employee decides against providing Data as described above, Employee's career and salary will not be affected in any way.*

## **CANADA**

### ***Terms and Conditions***

**Termination of Employment.** The following provision replaces Section 8(l) of the Subscription Agreement:

In the event of Employee's termination of employment or other services to the Company, the Employer or any Subsidiary or Affiliate (regardless of the reason for such termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where Employee is employed or under the terms of Employee's employment agreement, if any), Employee understands that he or she shall cease to have any right or entitlement to participate in the Plan and purchase any shares of Common Stock under the Plan. For purposes of the preceding sentence, and unless otherwise required by Applicable Laws, Employee understands that his or her right to participate in the Plan will terminate effective as of the earliest of (i) the date Employee's employment is terminated, (ii) the date Employee receives written notice of termination of employment from the Employer and (iii) the date on which Employee is no longer actively employed, regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to statutory law, regulatory law and/or common law). In the event the date of Employee's termination cannot be reasonably determined under the terms of the Subscription Agreement and the Plan, the Board (or the Committee) shall have the exclusive discretion to determine when Employee is no longer actively providing service for purposes of Employee's participation in the Plan (including whether Employee may still be considered to be provided services while on a leave of absence).

***The following provisions apply to Employees in Quebec:***

**Data Privacy.** The following provision supplements the "Data Privacy" provision of the Subscription Agreement:

Employee hereby authorizes the Company and the Company's representative to discuss with and obtain all relevant information from all personnel (professional or non-professional) involved with the administration of the Plan. Employees further authorizes the Company, the Employer, and any other stock plan service provider as may be selected by the Company or the Employer in the future to assist with the Plan to disclose and discuss Employee's participation in the Plan with their advisors. Employee also authorizes the Company and the Employer to record such information and keep it in Employee's employee file.

**Consent to Receive Information in English.** The parties acknowledge that it is their express wish that the option grant, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de cette Convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente Convention.*

### ***Notifications***

**Securities Law Acknowledgment.** Employee acknowledges and agrees that Employee will sell shares of Common Stock acquired through participation in the Plan only outside of Canada through the facilities of a stock exchange on which the shares of Common Stock are listed. Currently, the shares of Common Stock are listed on Nasdaq Global Select Market under the symbol "LYFT".

**Foreign Asset/Account Reporting Information.** Employee is required to report any foreign specified property (including Common Stock acquired under the Plan) with a value exceeding C\$100,000 on Form T1135 (Foreign Income Verification Statement) on an annual basis. The statement is due at the same time as Employee's annual tax return. The shares of Common Stock must be reported (generally, at nil cost) on Form 1135 if the C\$100,000 value threshold is

exceeded due to other foreign specified property Employee holds. When shares of Common Stock are acquired, their value generally is the adjusted cost base ("ACB") of such shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if Employee owns other Shares, this ACB may have to be averaged with the ACB of the other Shares.

## **GERMANY**

### ***Notifications***

**Exchange Control Information.** Cross-border payments in excess of €12,500 in connection with the sale of securities (e.g., shares of Common Stock) and/or dividends received in relation to shares must be reported monthly to the German Federal Bank. Employee is responsible for satisfying the reporting obligation and must file the report electronically by the fifth day of the month following the month in which the payment is received. A copy of the form can be accessed via the German Federal Bank's website at [www.bundesbank.de](http://www.bundesbank.de) and is available in both German and English. No report is required for payments less than €12,500.

## **MEXICO**

### ***Terms and Conditions***

**Authorization for Plan Participation.** The following provision supplements Sections 2, 3 and 4 of the Subscription Agreement:

Employee hereby authorizes Lyft Platform Mexico, S. de R.L. de C.V. ("Lyft Mexico" and/or "the Employer"), to take Contributions in the form of payroll deductions from Employee's Compensation for each pay period in the U.S. dollar amount of Employee's Compensation that Employee has specified during enrollment. This withholding will continue until Employee informs the Employer in writing to stop such payroll deductions.

Employee hereby further requests that the accumulated Contributions to which the preceding paragraph refers shall be delivered by the Employer to the Company and shall be used by the Company or its designated broker to purchase shares of Common Stock in accordance with the terms and conditions of the Plan and the Subscription Agreement.

Employee acknowledges and agrees that the participation of the Employer in the Plan is limited to acting as an intermediary in delivering to the Company the amounts withheld from Employee's Compensation each pay period and that the benefits under the Plan are not fringe benefits provided by the Employer. The Employer will make no additional salary payment or other compensation to Employee as a result of the Plan. Employee further acknowledges that the deductions Employee has authorized are not a loss of salary and that Employee has received in full his or her entire salary for each pay period during Employee's participation in the Plan.

**Acknowledgement of the Subscription Agreement.** By accepting the Subscription Agreement, Employee acknowledges that Employee has received a copy of the Plan and the Subscription Agreement, including this Appendix, which Employee has reviewed. Employee further acknowledges that Employee accepts all the provisions of the Plan and the Subscription Agreement, including this Appendix. Employee also acknowledges that Employee has read and specifically and expressly approves the terms and conditions set forth in Section 8 of the Subscription Agreement, which clearly provide as follows:

- (1) Employee's participation in the Plan does not constitute an acquired right;
- (2) The Plan and Employee's participation in it are offered by the Company on a wholly discretionary basis;
- (3) Employee's participation in the Plan is voluntary; and

(4) The Employer, the Company and its Subsidiaries and Affiliates are not responsible for any decrease in the value of any shares of Common Stock acquired at purchase.

**Labor Law Acknowledgement and Policy Statement.** By accepting the Subscription Agreement, Employee acknowledges that the Company with registered offices at 185 Berry Street, 5000, San Francisco, CA 94107, United States of America, is solely responsible for the administration of the Plan. Employee further acknowledges that Employee's participation in the Plan, the offer of participation, the grant of the option and any acquisition of shares of Common Stock under the Plan do not constitute an employment relationship between Employee and the Company because Employee is participating in the Plan on a wholly commercial basis and Employee's sole employer is a Mexican legal entity, Lyft Platform Mexico, S. de R.L. de C.V. ("Lyft Mexico"). Based on the foregoing, Employee expressly acknowledges that the Plan and the benefits that Employee may derive from participation in the Plan do not establish any rights between Employee and the Employer, Lyft Mexico, and do not form part of the employment conditions and/or benefits provided by Lyft Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Employee's employment.

Employee further understands that Employee's participation in the Plan is the result of a unilateral and discretionary decision of the Company, therefore, the Company reserves the absolute right to amend and/or discontinue Employee's participation in the Plan at any time, without any liability to Employee.

Finally, Employee hereby declares that Employee does not reserve any action or right to bring any claim against the Company and/or Lyft Mexico for any compensation regarding any provision of the Plan or the benefits derived under the Plan, and that Employee therefore grants a full and broad release to Lyft Mexico, the Company, its Subsidiaries, Affiliates, with respect to any claim that may arise.

## **MÉXICO**

### ***Términos y Condiciones***

**Autorización para Participación en el Plan.** Las siguientes disposiciones complementan las Secciones 2, 3 y 4 del Contrato de Suscripción:

El Empleado en este acto autoriza a Lyft Platform México, S. de R.L. de C.V. ("Lyft México" y/o el "Patrón"), para tomar Aportaciones en forma de deducciones de la nómina de la Compensación del Empleado, por cada período de pago, por el importe en dólares, moneda de curso legal en los Estados Unidos de América de la Compensación del Empleado, que este último haya especificado al momento de la contratación. Esta retención se seguirá aplicando hasta en tanto el Empleado informe al Patrón, por escrito, que suspenda dichas deducciones de nómina.

El Empleado, asimismo, en este acto solicita que el Patrón entregue las Aportaciones acumuladas a las que se hace referencia en el párrafo anterior a la Sociedad, y que la Sociedad o el corredor que esta última designe, las utilice para la compra de Acciones Ordinarias, de acuerdo con los términos y Condiciones del Plan y del Contrato de Suscripción.

El Empleado reconoce y acuerda que la participación del Patrón en el Plan, se limita a actuar como intermediario para entregar a la Sociedad los importes retenidos de la Compensación del Empleado en cada período de pago, y que los beneficios derivados del Plan no constituyen prestaciones adicionales a las de ley, que el Patrón ofrece. El Patrón no realizará pagos adicionales al salario de ningún tipo, ni otras compensaciones al Empleado, como resultado del Plan. El Empleado asimismo reconoce que las deducciones que este último ha autorizado, no constituyen pérdida de salario y que el Empleado ha recibido su salario íntegro para cada período de pago durante la participación del Empleado en el Plan.

**Reconocimiento del Contrato de Suscripción.** Al aceptar el Contrato de Suscripción, el Empleado reconoce haber recibido una copia del Plan y del Contrato de Suscripción, incluyendo el presente Apéndice, los cuales ha revisado. El Empleado asimismo reconoce que acepta todas las disposiciones del Plan y del Contrato de Suscripción, incluyendo el

presente Apéndice. El Empleado igualmente reconoce haber leído y que aprueba específica y expresamente los términos y condiciones establecidos en la Sección 8 del Contrato de Suscripción, la cual establece claramente lo siguiente:

- (1) La participación del Empleado en el Plan, no constituye un derecho adquirido;
- (2) La Sociedad ofrece el Plan y la participación del Empleado en el mismo, de manera completamente discrecional;
- (3) La participación del Empleado en el Plan es voluntaria; y
- (4) El Patrón, la Sociedad y sus Subsidiarias y Filiales no son responsables de la disminución en el valor de las Acciones Ordinarias adquiridas al momento de la compra.

**Reconocimiento de la Ley Laboral y Declaración de Política.** Al aceptar el Contrato de Suscripción, el Empleado reconoce que la Sociedad, con oficina registrada en 185 Berry Street, 5000, San Francisco, CA 94107, Estados Unidos de América, es la única responsable de la administración del Plan. El Empleado asimismo reconoce que su participación en el Plan, la oferta de participación, el otorgamiento de la opción y cualquier adquisición de Acciones Ordinarias conforme al Plan, no constituye una relación laboral entre el Empleado y la Sociedad, debido a que el Empleado participa en el Plan sobre una base exclusivamente comercial, y que el único patrón del Empleado es la persona moral mexicana Lyft Platform México, S. de R.L. de C.V. (“Lyft México”). Con base en lo anterior, el Empleado reconoce expresamente que el Plan y los beneficios que el Empleado podrá recibir como resultado de su participación en el Plan, no constituyen la creación de derechos entre el Empleado y el Patrón, Lyft México, y no forman parte de las condiciones de trabajo y/o prestaciones que Lyft México ofrece, y que toda modificación al Plan o su terminación, no constituyen cambio o afectación a los términos y condiciones de la relación laboral del Empleado.

El Empleado asimismo entiende que su participación en el Plan es resultado de una decisión unilateral discrecional de la Sociedad; por lo tanto, la Sociedad se reserva el derecho absoluto de modificar y/o discontinuar la participación del Empleado en el Plan en cualquier momento, sin responsabilidad para el Empleado.

Finalmente, el Empleado en este acto declara no reservarse acción o derecho de interponer reclamación alguna en contra de la Sociedad y/o Lyft México a cambio de compensación, en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y que el Empleado, por lo tanto, otorga el más amplio y extenso finiquito a Lyft México, la Sociedad, sus Subsidiarias y Filiales, con respecto a cualquier reclamación que pudiera surgir.

#### ***Notifications***

**Securities Law Acknowledgment.** The option to purchase shares of Common Stock and the Common Stock acquired under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Subscription Agreement and any other document relating to the option to purchase shares of Common Stock may not be publicly distributed in Mexico. These materials are addressed to Employee only because of Employee’s existing relationship with the Company, its Subsidiaries, or Affiliates and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of Lyft Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offer shall not be assigned or transferred.

## **UNITED KINGDOM**

### ***Terms and Conditions***

**Tax Obligations.** The following provision supplements Section 7 of the Subscription Agreement:

Without limitation to Section 7, Employee agrees that Employee is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or other relevant authority). Employee also hereby agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax or other relevant authority) on Employee's behalf.

Notwithstanding the foregoing, if Employee is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), Employee may not be able to indemnify the Company or the Employer for the amount of any Tax-Related Items not collected from or paid by Employee, as it may be considered a loan. In this case, the amount of any uncollected Tax-Related Items may constitute a benefit to Employee on which additional income tax and national insurance contributions ("NICs") may be payable. Employee understands and acknowledges that Employee will be responsible for reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer, as applicable, for any employee NICs due on this additional benefit, which may be obtained from Employee by the Company or the Employer at any time thereafter by any of the means referred to in Section 7 of the Subscription Agreement.

**EXHIBIT B**

**LYFT, Inc.**

**2019 EMPLOYEE STOCK PURCHASE PLAN**

**NOTICE OF WITHDRAWAL**

Unless otherwise defined herein, the terms defined in the 2019 Employee Stock Purchase Plan (the "Plan") shall have the same defined meanings in this Notice of Withdrawal.

The undersigned Participant in the Offering Period of the Plan that began on \_\_\_\_\_, \_\_\_\_\_ (the "Offering Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be terminated automatically. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned will be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature:

\_\_\_\_\_  
Date: \_\_\_\_\_

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Logan Green, certify that:

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

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

Date: November 4, 2021

By: /s/ Logan Green  
Logan Green  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Brian Roberts, certify that:

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

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

Date: November 4, 2021

By: /s/ Brian Roberts  
Brian Roberts  
Chief Financial Officer  
(Principal Financial Officer)

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

I, Logan Green, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Lyft, Inc. for the fiscal quarter ended September 30, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Lyft, Inc.

Date: November 4, 2021

By: /s/ Logan Green  
Name: Logan Green  
Title: Chief Executive Officer  
(Principal Executive Officer)

I, Brian Roberts, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Lyft, Inc. for the fiscal quarter ended September 30, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Lyft, Inc.

Date: November 4, 2021

By: /s/ Brian Roberts  
Name: Brian Roberts  
Title: Chief Financial Officer  
(Principal Financial Officer)