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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

or

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

For the transition period from _________to________

Commission File Number: 001-41130

vacasa

Vacasa, Inc.

(Exact name of registrant as specified in its charter)

Delaware	87-1995316
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

850 NW 13th Avenue

Portland , OR 97209

(Address of principal executive offices)(Zip Code)

(503) 946-3650

(Registrant's telephone number, including area code)

N/A

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A Common Stock, par value $0.00001 per share	VCSA	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of November 3, 2023, 12,453,362 shares of the registrant's Class A Common Stock were outstanding, 9,485,517 shares of the registrant's Class B Common Stock were outstanding, and 316,666 shares of the registrant's Class G Common Stock were outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our results of operations, financial position, growth strategy, seasonality, business strategy, policies, and approach, are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Without limiting the foregoing, in some cases, you can identify forward-looking statements by terms such as “aim,” “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would,” or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. No forward-looking statement is a guarantee of future results, performance, or achievements, and one should avoid placing undue reliance on such statements.

Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to us. Such beliefs and assumptions may or may not prove to be correct. Additionally, such forward-looking statements are subject to a number of known and unknown risks, uncertainties, and assumptions, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to:

- our ability to achieve profitability;
- our ability to grow our business;
- our expectations regarding our financial performance, including our revenue, costs, and Adjusted EBITDA;
- our ability to attract and retain homeowners and guests;
- our ability to compete in our industry;
- our expectations regarding the health of the travel and hospitality industries, including in areas such as domestic travel, short-distance travel, and travel outside of top cities;
- the effects of seasonal and other trends on our results of operations;
- anticipated trends, developments, and challenges in our industry, business, and the highly competitive markets in which we operate, including changes in guest booking patterns and levels of supply of vacation rental homes;
- the sufficiency of our cash and cash equivalents, revolving credit facility, and other sources of liquidity to meet our liquidity needs;
- declines or disruptions to the travel and hospitality industries or general economic downturns;
- our ability to anticipate market needs or develop new or enhanced offerings and services to meet those needs;
- our ability to expand into new markets and businesses, expand our range of homeowner services, and pursue strategic partnership and acquisition opportunities;
- any future impairment of our long-lived assets or goodwill;
- our ability to manage any further expansion into international markets;
- our ability to stay in compliance with laws and regulations, including tax laws, that currently apply or may become applicable to our business both in the United States and internationally and our expectations regarding the impact of various laws, regulations, and restrictions that relate to our business;
- our expectations regarding our tax liabilities and the adequacy of our reserves;
- our ability to effectively manage and expand our infrastructure, and maintain our corporate culture;
- our ability to identify, recruit, and retain skilled personnel, including key members of senior management;
- the effects of labor shortages and increases in wage and labor costs in our industry;
- the safety, affordability, and convenience of our platform and our offerings, including the safety of, in and around the homes we manage;
- our ability to keep pace with technological and competitive developments;
- our ability to maintain and enhance brand awareness;
- our ability to successfully defend litigation brought against us and our ability to secure adequate insurance coverage to protect the business and our operations;
- our ability to make required payments under our credit agreement and to comply with the various requirements of our indebtedness;
- our ability to effectively manage our exposure to fluctuations in foreign currency exchange rates;
- the anticipated increase in expenses associated with being a public company;
- our ability to remain in compliance with Nasdaq listing requirements;
- our ability to maintain, protect, and enhance our intellectual property;
- our use of artificial intelligence, or AI, in our business; and

- those risks, uncertainties, and assumptions identified in Part I, Item 1A. "Risk Factors" and Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the "2022 Annual Report"), in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 1A. "Risk Factors" of our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2023 ("Q1 2023 Quarterly Report") and June 30, 2023 ("Q2 2023 Quarterly Report") and Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 1A. "Risk Factors" in this Quarterly Report, and in our subsequent filings with the Securities and Exchange Commission.

There may be additional risks that we consider immaterial or which are unknown. It is not possible to predict or identify all such risks.

The forward-looking statements in this Quarterly Report are based upon information available to us as of the date of this Quarterly Report, 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 and our actual future results, levels of activity, performance, and achievements may be materially different from what we expect.

These forward-looking statements speak only as of the date of this Quarterly Report. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report, whether as a result of any new information, future events, or otherwise.

Basis of Presentation

Vacasa, Inc. was incorporated on July 1, 2021 under the laws of the state of Delaware as a wholly owned subsidiary of Vacasa Holdings LLC ("Vacasa Holdings") for the purpose of consummating the business combination described herein. In December 2021, Vacasa, Inc. merged with TPG Pace Solutions Corp., with Vacasa, Inc. continuing as the surviving entity, following which Vacasa, Inc. consummated a series of reorganization transactions through which Vacasa, Inc. became the sole manager and owner of approximately 50.3% of the outstanding equity interests in Vacasa Holdings, and Vacasa Holdings cancelled its ownership interest in Vacasa, Inc. The business combination was accounted for as a reverse recapitalization (the "Reverse Recapitalization") in accordance with accounting principles generally accepted in the United States of America ("GAAP"). For the period from inception to December 6, 2021, Vacasa, Inc. had no operations, assets or liabilities. Unless otherwise indicated, the financial information included herein is that of Vacasa Holdings, which, following the business combination, became the business of Vacasa, Inc. and its subsidiaries.

Additionally, unless the context otherwise requires, references herein to the “Company,” “we,” “us,” or “our” refer (a) after December 6, 2021, to Vacasa, Inc. and its consolidated subsidiaries and (b) prior to December 6, 2021, to Vacasa Holdings and its consolidated subsidiaries.

PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited)

Vacasa, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share data)
(unaudited)

	As of September 30, 2023	As of December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 151,291	$ 157,810
Restricted cash	162,327	161,850
Accounts receivable, net	11,543	17,204
Prepaid expenses and other current assets	27,442	44,499
Total current assets	352,603	381,363
Property and equipment, net	59,422	65,543
Intangible assets, net	125,166	214,851
Goodwill	171,853	585,205
Other long-term assets	56,556	58,622
Total assets	$ 765,600	$ 1,305,584
Liabilities, Temporary Equity, and Equity		
Current liabilities:		
Accounts payable	$ 38,888	$ 35,383
Funds payable to owners	178,926	228,758
Hospitality and sales taxes payable	50,128	52,217
Deferred revenue	103,262	124,969
Future stay credits	1,145	3,369
Accrued expenses and other current liabilities	76,050	85,833
Total current liabilities	448,399	530,529
Long-term debt, net of current portion	—	125
Other long-term liabilities	37,385	54,987
Total liabilities	$ 485,784	$ 585,641
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	93,539	306,943
Equity:		
Class A Common Stock, par value $ 0.00001 , 1,000,000,000 shares authorized; 12,553,800 and 11,819,511 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively.(1)	3	2
Class B Common Stock, par value $ 0.00001 , 476,333,850 shares authorized; 9,387,427 and 9,872,261 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively.(1)	2	2
Additional paid-in capital	1,384,387	1,355,141
Accumulated deficit	(1,197,252)	(942,147)
Accumulated other comprehensive income (loss)	(863)	2
Total equity	186,277	413,000
Total liabilities, temporary equity, and equity	$ 765,600	$ 1,305,584

(1) Common stock shares issued and outstanding have been retroactively adjusted to reflect the 1-for-20 Reverse Stock Split that occurred on October 2, 2023. Refer to *Note 16 - Subsequent Event* for additional information.

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

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Vacasa, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	$ 379,077	$ 412,184	$ 940,510	$ 969,792
Operating costs and expenses:				
Cost of revenue, exclusive of depreciation and amortization shown separately below	150,789	174,123	417,046	447,976
Operations and support	64,998	76,877	187,662	196,349
Technology and development	16,026	18,422	45,900	52,493
Sales and marketing	57,658	75,020	171,559	196,909
General and administrative	19,328	31,043	61,402	83,486
Depreciation	5,204	5,376	15,597	16,676
Amortization of intangible assets	15,266	15,490	46,143	45,771
Impairment of long-lived assets	46,000	—	46,000	—
Impairment of goodwill	411,000	—	411,000	—
Total operating costs and expenses	786,269	396,351	1,402,309	1,039,660
Income (loss) from operations	(407,192)	15,833	(461,799)	(69,868)
Interest income	2,349	779	6,022	1,220
Interest expense	(561)	(606)	(1,873)	(1,957)
Other income (loss), net	1,823	(23)	5,597	41,499
Income (loss) before income taxes	(403,581)	15,983	(452,053)	(29,106)
Income tax benefit (expense)	1,123	(170)	341	(1,073)
Net income (loss)	$ (402,458)	$ 15,813	$ (451,712)	$ (30,179)
Less: Net income (loss) attributable to redeemable noncontrolling interests	(174,266)	7,489	(196,607)	(15,464)
Net income (loss) attributable to Class A Common Stockholders	$ (228,192)	$ 8,324	$ (255,105)	$ (14,715)
Net income (loss) per share of Class A Common Stock(1):				
Basic	$ (18.37)	$ 0.73	$ (21.07)	$ (1.34)
Diluted	$ (18.37)	$ 0.72	$ (21.07)	$ (1.34)
Weighted-average shares of Class A Common Stock used to compute net income (loss) per share(1):				
Basic	12,419	11,341	12,108	10,993
Diluted	12,419	11,615	12,108	10,993

(1) Weighted-average shares outstanding used in the computation of basic and diluted earnings (loss) per share have been retroactively adjusted to reflect the 1-for-20 Reverse Stock Split that occurred on October 2, 2023. Refer to *Note 16 - Subsequent Event* for additional information.

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

Vacasa, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	$ (402,458)	$ 15,813	$ (451,712)	$ (30,179)
Foreign currency translation adjustments	(602)	(718)	(1,601)	(1,437)
Total comprehensive income (loss)	$ (403,060)	$ 15,095	$ (453,313)	$ (31,616)
Less: Comprehensive income (loss) attributable to redeemable noncontrolling interests	(174,541)	7,144	(197,343)	(16,150)
Total comprehensive income (loss) attributable to Class A Common Stockholders	$ (228,519)	$ 7,951	$ (255,970)	$ (15,466)

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

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

	Nine Months Ended September 30,	
	2023	2022
Cash from operating activities:		
Net loss	$ (451,712)	$ (30,179)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Credit loss expense	2,686	4,708
Depreciation	15,597	16,676
Amortization of intangible assets	46,143	45,771
Impairment of long-lived assets	46,000	—
Impairment of goodwill	411,000	—
Impairment of right-of-use assets	4,240	—
Future stay credit breakage	(1,180)	(15,158)
Reduction in the carrying amount of right-of-use assets	7,833	9,561
Deferred income taxes	(6)	433
Other gains and losses	(1,084)	2,414
Fair value adjustment on derivative liabilities	(4,325)	(43,921)
Non-cash interest expense	161	162
Equity-based compensation expense	12,005	28,360
Change in operating assets and liabilities, net of assets acquired and liabilities assumed:		
Accounts receivable	2,908	65,433
Prepaid expenses and other assets	10,358	(26,433)
Accounts payable	3,563	(3,976)
Funds payable to owners	(50,230)	(28,177)
Hospitality and sales taxes payable	(2,188)	1,811
Deferred revenue and future stay credits	(22,729)	(26,191)
Operating lease obligations	(8,003)	(8,050)
Accrued expenses and other liabilities	7,398	13,750
Net cash provided by operating activities	28,435	6,994
Cash from investing activities:		
Purchases of property and equipment	(3,996)	(8,367)
Cash paid for internally developed software	(5,689)	(7,407)
Cash paid for business combinations, net of cash and restricted cash acquired	(664)	(87,699)
Net cash used in investing activities	(10,349)	(103,473)
Cash from financing activities:		
Payments of Reverse Recapitalization costs	—	(459)
Cash paid for business combinations	(19,478)	(28,093)
Payments of long-term debt	(250)	(250)
Proceeds from exercise of stock options	362	157
Proceeds from Employee Stock Purchase Program	716	—
Proceeds from borrowings on revolving credit facility	2,000	5,000
Repayment of borrowings on revolving credit facility	(2,000)	(5,000)
Repayment of financed insurance premiums	(4,386)	—
Other financing activities	(330)	(1,709)
Net cash used in financing activities	(23,366)	(30,354)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	(762)	(480)
Net decrease in cash, cash equivalents and restricted cash	(6,042)	(127,313)
Cash, cash equivalents and restricted cash, beginning of period	319,660	519,136
Cash, cash equivalents and restricted cash, end of period	$ 313,618	$ 391,823

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

	Nine Months Ended September 30,	
	2023	2022
Supplemental disclosures of cash flow information:		
Cash paid for income taxes, net of refunds	$ 4,474	$ 602
Cash paid for interest	1,733	1,792
Cash paid for operating lease liabilities	3,049	11,355
Supplemental disclosures of non-cash activities:		
Financed insurance premiums	186	—
Lease liabilities exchanged for right-of-use assets	662	6,486
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 151,291	$ 150,791
Restricted cash	162,327	241,032
Total cash, cash equivalents and restricted cash	$ 313,618	$ 391,823

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

Vacasa, Inc.
Condensed Consolidated Statements of Equity (Deficit)
(in thousands, except share and unit data)
(unaudited)

	Redeemable Non-controlling Interests	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
	Amount	*Shares*[(1)]	*Amount*	*Shares*[(1)]	*Amount*	*Amount*	*Amount*	*Amount*	*Amount*
Balance as of December 31, 2022	**$ 306,943**	**11,819,511**	**$ 2**	**9,872,261**	**$ 2**	**$ 1,355,141**	**$ (942,147)**	**$ 2**	**$ 413,000**
Vesting of employee equity units	382			23,009		(382)			**(382)**
Vesting of restricted stock units	(1,669)	126,647				1,667		2	**1,669**
Exercise of equity-based awards	(480)	36,986				841			**841**
Purchase of shares under the ESPP	(820)	62,813				1,636			**1,636**
Redemption of OpCo units and retirement of Class B Common Stock	(15,559)	507,843	1	(507,843)		15,537		25	**15,563**
Equity-based compensation	2,058					9,947			**9,947**
Foreign currency translation adjustments	(709)							(892)	**(892)**
Net loss	(196,607)						(255,105)		**(255,105)**
Balance as of September 30, 2023	**$ 93,539**	**12,553,800**	**$ 3**	**9,387,427**	**$ 2**	**$ 1,384,387**	**$ (1,197,252)**	**$ (863)**	**$ 186,277**
Balance as of June 30, 2023	**$ 276,613**	**12,191,309**	**$ 2**	**9,669,069**	**$ 2**	**$ 1,371,618**	**$ (969,060)**	**$ (536)**	**$ 402,026**
Vesting of employee equity units	93			5,707		(93)			**(93)**
Vesting of restricted stock units	(631)	50,074				630		1	**631**
Exercise of equity-based awards	(317)	25,068				576			**576**
Purchase of shares under the ESPP	—								**—**
Redemption of OpCo units and retirement of Class B Common Stock	(8,220)	287,349	1	(287,349)		8,207		16	**8,224**
Equity-based compensation	525					3,449			**3,449**
Foreign currency translation adjustments	(258)							(344)	**(344)**
Net loss	(174,266)						(228,192)		**(228,192)**
Balance as of September 30, 2023	**$ 93,539**	**12,553,800**	**$ 3**	**9,387,427**	**$ 2**	**$ 1,384,387**	**$ (1,197,252)**	**$ (863)**	**$ 186,277**

(1) Common stock shares outstanding have been retroactively adjusted to reflect the 1-for-20 Reverse Stock Split that occurred on October 2, 2023. Refer to *Note 16 - Subsequent Event* for additional information.

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Vacasa, Inc.
Condensed Consolidated Statements of Equity (Deficit)
(in thousands, except share and unit data)
(unaudited)

	Redeemable Non-controlling Interests	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficit)
	Amount	*Shares[(1)]*	*Amount*	*Shares[(1)]*	*Amount*	*Amount*	*Amount*	*Amount*	*Amount*
Balance as of December 31, 2021	**$ 1,770,096**	**10,739,689**	**$ 2**	**10,637,598**	$ 2	**$ —**	**$ (751,891)**	**$ (59)**	**$(751,946)**
Vesting of employee equity units	2,282			97,899		(2,282)			**(2,282)**
Vesting of restricted stock units	(1,826)	85,328				1,826			**1,826**
Exercise of equity-based awards	(1,089)	51,040				(412)			**(412)**
Redemption of OpCo units and retirement of Class B Common Stock	(24,467)	552,699		(552,699)		24,453		14	**24,467**
Equity-based compensation	4,491					23,869			**23,869**
Other comprehensive loss	(672)							(765)	**(765)**
Net loss	(15,464)						(14,715)		**(14,715)**
Adjustment of redeemable noncontrolling interest to redemption amount	(1,108,127)					1,120,485	(12,358)		**1,108,127**
Balance as of September 30, 2022	**$ 625,224**	**11,428,756**	**$ 2**	**10,182,798**	**$ 2**	**$ 1,167,939**	**$ (778,964)**	**$ (810)**	**$ 388,169**
Balance as of June 30, 2022	**$ 590,163**	**11,239,119**	**$ 2**	**10,245,887**	**$ 2**	**$ 1,188,035**	**$ (787,288)**	**$ (437)**	**$ 400,314**
Vesting of employee equity units	424			18,073		(424)			**(424)**
Vesting of restricted stock units	(1,339)	63,232				1,339			**1,339**
Exercise of equity-based awards	(961)	45,243				(594)			**(594)**
Redemption of OpCo units and retirement of Class B Common Stock	(3,623)	81,162		(81,162)		3,617		6	**3,623**
Equity-based compensation	1,439					7,937			**7,937**
Other comprehensive loss	(339)							(379)	**(379)**
Net income	7,489						8,324		**8,324**
Adjustment of redeemable noncontrolling interest to redemption amount	31,971					(31,971)			**(31,971)**
Balance as of September 30, 2022	**$ 625,224**	**11,428,756**	**$ 2**	**10,182,798**	**$ 2**	**$ 1,167,939**	**$ (778,964)**	**$ (810)**	**$ 388,169**

(1) Common stock shares outstanding have been retroactively adjusted to reflect the 1-for-20 Reverse Stock Split that occurred on October 2, 2023. Refer to*Note 16 - Subsequent Event* for additional information.

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

Index to Notes to Condensed Consolidated Financial Statements

Vacasa, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1 - Description of Business

Organization

Vacasa, Inc. and its subsidiaries (the "Company") operate a vertically integrated vacation rental platform. Homeowners utilize the Company’s technology and services to realize income from their rental assets. Guests from around the world utilize the Company’s technology and services to search for and book Company-listed properties in the United States, Belize, Canada, Costa Rica, and Mexico. The Company collects nightly rent on behalf of homeowners and earns the majority of its revenue from commissions on rent and from additional reservation-related fees paid by guests when a vacation rental is booked directly through the Company’s website or app or through its distribution partners. The Company conducts its business through Vacasa Holdings LLC ("Vacasa Holdings" or "OpCo") and its subsidiaries. The Company is headquartered in Portland, Oregon.

Reverse Stock Split

On October 2, 2023, the Company completed a 1-for-20 reverse stock split of the Company's Class A Common Stock, Class B Common Stock, and Class G Common Stock (the "Reverse Stock Split"). All share and share-related information presented in these condensed consolidated financial statements has been retroactively adjusted for all periods presented to reflect the decreased number of shares resulting from the Reverse Stock Split. See Note 16, *Subsequent Event* , for additional information.

Note 2 - Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with GAAP and the rules and regulations of the Securities and Exchange Commission ("SEC"). These condensed consolidated financial statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries, and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. All intercompany balances and transactions have been eliminated in consolidation. The financial information as of December 31, 2022 contained in this Quarterly Report is derived from the audited consolidated financial statements and notes included in the Company's 2022 Annual Report, which should be read in conjunction with these condensed consolidated financial statements. Certain information in footnote disclosures normally included in annual financial statements was condensed or omitted for the interim periods presented in accordance with GAAP. In the opinion of management, the interim data includes all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the interim periods. The interim results of operations and cash flows are not necessarily indicative of those results and cash flows expected for the year.

As of September 30, 2023, the Company held 12,553,800 units of Vacasa Holdings ("OpCo Units"), which represented an ownership interest of approximately 57 %. The portion of the consolidated subsidiaries not owned by the Company and any related activity is eliminated through redeemable noncontrolling interests in the condensed consolidated balance sheets and net income (loss) attributable to redeemable noncontrolling interests in the condensed consolidated statements of operations.

The Company is an emerging growth company, as defined in Section 2(a) of the Securities Act of 1933, as amended, as modified by the Jumpstart Our Business Startups Act of 2012, which permits the Company to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. As of January 1, 2022, the Company elected to irrevocably opt out of the extended transition period.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions reflected in the condensed consolidated financial statements include, but are not limited to, the useful lives of property and equipment and intangible assets, allowance for credit losses, valuation of assets acquired and liabilities assumed in business acquisitions and related contingent consideration, valuation of Class G Common Stock, valuation of equity-based compensation, valuation of goodwill, and valuation of long-lived assets. Actual results may differ materially from such estimates. Management believes that the estimates, and judgments upon which they rely, are reasonable based upon information available to them at the time that these estimates and judgments are made. To the extent that there are material differences between these estimates and actual results, the Company’s condensed consolidated financial statements will be affected.

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Significant Accounting Policies

Except as identified below, there were no changes to the accounting policies disclosed in Note 2, *Significant Accounting Policies* of the Company's 2022 Annual Report that had a material impact on the Company's condensed consolidated financial statements and related notes.

Impairment of Long-lived Assets

The Company evaluates its long-lived assets or asset groups for indicators of possible impairment by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by such asset or asset group and its eventual disposal when events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. If the carrying amount of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined primarily using the estimated cash flows discounted at a rate commensurate with the risk involved and based on assumptions representative of market participants. During the third quarter of 2023, the Company recorded long-lived asset impairment charges of $ 46.0 million. There were no long-lived asset impairment charges recorded during 2022. Refer to Note 7, *Intangible Assets, Net and Goodwill*, for additional information.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company has one reporting unit which the Company tests for impairment on the first day of the fourth quarter, or whenever events or changes in circumstances indicate that goodwill might be impaired. The Company reviews goodwill for impairment by initially considering qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, as a basis for determining whether it is necessary to perform a quantitative analysis. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, a quantitative analysis is performed to identify goodwill impairment. The Company may elect to bypass the qualitative assessment and proceed directly to performing a quantitative analysis.

If the fair value of the reporting unit exceeds its carrying amount, goodwill is not impaired. If the fair value of the reporting unit is less than its carrying amount, a goodwill impairment loss is measured as the excess of the carrying amount of the reporting unit over its fair value (not to exceed the reporting unit's total goodwill balance).

During the third quarter of 2023, the Company recorded goodwill impairment charges of $ 411.0 million. During the fourth quarter of 2022, the Company recorded goodwill impairment charges of $ 244.0 million. Refer to Note 7, *Intangible Assets, Net and Goodwill*, for additional information.

Accounting Pronouncements Adopted in Fiscal 2023

In September 2022, the FASB issued Accounting Standards Update ("ASU") No. 2022-04, requiring enhanced disclosures related to supplier financing programs. The ASU requires disclosure of the key terms of the program and a rollforward of the related obligation during the annual period, including the amount of obligations confirmed and obligations subsequently paid. The new disclosure requirements became effective for the Company on January 1, 2023, except for the rollforward requirement, which will be effective for the Company beginning on January 1, 2024. The adoption did not have a material impact on the Company's financial statements and related disclosures.

Accounting Pronouncements Not Yet Adopted

The Company has not identified any recent accounting pronouncements that are expected to have a material impact on the Company's financial position, results of operations, or cash flows.

Note 3 - Revenue

Revenue Disaggregation

A disaggregation of the Company’s revenues by nature of the Company’s performance obligations are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Vacation rental platform	$ 372,606	$ 401,228	$ 917,881	$ 934,811
Other services	6,471	10,956	22,629	34,981
Total	$ 379,077	$ 412,184	$ 940,510	$ 969,792

Contract Liability Balances

Contract liability balances on the Company’s condensed consolidated balance sheets consist of deferred revenue for amounts collected in advance of a guest stay, limited to the amount of the booking to which the Company expects to be entitled as revenue. The Company’s deferred revenue balances exclude funds payable to owners and hospitality and sales taxes payable, as those amounts will not result in revenue recognition. Deferred revenue is recognized into revenue over the period in which a guest completes a stay. Substantially all of the deferred revenue balances at the end of each period are expected to be recognized as revenue within the subsequent 12 months.

Future Stay Credits

In the event a booked reservation made through our website or app is cancelled, the Company may offer a refund or a future stay credit up to the value of the booked reservation. Future stay credits are recognized upon issuance as a liability on the Company's consolidated balance sheets. Revenue from future stay credits is recognized when redeemed by guests, net of the portion of the booking attributable to funds payable to owners and hospitality and sales taxes payable. The Company uses historical breakage rates to estimate the portion of future stay credits that will not be redeemed by guests and recognizes these amounts as breakage revenue in proportion to the expected pattern of redemption or upon expiration. Future stay credits typically expire fifteen months from the date of issue.

The table below presents the activity of the Company's future stay credit liability balance (in thousands):

	Nine Months Ended September 30,
	2023
Balance as of December 31, 2022	$ 3,369
Issuances	1,772
Redemptions	(2,807)
Breakage recognized in revenue	(1,180)
Foreign currency fluctuations	(9)
Balance as of September 30, 2023	$ 1,145

Costs to Obtain a Contract

The Company capitalizes certain costs it incurs to obtain new homeowner contracts when those costs are expected to be recovered through revenue generated from that contract. Capitalized amounts are amortized on a straight-line basis over the estimated life of the customer through sales and marketing expenses in the condensed consolidated statements of operations. Costs to obtain a contract capitalized as of September 30, 2023 and December 31, 2022 were $ 33.2 million and $ 26.4 million, respectively, and were recorded as a component of prepaid expenses and other current assets and other long-term assets in the condensed consolidated balance sheets. The amount of amortization recorded for the three and nine months ended

September 30, 2023 was $ 2.2 million and $ 6.0 million, respectively. The amount of amortization recorded for the three and nine months ended September 30, 2022 was $ 1.3 million and $ 3.9 million, respectively.

Allowance for Credit Losses

As of September 30, 2023 and December 31, 2022, the Company's allowance for credit losses related to accounts receivable was $ 11.3 million and $ 11.2 million, respectively. For the three and nine months ended September 30, 2023, the Company recognized credit loss expense of $ 0.9 million and $ 2.7 million, respectively, which were recorded as a component of general and administrative expense in the condensed consolidated statements of operations. For the three and nine months ended September 30, 2022, the Company recognized credit loss expense of $ 1.6 million and $ 4.7 million, respectively, which was recorded as a component of general and administrative expense in the condensed consolidated statements of operations.

Note 4 – Acquisitions

The Company has acquired vacation rental properties on its platform through individual additions, as well as through portfolio and strategic acquisitions, where the Company acquires and onboards multiple homes in a single transaction. Portfolio and strategic acquisitions are generally accounted for as business combinations. The goodwill resulting from portfolio and strategic acquisitions arises largely from synergies expected from combining the operations of the businesses acquired with the Company's existing operations and from benefits derived from gaining the related assembled workforce.

Nine Months Ended September 30, 2023

During the nine months ended September 30, 2023, the Company completed one portfolio acquisition with total consideration of $ 0.3 million.

During the nine months ended September 30, 2023, the Company recorded measurement period adjustments related to certain portfolio acquisitions that occurred in prior periods. For more information about these acquisitions, see the Company's 2022 Annual Report. The impact of the measurement period adjustments was a decrease in goodwill of $ 2.5 million and an increase in intangible assets of $ 2.4 million. The remaining changes in acquired assets and assumed liabilities were not material.

The purchase price allocations for the portfolio acquisitions completed from the fourth quarter of 2022 through the third quarter of 2023 are preliminary, and the Company has not obtained and evaluated all of the detailed information necessary to finalize the opening balance sheet amounts in all respects. The Company recorded the purchase price allocations based upon currently available information.

Note 5 - Fair Value Measurements

The following tables set forth the Company's financial assets and liabilities that were measured at fair value on a recurring basis (in thousands):

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Liabilities				
Contingent consideration	$ —	$ —	$ 9,692	$ 9,692
Class G Common Stock(1)	—	—	752	752

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Liabilities				
Contingent consideration	$ —	$ —	$ 22,317	$ 22,317
Class G Common Stock(1)	—	—	5,077	5,077

(1) For more information, see Note 13, *Equity* of our 2022 Annual Report.

The carrying amounts of certain financial instruments, including cash equivalents, restricted cash, accounts receivable, and accounts payable, approximate fair value due to their short-term maturities and are excluded from the fair value tables above.

Level 3 instruments consist of contingent consideration obligations related to acquired businesses and the liabilities for contingent earnout share consideration represented by the Company's Class G Common Stock.

Contingent Consideration

The contingent consideration obligations are recorded in accrued expenses and other current liabilities and other long-term liabilities on the condensed consolidated balance sheets. The fair value of the contingent consideration is estimated utilizing an income approach and based on the Company's expectation of achieving the contractually defined homeowner contract conversion and retention targets at the acquisition date. The Company assesses the fair value of these obligations at each reporting date thereafter with any changes reflected as gains and losses in general and administrative expenses in the condensed consolidated statements of operations. The charges for changes in fair value of the contingent consideration were not material for the three and nine months ended September 30, 2023 and 2022.

Class G Common Stock

The contingent earnout share consideration represented by the Company's Class G Common Stock is recorded in other long-term liabilities on the condensed consolidated balance sheets. The fair value of the Class G Common Stock is estimated on a recurring basis using the Monte Carlo simulation method. The fair value is based on the simulated stock price of the Company over the remaining term of the shares. Pursuant to the Amended and Restated Certificate of Incorporation, the Class G Common Stock is automatically converted to Class A shares at certain conversion ratios upon the occurrence of their respective triggering events. Inputs used to determine the estimated fair value of the Class G Common Stock include the remaining contractual term of the shares, the risk-free rate, the volatility of comparable companies over the remaining term, and the price of the Company's Class A Common Stock. The Company assesses the fair value of the Class G Common Stock at each reporting date with any changes reflected as other income (expense), net in the condensed consolidated statements of operations.

The following table summarizes the changes in the Company's Class G Common Stock measured and recorded at fair value on a recurring basis using significant unobservable inputs (in thousands):

	Nine Months Ended September 30,
	2023
Balance as of December 31, 2022	$ 5,077
Change in fair value of Class G Common Stock included in earnings	(4,325)
Balance as of September 30, 2023	$ 752

Impairment of Long-lived Assets

During the three and nine months ended September 30, 2023, the Company recorded long-lived asset impairment charges of $ 46.0 million. The fair value estimate of the Company's homeowner contract assets was classified in Level 3 of the fair value hierarchy due to the significance of unobservable inputs developed using company-specific information. For more information on the impairment of long-lived assets, refer to Note 7, *Intangible Assets, Net and Goodwill*.

Impairment of Goodwill

During the three and nine months ended September 30, 2023, the Company recorded goodwill impairment charges of $ 411.0 million. The fair value estimate of the Company's single reporting unit was classified in Level 3 of the fair value hierarchy due to the significance of unobservable inputs developed using company-specific information. For more information on the impairment of goodwill, refer to Note 7, *Intangible Assets, Net and Goodwill*.

Impairment of Right-of-Use Assets

The Company tests long-lived assets for recoverability whenever events or changes in circumstances suggest that the carrying value of an asset or group of assets may not be recoverable. During the three months ended March 31, 2023, the Company took substantive action to negotiate certain sublease agreements for portions of the Company's leased corporate office space in

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Portland, Oregon and Boise, Idaho. Based on the sublease negotiations, the Company determined that the respective right-of-use assets had net carrying values that exceeded their estimated undiscounted future cash flows. The Company then estimated the fair value of the asset groups based on their discounted cash flows. The carrying values of the asset groups exceeded their fair values and, as a result, the Company recorded right-of-use asset impairments of $ 4.2 million. The impairment charges are recorded within general and administrative expenses in the condensed consolidated statements of operations. During the three months ended June 30, 2023, the Company executed the sublease agreements for portions of the Company's leased corporate office space in Portland, Oregon. During the three months ended September 30, 2023, the Company executed the sublease agreement for a portion of the Company's leased corporate office space in Boise, Idaho. There were no material changes to the final sublease agreements and, therefore, no incremental impairment charges were recorded.

Note 6 - Property and Equipment, Net

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

	As of September 30, 2023	As of December 31, 2022
Land	$ 13,394	$ 13,394
Buildings and building improvements	12,471	12,471
Leasehold improvements	6,525	6,528
Computer equipment	13,524	13,510
Furniture, fixtures, and other	25,724	22,096
Vehicles	8,036	7,975
Internal-use software	58,250	53,024
Total	137,924	128,998
Less: Accumulated depreciation	(78,502)	(63,455)
Property and equipment, net	$ 59,422	$ 65,543

Note 7 - Intangible Assets, Net and Goodwill

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

	Weighted Average Useful Life Remaining (in years)	As of September 30, 2023			
		Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount
Homeowner contracts	3	$ 314,100	$ (143,238)	$ (46,000)	$ 124,862
Databases, photos, and property listings	0	26,525	(26,285)	—	240
Trade names	1	9,586	(9,552)	—	34
Other[(1)]	5	2,902	(2,872)	—	30
Total intangible assets		$ 353,113	$ (181,947)	$ (46,000)	$ 125,166

(1) Other intangible assets consist primarily of non-compete agreements, websites, and domain names.

	Weighted Average Useful Life Remaining (in years)	As of December 31, 2022			
		Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount
Homeowner contracts	4	$ 311,456	$ (101,142)	$ —	$ 210,314
Databases, photos, and property listings	1	27,450	(23,661)	—	3,789
Trade names	1	9,942	(9,316)	—	626
Other[1]	2	2,903	(2,781)	—	122
Total intangible assets		$ 351,751	$ (136,900)	$ —	$ 214,851

(1) Other intangible assets consist primarily of non-compete agreements, websites, and domain names.

The Company's estimated future amortization of intangible assets as of September 30, 2023 is expected to be as follows (in thousands):

Year Ending December 31:	Amount
Remainder of 2023	$ 10,241
2024	39,439
2025	37,431
2026	22,131
2027	6,778
Thereafter	9,146
Total	$ 125,166

The following table summarizes the changes in the Company's goodwill balance (in thousands):

	Nine Months Ended September 30,
	2023
Balance at beginning of period[1]	$ 585,205
Acquisitions	179
Measurement period adjustments	(2,539)
Impairment of goodwill	(411,000)
Foreign exchange translation and other	8
Balance at end of period[2]	$ 171,853

(1) Goodwill is net of accumulated impairment losses of $ 244.0 million that were recorded to the Company's single reporting unit during the fourth quarter of fiscal 2022.

(2) Goodwill is net of accumulated impairment losses of $ 655.0 million that were recorded to the Company's single reporting unit during the fourth quarter of fiscal 2022 and the third quarter of fiscal 2023.

Impairment

During 2023, the Company experienced a sustained decline in share price that pushed its market capitalization below the carrying value of its stockholders’ equity. Further, the Company saw a significant decline in Gross Booking Value ("GBV") during the third quarter of 2023. Based on these factors, the Company concluded the events and changes in circumstances indicated an impairment may exist (the "triggering event") and conducted quantitative impairment assessments of long-lived assets and goodwill as of September 30, 2023.

Impairment of Long-lived Assets

The Company evaluates its long-lived assets or asset groups for indicators of possible impairment by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by such asset or asset group and its eventual disposal (the "recoverability test") when there is a triggering event. The Company determined its long-lived assets represent one asset group for purposes of long-lived asset impairment. Based on the results of the recoverability test, the Company concluded the the carrying value of the single asset group is not recoverable. To allocate and recognize the impairment charge, the Company determined the individual fair value of the long-lived assets.

The carrying value of the Company's homeowner contracts exceeded the fair value, resulting in a long-lived asset impairment charge of $ 46.0 million. No impairment was recognized on the remaining long-lived assets as their carrying values did not exceed their fair values. The Company estimated the fair value of the homeowner contracts based on the present value of estimated future cash flows, which the Company considers to be a Level 3 unobservable input in the fair value hierarchy. The Company prepared cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration the historical performance and the current macroeconomic, industry, and market conditions. The Company based the discount rate on the weighted-average cost of capital considering Company-specific characteristics and changes in the reporting unit's projected cash flows.

Impairment of Goodwill

The Company reviews goodwill for impairment annually, as of the first day of the fourth quarter, and more frequently if events or changes in circumstances indicate an impairment may exist. Based on the triggering event identified above, the Company conducted a quantitative goodwill impairment assessment as of September 30, 2023. The goodwill impairment assessment resulted in goodwill impairment charges of $ 411.0 million. The fair value estimate of the Company's single reporting unit was derived from a combination of an income approach and a market approach. Under the income approach, the Company estimated the fair value of the reporting unit based on the present value of estimated future cash flows, which the Company considers to be a Level 3 unobservable input in the fair value hierarchy. The Company prepared cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration the historical performance and the current macroeconomic, industry, and market conditions. The Company based the discount rate on the weighted-average cost of capital considering Company-specific characteristics and changes in the reporting unit's projected cash flows. Under the market approach, the Company estimated the fair value of the reporting unit based on revenue market multiples derived from comparable publicly traded companies with similar characteristics as the reporting unit, as well as an estimated control premium.

Potential indicators of impairment include significant changes in performance relative to expected operating results, significant negative industry or economic trends, or a significant decline in the Company's stock price and/or market capitalization for a sustained period of time. It is reasonably possible that one or more impairment indicators could occur or intensify in the near term, which may result in further impairment of long-lived assets or goodwill.

Note 8 - Accrued Expenses and Other Current Liabilities

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

	As of September 30, 2023	As of December 31, 2022
Employee-related accruals	$ 32,311	$ 25,110
Homeowner reserves	11,117	9,837
Current portion of acquisition liabilities[1]	12,412	25,056
Current portion of operating lease liabilities	8,792	9,490
Other	11,418	16,340
Total accrued expenses and other current liabilities	$ 76,050	$ 85,833

(1) The current portion of acquisition liabilities includes contingent consideration and deferred payments to sellers due within one year.

Note 9 – Debt

The Company's debt obligations consisted of the following (in thousands):

	As of September 30, 2023	As of December 31, 2022
Insurance premium financing	$ 298	$ 4,498
Other long-term debt	—	375
Total debt	298	4,873
Less: current maturities(1)	(298)	(4,748)
Long-term portion	$ —	$ 125

(1) Current maturities of debt are recorded within accrued expenses and other current liabilities on the condensed consolidated balance sheets.

Insurance Premium Financing

The Company has entered into short-term agreements to finance certain insurance premiums. The outstanding balance of $ 0.3 million as of September 30, 2023 is repayable in monthly installments of principal and interest through November 2023, at a weighted-average annual percentage rate of 5.65 %.

Revolving Credit Facility

In October 2021, the Company and its wholly owned subsidiary (the "Borrower") and certain of its subsidiaries (collectively, the "Guarantors") entered into a credit agreement with JPMorgan Chase Bank, N.A. and the other lenders party thereto from time to time.

The credit agreement, as subsequently amended in December 2021 and June 2023 (as amended, the "Credit Agreement"; capitalized terms used herein and not otherwise defined are used as defined in the Credit Agreement), provides for a senior secured revolving credit facility in an aggregate principal amount of $ 105.0 million ("Revolving Credit Facility"). The Revolving Credit Facility includes a sub-facility for letters of credit in aggregate face amount of $ 40.0 million, which reduces borrowing availability under the Revolving Credit Facility. Proceeds may be used for working capital and general corporate purposes.

The June 2023 amendment modified the Credit Agreement to replace the LIBOR-based reference rate options with Adjusted Term Secured Overnight Financing Rate ("SOFR") based reference rate options. Subsequent to the amendment, any borrowings under the Revolving Credit Facility are subject to interest, determined as follows:

- Alternate Base Rate ("ABR") borrowings accrue interest at a rate per annum equal to the ABR plus a margin of 1.50 %. The ABR is equal to the greatest of (i) the Prime Rate, (ii) the New York Federal Reserve Bank Rate plus 0.50 %, and (iii) the Adjusted Term SOFR for a one-month interest period plus 1.00 %.
- Term SOFR borrowings accrue interest at a rate per annum equal to the Adjusted Term SOFR plus a margin of 2.50 %. Adjusted Term SOFR means, for any Interest Period, an interest rate per annum equal to (a) the Term SOFR for such Interest Period.

Borrowings under the Revolving Credit Facility do not amortize and are due and payable on October 7, 2026. Amounts outstanding under the Revolving Credit Facility may be voluntarily prepaid at any time and from time to time, in whole or in part, without premium or penalty. In addition to paying interest on the principal amounts outstanding under the Revolving Credit Facility, the Company is required to pay a commitment fee on unused amounts at a rate of 0.25 % per annum. The Company is also required to pay customary letter of credit and agency fees.

The Credit Agreement contains a number of covenants that, among other things and subject to certain exceptions, restrict the ability of the Borrower and its restricted subsidiaries to:

- create, incur, assume or permit to exist any debt or liens;
- merge into or consolidate or amalgamate with any other person, or permit any other person to merge into or consolidate with it, or liquidate or dissolve;
- make or hold certain investments;
- sell, transfer, lease, license or otherwise dispose of its assets, including equity interests (and, in the case of restricted subsidiaries, the issuance of additional equity interests);

- pay dividends or make certain other restricted payments;
- substantively alter the character of the business of the Borrower and its restricted subsidiaries, taken as a whole; and
- sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its affiliates.

In addition, beginning on June 30, 2022, the Borrower and its restricted subsidiaries are required to maintain a minimum amount of consolidated revenue, measured on a trailing four-quarter basis, as of the last date of each fiscal quarter, provided that such covenant will only apply if, on such date, the aggregate principal amount of outstanding borrowings under the Revolving Credit Facility and letters of credit (excluding undrawn amounts under any letters of credit in an aggregate face amount of up to $ 20.0 million and letters of credit that have been cash collateralized) exceeds 35 % of the then-outstanding revolving commitments. The Borrower is also required to maintain liquidity of at least $ 15.0 million as of the last date of each fiscal quarter beginning on June 30, 2022.

The obligations of the Borrower and the Guarantors are secured by first-priority liens on substantially all of the assets of the Borrower and the Guarantors. As of September 30, 2023 and December 31, 2022, there were no borrowings outstanding under the Revolving Credit Facility. As of September 30, 2023, there were $ 23.4 million of letters of credit issued under the Revolving Credit Facility, and $ 81.6 million was available for borrowings. As of September 30, 2023, the Company was in compliance with all covenants under the Credit Agreement.

Note 10 - Other Long-Term Liabilities

Other long-term liabilities consisted of the following (in thousands):

	As of September 30, 2023	As of December 31, 2022
Class G Common Stock(1)	$ 752	$ 5,077
Long-term portion of acquisition liabilities(2)	7,838	16,226
Long-term portion of operating lease liabilities	17,809	21,706
Other	10,986	11,978
Total other long-term liabilities	$ 37,385	$ 54,987

(1) For more information, see Note 13, *Equity* of our 2022 Annual Report.

(2) The long-term portion of acquisition liabilities includes contingent consideration and deferred payments to sellers due after one year.

Note 11 - Income Taxes

The Company's effective tax rate was an 0 % benefit on pre-tax loss for the three months ended September 30, 2023 and 1 % expense on pre-tax income for the three months ended September 30, 2022. The Company's effective tax rate was a 0 % benefit on pre-tax loss for the nine months ended September 30, 2023 and a 4 % expense on pre-tax loss for the nine months ended September 30, 2022. The effective tax rate differs from our statutory rate in both periods due to the effect of flow-through entity income and losses for which the taxable income or loss is allocated to the Vacasa Holdings, LLC members and due to valuation allowance considerations.

Note 12 - Equity and Equity-Based Compensation

Reverse Stock Split

On September 1, 2023, the Board of Directors of the Company approved a 1-for-20 reverse stock split (the "Reverse Stock Split") of the Company's Class A Common Stock, Class B Common Stock, and Class G Common Stock. The Reverse Stock Split was effective as of October 2, 2023. See Note 16, *Subsequent Event*, for additional information.

Equity-Based Award Activities

Restricted Stock Units

A summary of the Restricted Stock Unit ("RSU") activity was as follows during the period indicated:

	Restricted Stock Units (in thousands)	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2022	269	$ 99.20
Granted	673	21.20
Vested	(128)	81.40
Forfeited	(89)	64.00
Outstanding as of September 30, 2023	725	34.40

As of September 30, 2023, there was unrecognized compensation expense of $ 21.4 million related to unvested RSUs, which is expected to be recognized over a weighted-average period of 2.6 years.

Performance Stock Units

The Company has granted Performance Stock Units ("PSUs") to certain members of its leadership team, which vest based upon the achievement of performance criteria and requisite service. The performance criteria are based on the achievement of certain share price appreciation targets. Attainment of each share price appreciation target is measured based on either the trailing 45-day or 60-day average closing trading price of our Class A Common Stock or, in the event of a change in control, the amount per share of Class A Common Stock to be paid to a stockholder in connection with such change in control. For certain of the awards, depending on the performance achieved, the actual number of shares of Class A Common Stock issued to the holder may range from 0 % to 200 % of the target number of PSUs granted. The number of PSUs granted included in the table below is based on the maximum potential achievement for all awards. In the event that performance criteria and requisite service are not achieved, the corresponding portion of the PSUs that do not vest will be forfeited.

A summary of the PSU activity was as follows during the period indicated:

	Performance Stock Units (in thousands)	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2022	105	$ 58.00
Granted	143	10.20
Forfeited	(5)	75.80
Outstanding as of September 30, 2023	243	29.50

As of September 30, 2023, there was unrecognized compensation expense of $ 4.7 million related to unvested PSUs, which is expected to be recognized over a weighted-average period of 2.1 years.

Stock Appreciation Rights

A summary of the Stock Appreciation Rights ("SARs") activity was as follows during the period indicated:

	Stock Appreciation Rights (in thousands)	Weighted Average Exercise Price
Outstanding as of December 31, 2022	87	$ 61.20
Forfeited	(39)	60.60
Outstanding as of September 30, 2023	48	61.60

As of September 30, 2023, there was $ 0.1 million of unrecognized compensation expense for the Company's SARs that will be recognized over a weighted-average remaining recognition period of 0.7 years. As of September 30, 2023, the Company's outstanding SARs had a weighted-average remaining contractual life of 5.8 years and no intrinsic value.

Stock Options

A summary of the stock options activity was as follows during the period indicated:

	Stock Options (in thousands)	Weighted Average Exercise Price
Outstanding as of December 31, 2022	234	$ 18.40
Exercised	(37)	9.80
Forfeited	(21)	23.80
Outstanding as of September 30, 2023	176	19.40

As of September 30, 2023, there was $ 0.1 million of unrecognized compensation expense for the Company's stock options that will be recognized over a weighted-average remaining recognition period of 1.1 years. As of September 30, 2023, the Company's outstanding stock options had a weighted-average remaining contractual life of 4.7 years and an intrinsic value of $ 4.6 million.

Employee Equity Units

A summary of the Vacasa Employee Holdings LLC employee equity units is as follows:

	Employee Equity Units (in thousands)	Weighted-Average Grant Date Fair Value
Unvested outstanding as of December 31, 2022	101	$ 112.00
Vested	(23)	102.60
Forfeited	(48)	123.40
Unvested outstanding as of September 30, 2023	30	100.80

As of September 30, 2023, there was $ 2.9 million of unrecognized compensation expense related to unvested employee equity units, which is expected to be recognized over a weighted-average period of 1.4 years.

Employee Stock Purchase Plan

Under the Company's 2021 Nonqualified Employee Stock Purchase Plan ("ESPP"), eligible participants may purchase shares of the Company’s Class A Common Stock using payroll deductions, which may not exceed 15 % of their total cash compensation. Offering and purchase periods begin on June 1 and December 1 of each year. Participants will be granted the right to purchase shares at a price per share that is 85 % of the lesser of the fair market value of the shares at (i) the participant’s entry date into the applicable one-year offering period or (ii) the end of each six-month purchase period within the offering period.

The ESPP does not meet the criteria of Section 423 of the Internal Revenue Code and is considered a non-qualified plan for federal tax purposes. The Company has treated the ESPP as a compensatory plan under GAAP.

During the nine months ended September 30, 2023, there were 62,813 shares of Class A Common Stock purchased under the ESPP at a weighted-average price of $ 13.00 per share.

Equity-Based Compensation Expense

The Company recorded equity-based compensation expense for the periods presented in the condensed consolidated statements of operations as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of revenue	$ 29	$ 225	$ 91	$ 842
Operations and support	390	1,069	1,117	4,845
Technology and development	647	1,107	1,550	5,272
Sales and marketing	460	1,075	2,004	4,876
General and administrative	2,448	5,900	7,243	12,525
Total equity-based compensation expense	$ 3,974	$ 9,376	$ 12,005	$ 28,360

Note 13 - Net Income (Loss) Per Share

The Company calculates net income (loss) per share of Class A Common Stock in accordance with ASC 260, Earnings Per Share, which requires the presentation of basic and diluted net income (loss) per share. Basic net income (loss) per share is calculated by dividing net income (loss) attributable to Vacasa, Inc. by the weighted-average shares of Class A Common Stock outstanding without the consideration for potentially dilutive shares of common stock. Diluted net income (loss) per share represents basic net income (loss) per share adjusted to include the potentially dilutive effect of RSUs, PSUs, SARs, stock options, employee equity units, shares expected to be purchased under the ESPP, and Class G Common Stock. Diluted net income (loss) per share is computed by dividing the net income (loss) by the weighted-average number of Class A Common Stock equivalents outstanding for the period determined using the treasury stock method and if-converted method, as applicable. During periods of net loss, diluted loss per share is equal to basic net loss per share because the antidilutive effect of potential shares of common stock is disregarded.

The following is a reconciliation of basic and diluted income (loss) per Class A common share for the periods presented (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator for net income (loss) per class A common share calculation:				
Net income (loss) attributable to Class A Common Stockholders, basic	$ (228,192)	$ 8,324	$ (255,105)	$ (14,715)
Net income allocated to dilutive securities	—	95	—	—
Net income (loss) attributable to Class A Common Stockholders, diluted	$ (228,192)	$ 8,419	$ (255,105)	$ (14,715)
Denominator for net income (loss) per Class A common share calculation:				
Weighted-average shares outstanding, basic(1)(2)	12,419	11,341	12,108	10,993
Effect of dilutive securities:				
Restricted stock units(2)	—	12	—	—
Stock appreciation rights(2)	—	25	—	—
Stock options(2)	—	186	—	—
Employee equity units(2)	—	51	—	—
Total effect of dilutive securities(2)	—	274	—	—
Weighted-average shares outstanding, diluted(1)(2)	12,419	11,615	12,108	10,993
Basic net income (loss) per Class A common share:				
Net income (loss) attributable to Class A Common Stockholders, basic	$ (228,192)	$ 8,324	$ (255,105)	$ (14,715)
Weighted-average shares outstanding, basic(1)(2)	12,419	11,341	12,108	10,993
Net income (loss) per share of Class A Common Stock, basic(2)	$ (18.37)	$ 0.73	$ (21.07)	$ (1.34)
Diluted net income (loss) per Class A common share:				
Net income (loss) attributable to Class A Common Stockholders, diluted(2)	$ (228,192)	$ 8,419	$ (255,105)	$ (14,715)
Weighted-average shares outstanding, diluted(1)(2)	12,419	11,615	12,108	10,993
Net income (loss) per share of Class A Common Stock, diluted(2)	$ (18.37)	$ 0.72	$ (21.07)	$ (1.34)

(1) Basic and diluted weighted-average shares outstanding include restricted stock units that have vested but have not yet settled into shares of Class A Common Stock.

(2) Weighted-average shares outstanding and equity awards used in the computation of basic and diluted earnings (loss) per share have been retroactively adjusted to reflect the 1-for-20 Reverse Stock Split that occurred on October 2, 2023. Refer to *Note 16 - Subsequent Event* for additional information.

Shares of the Company's Class B Common Stock and Class G Common Stock do not participate in earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings (loss) per share of Class B Common Stock and Class G Common Stock under the two-class method has not been presented.

The following outstanding potentially dilutive securities were excluded from the calculation of diluted net income (loss) per share of Class A Common Share either because their impact would have been antidilutive for the period presented or because they were contingently issuable upon the satisfaction of certain market conditions (in thousands)(1):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
OpCo units(2)	9,387	10,183	9,387	10,183
Restricted stock units	725	215	725	283
Performance stock units(3)	243	117	243	117
Stock appreciation rights	48	57	48	97
Stock options	176	13	176	247
Employee equity units	30	93	30	149
Employee stock purchase plan	228	86	228	86
Class G Common Stock	411	411	411	411
Common shares excluded from calculation of diluted net income (loss) per share	11,248	11,175	11,248	11,573

(1) The share amounts herein have been retroactively adjusted to reflect the 1-for-20 Reverse Stock Split that occurred on October 2, 2023. Refer to *Note 16 - Subsequent Event* for additional information.

(2) These securities are neither dilutive nor anti-dilutive for the period presented as their assumed redemption for shares of Class A Common Stock would cause a proportionate increase to net income (loss) attributable to Class A Common Stockholders, diluted.

(3) PSUs are contingently issuable upon the satisfaction of certain market conditions. As of September 30, 2023, none of the requisite market conditions have been met, and therefore all such contingently issuable shares have been excluded from the calculation of diluted net income (loss) per share of Class A Common Stock.

Note 14 – Commitments and Contingencies

Leases

The Company leases real estate and equipment under various non-cancelable operating leases. There have been no material changes to the Company's operating lease commitments during the three and nine months ended September 30, 2023. For additional information, refer to Note 8, *Leases*, of the Company's 2022 Annual Report.

Regulatory Matters and Legal Proceedings

The Company’s operations are subject to laws, rules, and regulations that vary by jurisdiction. In addition, the Company has been and is currently a party to various legal proceedings, including employment and general litigation matters, which arise in the ordinary course of business. Such proceedings and claims can require the Company to expend significant financial and operational resources.

Regulatory Matters

The Company’s core business operations consist of the management of short-term vacation rental stays, which are subject to local, city, or county ordinances, together with various state, U.S. and foreign laws, rules and regulations. Such laws, rules, and regulations are complex and subject to change, and in several instances, jurisdictions have yet to codify or implement applicable laws, rules or regulations. Other ancillary components of the Company’s business activities include the management of long-term rental stays and homeowner association management. In addition to laws governing these activities, the Company must comply with laws in relation to travel, tax, privacy and data protection, intellectual property, competition, health and safety, consumer protection, employment and many others. These business operations expose the Company to inquiries and potential claims related to its compliance with applicable laws, rules, and regulations. Given the shifting landscape with respect to the short-term rental laws, changes in existing laws or the implementation of new laws could have a material impact on the Company’s business.

Tax Matters

Some states and localities impose transient occupancy, lodging accommodations, and sales taxes ("Hospitality and Sales Taxes") on the use or occupancy of lodging accommodations and other traveler services. The Company collects and remits Hospitality and Sales Taxes collected from guests on behalf of its homeowners. Such Hospitality and Sales Taxes are generally remitted to tax jurisdictions within a 30-day period following the end of each month, quarter, or year end.

As of September 30, 2023 and December 31, 2022, the Company had an obligation to remit Hospitality and Sales Taxes collected from guests in these jurisdictions totaling $ 20.8 million and $ 17.9 million, respectively. These payables are recorded in hospitality and sales taxes payable on the condensed consolidated balance sheets.

The Company’s potential obligations with respect to Hospitality and Sales Taxes could be affected by various factors, which include, but are not limited to, whether the Company determines, or any tax authority asserts, that the Company has a responsibility to collect lodging and related taxes on either historical or future transactions or by the introduction of new ordinances and taxes that subject the Company’s operations to such taxes. The Company is under audit and inquiry by various domestic tax authorities with regard to hospitality and sales tax matters.

The Company has estimated liabilities in certain jurisdictions with respect to state, city, and local taxes related to lodging where management believes it is probable that the Company has additional liabilities, and the related amounts can be reasonably estimated. These contingent liabilities primarily arise from the Company's transactions with its homeowners, guests, and service contracts and relate to the applicability of transactional taxes (such as sales, value-added, and similar taxes) to services provided. As of September 30, 2023 and December 31, 2022, accrued obligations related to these estimated taxes, including estimated penalties and interest, totaled $ 9.0 million and $ 10.6 million, respectively. Due to the inherent complexity and uncertainty of these matters and judicial processes in certain jurisdictions, the final outcomes of such matters may result in obligations that exceed the estimated liabilities recorded.

The Company has estimated other contingent non-income tax related liabilities related to domestic and foreign taxing authorities. The subject matter of these contingent liabilities arises from transactions with homeowners and the related information reporting requirements and potential back-up withholding on certain homeowner payments. As of September 30, 2023 and December 31, 2022, accrued obligations related to the information reporting requirements, including estimated penalties and interest, totaled $ 1.9 million and $ 1.2 million, respectively. With respect to potential back-up withholdings on certain homeowner payments, any estimated liability is inherently subjective due to the complexity and uncertainty of this matter; therefore, any reasonably possible loss or range of loss cannot be estimated.

Refer to Note 11, *Income Taxes*, for further discussion on other income tax matters.

Litigation

The Company has been and is currently involved in litigation and legal proceedings and subject to legal claims in the ordinary course of business. These include legal claims asserting, among other things, commercial, competition, tax, employment, discrimination, consumer, personal injury, negligence, and property rights.

In January 2023, the Company was served with a complaint filed against multiple subsidiaries of the Company alleging, among other things, wrongful death relating to a fire in 2020 at rental units managed by a subsidiary of the Company. The complaint was filed in Dare County Superior Court in the State of North Carolina and seeks damages related to the deaths of three individuals. The Company believes it has meritorious defenses to the allegations in the complaint and will vigorously contest the allegations.

The Company does not believe, based on currently available facts and circumstances, that the final outcome of any pending legal proceedings or ongoing regulatory investigations, taken individually or as a whole, will have a material adverse effect on our consolidated financial statements. However, lawsuits may involve complex questions of fact and law and may require the expenditure of significant funds and other resources to defend. The results of litigation or regulatory investigations are inherently uncertain, and material adverse outcomes are possible. From time to time, the Company may enter into confidential discussions regarding the potential settlement of such lawsuits. Any settlement of pending litigation could require us to incur substantial costs and other ongoing expenses.

During the periods presented, no material amounts have been accrued or disclosed in the accompanying condensed consolidated financial statements with respect to loss contingencies associated with any regulatory matter or legal proceeding. These matters are subject to many uncertainties, and the ultimate outcomes are not predictable. There can be no assurances that the actual amounts required to satisfy any liabilities arising from the regulatory matters and legal proceedings described above will not have a material adverse effect on the Company's business, results of operations, financial condition, or cash flows.

Indemnification

As a matter of ordinary course, the Company agrees to indemnification clauses in commercial agreements where desirable or appropriate. As a result, the Company may be obligated to indemnify third parties for losses or damages incurred in connection with the Company's operations or its non-compliance with contractual obligations. Additionally, the Company has entered into indemnification agreements with its officers and directors, and its bylaws contain certain indemnification obligations for officers and directors. It is not possible to determine the aggregate maximum potential loss pursuant to the aforementioned indemnification provisions and obligations due to the unique facts and circumstances involved in each particular situation. As of September 30, 2023, the Company did not have any material indemnification claims that were probable or reasonably possible.

Note 15 – Workforc e Reduction

In January 2023, the Company implemented a workforce reduction plan (the "Plan") designed to align the Company's expected cost base with its 2023 strategic and operating priorities. The Plan included the elimination of approximately 1,300 positions across the Company, in both the Company's local operations teams and central teams, representing approximately 17 % of the workforce.

In connection with the Plan, the Company incurred immaterial severance and employee benefits costs during the three months ended September 30, 2023 and approximately $ 5.1 million of severance and employee benefits costs during the nine months ended September 30, 2023, which are included in operating costs and expenses in the condensed consolidated statements of operations. The majority of these costs have been paid, and the remaining liability as of September 30, 2023 is not material.

Note 16 – Subsequent Event

Reverse Stock Split

On October 2, 2023, we completed a 1-for-20 reverse stock split of the Company's outstanding Class A Common Stock, Class B Common Stock, and Class G Common Stock. The Reverse Stock Split had no effect on the number of authorized shares of any class of common stock. Par value remained $ 0.00001 per share. Stockholders who would otherwise have been entitled to receive fractional shares as a result of the Reverse Stock Split received a cash payment in lieu of receiving fractional shares. All share and share-related information presented in these condensed consolidated financial statements has been retroactively adjusted for all periods presented to reflect the decreased number of shares resulting from the Reverse Stock Split.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report and with our audited consolidated financial statements and notes thereto included in our 2022 Annual Report. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. As a result of many factors, such as those set forth under the "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" sections and elsewhere in our 2022 Annual Report, in our Q1 2023 Quarterly Report, in our Q2 2023 Quarterly Report, and in this Quarterly Report, our actual results may differ materially from those anticipated in these forward-looking statements. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Overview

We are the leading vacation rental management platform in North America. Our integrated technology and operations platform is designed to optimize vacation rental income and home care for homeowners, offer guests a seamless, reliable and high-quality experience, and provide distribution partners with a variety of home listings.

As a vertically integrated vacation rental manager, we act as an agent on behalf of our homeowners, which allows us to avoid the capital requirements and limitations of owning the underlying real estate. We are equipped to manage all aspects of the vacation rental experience for homeowners, from listing creation and multi-channel distribution, to pricing, marketing optimization, and end-to-end property care. We collect nightly rent on behalf of homeowners and earn the majority of our revenue from homeowner commissions and service fees paid by guests, and from additional reservation-related fees paid by guests when a vacation rental is booked directly through our website or app or through our distribution partners. We also earn revenue from home care solutions offered directly to our homeowners, such as home improvement and repair services for a separately agreed upon fee, and from providing residential management services to community and homeowner associations. We are typically the exclusive vacation rental manager for the homes on our platform, and we are able to capture nearly all of the bookings for those properties through our direct channel or through our channel partners.

Seasonality

Our overall business is seasonal, reflecting typical travel behavior patterns over the course of the calendar year. In addition, each market where we operate may have its own seasonality, events, and weather that can increase or decrease demand for our offerings. Certain holidays, and the timing of those holidays, can have an impact on our revenue by increasing or decreasing Nights Sold on the holiday itself or during the preceding and subsequent weekends. Typically, our second and third quarters have higher revenue due to increased Nights Sold, compared to our first and fourth quarters. Our Gross Booking Value ("GBV") typically follows the seasonality patterns of Nights Sold. Our operations and support costs also increase in the second and third quarters as we increase our staffing to handle increased activity on our platform and service the homes we manage in those periods. See additional information about GBV and Nights Sold under the "Key Business Metrics and Non-GAAP Financial Measures" heading below.

Workforce Reduction

In January, 2023, we implemented a workforce reduction plan that resulted in the elimination of approximately 1,300 positions across the Company, representing approximately 17% of the workforce. We incurred severance and employee benefits costs of approximately $5.1 million during the nine months ended September 30, 2023, which are included in operating costs and expenses in the condensed consolidated statement of operations. The reduction in force was substantially complete by the end of the second quarter of 2023. Costs incurred during the third quarter of 2023 in connection with the workforce reduction were not material.

Reverse Stock Split

On October 2, 2023, we completed a 1-for-20 reverse stock split of the Company's outstanding Class A Common Stock, Class B Common Stock, and Class G Common Stock (the "Reverse Stock Split"). The Reverse Stock Split had no effect on the number of authorized shares of any class of common stock. Par value remained $0.00001 per share. Stockholders who would otherwise have been entitled to receive fractional shares as a result of the Reverse Stock Split received a cash payment in lieu of receiving fractional shares. All share and share-related information presented in these condensed consolidated financial statements has been retroactively adjusted for all periods presented to reflect the decreased number of shares resulting from the Reverse Stock Split.

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our revenue for these periods. The period-to-period comparisons of our historical results are not necessarily indicative of our future results.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Revenue	$ 379,077	$ 412,184	$ 940,510	$ 969,792
Operating costs and expenses:				
Cost of revenue, exclusive of depreciation and amortization shown separately below(1)	150,789	174,123	417,046	447,976
Operations and support(1)	64,998	76,877	187,662	196,349
Technology and development(1)	16,026	18,422	45,900	52,493
Sales and marketing(1)	57,658	75,020	171,559	196,909
General and administrative(1)	19,328	31,043	61,402	83,486
Depreciation	5,204	5,376	15,597	16,676
Amortization of intangible assets	15,266	15,490	46,143	45,771
Impairment of long-lived assets	46,000	—	46,000	—
Impairment of goodwill	411,000	—	411,000	—
Total operating costs and expenses	786,269	396,351	1,402,309	1,039,660
Income (loss) from operations	(407,192)	15,833	(461,799)	(69,868)
Interest income	2,349	779	6,022	1,220
Interest expense	(561)	(606)	(1,873)	(1,957)
Other income (loss), net	1,823	(23)	5,597	41,499
Income (loss) before income taxes	(403,581)	15,983	(452,053)	(29,106)
Income tax benefit (expense)	1,123	(170)	341	(1,073)
Net income (loss)	$ (402,458)	$ 15,813	$ (451,712)	$ (30,179)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Cost of revenue	$ 29	$ 225	$ 91	$ 842
Operations and support	390	1,069	1,117	4,845
Technology and development	647	1,107	1,550	5,272
Sales and marketing	460	1,075	2,004	4,876
General and administrative	2,448	5,900	7,243	12,525
Total equity-based compensation expense	$ 3,974	$ 9,376	$ 12,005	$ 28,360

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	100 %	100 %	100 %	100 %
Operating costs and expenses:				
Cost of revenue, exclusive of depreciation and amortization shown separately below	40 %	42 %	44 %	46 %
Operations and support	17 %	19 %	20 %	20 %
Technology and development	4 %	4 %	5 %	5 %
Sales and marketing	15 %	18 %	18 %	20 %
General and administrative	5 %	8 %	7 %	9 %
Depreciation	1 %	1 %	2 %	2 %
Amortization of intangible assets	4 %	4 %	5 %	5 %
Impairment of long-lived assets	12 %	— %	5 %	— %
Impairment of goodwill	108 %	— %	44 %	— %
Total operating costs and expenses	207 %	96 %	149 %	107 %
Income (loss) from operations	(107)%	4 %	(49)%	(7)%
Interest income	1 %	— %	1 %	— %
Interest expense	— %	— %	— %	— %
Other income (loss), net	— %	— %	1 %	4 %
Income (loss) before income taxes	(106)%	4 %	(48)%	(3)%
Income tax benefit (expense)	— %	— %	— %	— %
Net income (loss)	(106)%	4 %	(48)%	(3)%

Comparison of the Three Months and Nine Months ended September 30, 2023 and 2022

Revenue

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
Revenue	$ 379,077	$ 412,184	$ (33,107)	(8) %	$ 940,510	$ 969,792	$ (29,282)	(3) %

Our revenue is primarily generated from our vacation rental platform in which we generally act as the exclusive agent on the homeowners' behalf to facilitate the reservation transactions between guests and homeowners. We collect nightly rent from guests on behalf of homeowners and earn the majority of our revenue from commissions on rent and from additional reservation-related fees paid by guests when a vacation rental is booked directly through our website, app, or through our distribution partners. We also earn revenue from home care solutions provided directly to our homeowners, such as home maintenance and improvement services, linen and towel supply programs, supplemental housekeeping services, and other related services, for a separately agreed-upon fee.

In the event a booked reservation is cancelled, we may offer a refund or a future stay credit up to the value of the booked reservation. In certain instances, we may also offer a refund related to a completed stay. We account for refunds as a reduction of revenue. Future stay credits are recognized as a liability on our condensed consolidated balance sheets. Revenue from future stay credits is recognized when redeemed by guests, net of the portion of the booking attributable to funds payable to owners and hospitality and sales taxes payable. We estimate the portion of future stay credits that will not be redeemed by guests and recognize these amounts as breakage revenue in proportion to the expected pattern of redemption or upon expiration.

In addition to our vacation rental platform, we provide other offerings such as residential management services to community and homeowner associations. The purpose of these services is to attract and retain homeowners as customers of our vacation rental platform. We substantially completed the wind down of our real estate brokerage services during the second quarter of

2023, which represented less than 1% of total revenue for both the three and nine months ended September 30, 2023. We will continue to retain real estate brokerage licenses, where required, in order to facilitate our vacation rental management services.

Booking Patterns

We continue to experience evolving guest booking and travel demand patterns. We have seen, and continue to see, increased homeowner concerns around their levels of rental income, relative to prior years. These factors increase the difficulty of accurately forecasting our results of operations and, we believe, are continuing to have a negative effect on homeowner retention, relative to our historical experience. However, we currently expect our revenue for 2023 to be lower than our revenue for 2022.

Three Months Ended September 30, 2023 Compared with the Same Period in 2022

Revenue decreased by $33.1 million, or 8%, for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, primarily driven by a $28.6 million decrease in revenue from our vacation rental platform revenue and a $3.9 million decrease in revenue from our real estate brokerage services, as a result of our wind down of these services. The decrease in vacation rental platform revenue was mostly driven by decreased GBV per Night Sold (as defined below) compared to the same period in 2022, as discussed in more detail below under *Key Business Metrics*.

Nine Months Ended September 30, 2023 Compared with the Same Period in 2022

Revenue decreased by $29.3 million, or 3%, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, primarily driven by a $16.9 million decrease in revenue from our vacation rental platform revenue and a $13.0 million decrease in revenue from our real estate brokerage services, as a result of our wind down of these services. The decrease in vacation rental platform revenue was mostly driven by decreased GBV per Night Sold, as discussed in more detail below under *Key Business Metrics,* and lower future stay credit breakage revenue, which primarily relates to the first quarter of 2022 when the future stay credits issued during the COVID-19 pandemic first began to expire.

Cost of revenue

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
Cost of revenue	$ 150,789	$ 174,123	$ (23,334)	(13) %	$ 417,046	$ 447,976	$ (30,930)	(7) %
Percentage of revenue	40 %	42 %			44 %	46 %		

Cost of revenue, exclusive of depreciation and amortization, consists primarily of employee compensation costs, which include wages, benefits, and payroll taxes and outside service costs for housekeeping, home maintenance, payment processing fees for merchant fees and chargebacks, laundry expenses, and housekeeping supplies, as well as fixed rent payments on certain owner contracts. Cost of revenue also includes costs associated with our residential management services to community and homeowner associations and real estate brokerage services. These brokerage services represented less than 1% of total cost of revenue for both the three and nine months ended September 30, 2023.

Three Months Ended September 30, 2023 Compared with the Same Period in 2022

Cost of revenue decreased by $23.3 million, or 13%, for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, primarily due to a $9.9 million decrease in costs related to our home care solutions and home supplies, a $3.5 million decrease in costs related to real estate brokerage services, a $3.0 million decrease in payment processing costs, a $2.5 million decrease in residential management services to community and homeowner associations, and a $1.9 million decrease in personnel-related expenses related to housekeeping.

Nine Months Ended September 30, 2023 Compared with the Same Period in 2022

Cost of revenue decreased by $30.9 million, or 7%, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, primarily due to a $11.4 million decrease in costs related to real estate brokerage services, a $6.5 million decrease in costs related to our home care solutions and home supplies, a $5.3 million decrease in residential management services to community and homeowner associations, and a $4.2 million decrease in payment processing costs.

We expect that cost of revenue as a percentage of revenue may fluctuate from period to period, depending on the number of Nights Sold (as defined below under Key Business Metrics), Gross Booking Value per Night Sold, and our ability to realize operational efficiencies.

Operations and support

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
Operations and support	$ 64,998	$ 76,877	$ (11,879)	(15) %	$ 187,662	$ 196,349	$ (8,687)	(4) %
Percentage of revenue	17 %	19 %			20 %	20 %		

Operations and support costs consist primarily of compensation costs, which include wages, benefits, payroll taxes, and equity-based compensation for employees that support our local operations. The costs also include the cost of call center customer support, rent expense for local operations, and the allocation of facilities and certain corporate overhead costs.

Three Months Ended September 30, 2023 Compared with the Same Period in 2022

Operations and support costs decreased by $11.9 million, or 15%, for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The decrease was primarily due to a $12.3 million decrease in personnel-related expenses in our field operations, central operations, and customer experience teams, partially offset by a $0.3 million increase in facility-related expenses.

Nine Months Ended September 30, 2023 Compared with the Same Period in 2022

Operations and support costs decreased by $8.7 million, or 4%, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The decrease was primarily due to a $13.8 million decrease in personnel-related expenses in our field operations, central operations, and customer experience teams, partially offset by a $2.7 million increase in facility-related expenses and a $1.5 million increase in outside and professional services costs. The decrease in personnel-related expenses also included a decrease in equity-based compensation of $3.7 million, partially offset by an increase in severance and related benefits costs of $1.8 million, both as a result of the workforce reductions we effected in October 2022 and January 2023.

We expect that operations and support costs as a percent of revenue may fluctuate from period to period depending on the number of homes we manage and the number of destinations we operate in, the number of Nights Sold, and our ability to realize operational efficiencies.

Technology and development

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
Technology and development	$ 16,026	$ 18,422	$ (2,396)	(13) %	$ 45,900	$ 52,493	$ (6,593)	(13) %
Percentage of revenue	4 %	4 %			5 %	5 %		

Technology and development expenses consist primarily of cloud computing, software licensing and maintenance expense, and costs to support infrastructure, applications, and overall monitoring and security of networks. Technology and development expenses also include wages, benefits, payroll taxes, and equity-based compensation for salaried employees as well as payments to contractors, net of capitalized expenses, engaged in the design, development, maintenance, and testing of our platform, including our websites, mobile applications, and other products. Capitalized costs are recorded as a reduction of our technology and development expenses and are capitalized as internal-use software within property and equipment on the condensed consolidated balance sheets. These assets are depreciated over their estimated useful lives and are reported in depreciation on our condensed consolidated statements of operations.

Three Months Ended September 30, 2023 Compared with the Same Period in 2022

Technology and development expenses decreased by $2.4 million, or 13%, for the three months ended September 30, 2023, compared to the three months ended September 30, 2022, primarily due to a $1.5 million decrease in software license and maintenance costs and a $0.7 million decrease in personnel-related expenses.

Nine Months Ended September 30, 2023 Compared with the Same Period in 2022

Technology and development expenses decreased by $6.6 million, or 13%, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, primarily due to a $3.3 million decrease in personnel-related expenses, driven by lower equity-based compensation, and a $3.2 million decrease in software license and maintenance costs.

We expect that, on an absolute dollar basis, changes in technology and development expenses will be primarily driven by headcount and software spend, which may fluctuate from period to period based on our business priorities.

Sales and marketing

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
Sales and marketing	$ 57,658	$ 75,020	$ (17,362)	(23) %	$ 171,559	$ 196,909	$ (25,350)	(13) %
Percentage of revenue	15 %	18 %			18 %	20 %		

Sales and marketing expenses consist primarily of compensation costs, which include wages, sales commissions, benefits, payroll taxes, and equity-based compensation, for our sales force and marketing personnel, payments to distribution partners for guest reservations, digital and mail-based advertising costs for homeowners, advertising costs for search engine marketing and other digital guest advertising, and brand marketing.

Three Months Ended September 30, 2023 Compared with the Same Period in 2022

Sales and marketing expenses decreased by $17.4 million, or 23%, for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The decrease was primarily due to a $12.5 million decrease in personnel-related expenses primarily driven by decreased sales force headcount, as a result of the workforce reductions we effected in October 2022 and January 2023, and a $3.7 million decrease in homeowner and brand advertising.

Nine Months Ended September 30, 2023 Compared with the Same Period in 2022

Sales and marketing expenses decreased by $25.4 million, or 13%, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The decrease was primarily due to an $24.2 million decrease in personnel-related expenses, primarily driven by decreased sales force headcount, and a $6.1 million decrease in homeowner and brand advertising. The decrease was partially offset by a $4.0 million increase in listing fees paid to our distribution partners due, primarily, to channel mix. The decrease in personnel-related expenses also included a decrease in equity-based compensation of $2.9 million, partially offset by an increase in severance and related benefits costs of $1.7 million, both as a result of the workforce reductions we effected in October 2022 and January 2023.

We expect that, on an absolute dollar basis, changes in sales and marketing expenses will be primarily driven by headcount and advertising expense, which may fluctuate from period to period based on our business priorities, and payments to distribution partners for guest reservations, which will vary from period to period based on GBV generated through our distribution partners.

General and administrative

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
General and administrative	$ 19,328	$ 31,043	$ (11,715)	(38) %	$ 61,402	$ 83,486	$ (22,084)	(26) %
Percentage of revenue	5 %	8 %			7 %	9 %		

General and administrative expenses primarily consist of compensation costs, which includes wages, benefits, payroll taxes, and equity-based compensation for administrative employees, including finance and accounting, human resources, communications, and legal employees. General and administrative costs also include professional services fees, including accounting, legal and consulting expenses, rent expense for corporate facilities and storage, insurance premiums, and travel and entertainment expenses.

Three Months Ended September 30, 2023 Compared with the Same Period in 2022

General and administrative expenses decreased by $11.7 million, or 38%, for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The decrease was primarily due to a $7.3 million decrease in personnel-related expenses, driven by lower headcount, a $2.7 million decrease in other expenses, and a $0.9 million decrease in professional services expenses, driven by reduced consulting costs.

Nine Months Ended September 30, 2023 Compared with the Same Period in 2022

General and administrative expenses decreased by $22.1 million, or 26%, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The decrease was primarily due to a $13.6 million decrease in personnel-related expenses, driven by lower headcount, a $4.1 million decrease in professional services expenses, driven by reduced consulting costs, and a $2.1 million decrease in facility-related expenses.

We expect that, on an absolute dollar basis, changes in general and administrative expenses will be primarily driven by headcount and professional fees, which may fluctuate from period to period depending on our business needs and priorities.

Depreciation and Amortization of intangible assets

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
Depreciation	$ 5,204	$ 5,376	$ (172)	(3) %	$ 15,597	$ 16,676	$ (1,079)	(6) %
Percentage of revenue	1 %	1 %			2 %	2 %		
Amortization of intangible assets	$ 15,266	$ 15,490	$ (224)	(1) %	$ 46,143	$ 45,771	$ 372	1 %
Percentage of revenue	4 %	4 %			5 %	5 %		

Depreciation expense consists of depreciation on capitalized internal-use software, furniture and fixtures, buildings and improvements, leasehold improvements, computer equipment, and vehicles.

Amortization of intangible assets expense consists of non-cash amortization expense of acquired intangible assets, primarily homeowner contracts, which are amortized on a straight-line basis over their estimated useful lives.

Three Months Ended September 30, 2023 Compared with the Same Period in 2022

Depreciation expense decreased nominally for the three months ended September 30, 2023, compared to the three months ended September 30, 2022.

Amortization of intangible assets decreased nominally for the three months ended September 30, 2023, compared to the three months ended September 30, 2022.

Nine Months Ended September 30, 2023 Compared with the Same Period in 2022

Depreciation expense decreased by $1.1 million, or 6%, for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, due to decreased capital spending.

Amortization of intangible assets increased nominally for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.

We expect that depreciation and amortization expenses will vary both on an absolute dollar basis and as a percentage of revenue depending on our level of investment in property and equipment and the rate at which we complete portfolio transactions and strategic acquisitions to support the growth of our business.

Impairment of Long-lived Assets and Goodwill

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
Impairment of long-lived assets	$ 46,000	$ —	$ 46,000	NM[(1)]	$ 46,000	$ —	$ 46,000	NM[(1)]
Percentage of revenue	12 %	— %			5 %	— %		
Impairment of goodwill	$ 411,000	$ —	$ 411,000	NM[(1)]	$ 411,000	$ —	$ 411,000	NM[(1)]
Percentage of revenue	108 %	— %			44 %	— %		

(1) Not meaningful

Impairment of long-lived assets represents a non-cash impairment charge of $46.0 million recorded during the three months ended September 30, 2023, as it was determined that the fair value of our homeowner contract asset was below the carrying amount of the asset. Refer to Note 7, *Intangible Assets, Net and Goodwill* to the condensed consolidated financial statements for more information.

Impairment of goodwill represents a non-cash impairment charge of $411.0 million recorded during the three months ended September 30, 2023, as it was determined that the fair value of our single reporting unit was below the carrying amount of its net assets. Refer to Note 7, *Intangible Assets, Net and Goodwill* to the condensed consolidated financial statements for more information.

Interest income, Interest expense and Other expense, net

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(in thousands, except percentages)							
Interest income	$ 2,349	$ 779	$ 1,570	202 %	$ 6,022	$ 1,220	$ 4,802	394 %
Percentage of revenue	1 %	— %			1 %	— %		
Interest expense	$ (561)	$ (606)	$ 45	(7) %	$ (1,873)	$ (1,957)	$ 84	(4) %
Percentage of revenue	— %	— %			— %	— %		
Other income (loss), net	$ 1,823	$ (23)	$ 1,846	NM[(1)]	$ 5,597	$ 41,499	$ (35,902)	(87) %
Percentage of revenue	— %	— %			1 %	4 %		

(1) Not meaningful

Interest income consists primarily of interest earned on our cash and cash equivalents.

Interest expense consists primarily of interest payable and the amortization of deferred financing costs related to our outstanding debt arrangements.

Other income (loss), net, consists primarily of the change in fair value of the contingent earnout share consideration represented by our Class G Common Stock, and foreign currency exchange gains and losses.

Three Months Ended September 30, 2023 Compared with the Same Period in 2022

Interest income increased by $1.6 million for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The increase in interest income is primarily due to higher prevailing interest rates during 2023, compared to 2022, and investing a greater proportion of our cash and cash equivalents into money market funds.

Interest expense decreased nominally for the three months ended September 30, 2023, compared to the three months ended September 30, 2022.

Other income, net increased by $1.8 million for the three months ended September 30, 2023, compared to the three months ended September 30, 2022. The increase in other income, net, was primarily due to a $1.0 million decline in the fair value of contingent earnout share consideration represented by our Class G Common Stock for the three months ended September 30, 2023.

Nine Months Ended September 30, 2023 Compared with the Same Period in 2022

Interest income increased by $4.8 million for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The increase in interest income is primarily due to higher prevailing interest rates during 2023, compared to 2022, and investing a greater proportion of our cash and cash equivalents into money market funds.

Interest expense decreased nominally for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.

Other income, net decreased by $35.9 million for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022. The decrease in other income, net, was primarily due to a $4.3 million decline in the fair value of contingent earnout share consideration represented by our Class G Common Stock for the nine months ended September 30, 2023, compared to a $43.9 million decline in the fair value of contingent earnout share consideration represented by our Class G Common Stock for the nine months ended September 30, 2022.

Key Business Metrics and Non-GAAP Financial Measures

We analyze the key business metrics of GBV, Nights Sold, and GBV per Night Sold, as well as non-GAAP financial measures to assess our performance. In addition to revenue, net income (loss), income (loss) from operations, and other results under GAAP, we use non-GAAP financial measures, including Adjusted EBITDA, Non-GAAP cost of revenue, Non-GAAP operations and support expense, Non-GAAP technology and development expense, Non-GAAP sales and marketing expense, and Non-GAAP general and administrative expense (collectively, the "Non-GAAP Financial Measures") to evaluate our performance, identify trends, formulate financial projections, and make strategic decisions. We provide a reconciliation below of the Non-GAAP Financial Measures to their most directly comparable GAAP financial measures.

We believe these Non-GAAP Financial Measures, when taken together with their corresponding comparable GAAP financial measures, are useful for analysts and investors. These Non-GAAP Financial Measures allow for more meaningful comparisons of our performance by excluding items that are non-cash in nature or when the amount and timing of these items is unpredictable or one-time in nature, not driven by the performance of our core business operations or renders comparisons with prior periods less meaningful.

The key business metrics and Non-GAAP Financial Measures have significant limitations as analytical tools, should be considered as supplemental in nature, and are not meant as a substitute for any financial information prepared in accordance with GAAP. We believe the Non-GAAP Financial Measures provide useful information to investors and others in understanding and evaluating our results of operations, are frequently used by these parties in evaluating companies in our industry, and provide useful measures for period-to-period comparisons of our business performance. Moreover, we present the key business metrics and Non-GAAP Financial Measures because they are key measurements used by our management internally to make operating decisions, including those related to analyzing operating expenses, evaluating performance, and strategic planning and annual budgeting.

The Non-GAAP Financial Measures have significant limitations as analytical tools, including that:

- these measures do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- these measures do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or the cash required to service interest or principal payments, on our debt;
- these measures exclude equity-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy;
- Adjusted EBITDA and Non-GAAP general and administrative expense do not include non-recurring costs related to strategic business combinations;
- these measures do not reflect restructuring costs, including certain right-of-use asset impairment costs;
- these measures do not reflect our tax expense or the cash required to pay our taxes; and

- with respect to Adjusted EBITDA, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and such measures do not reflect any cash requirements for such replacements.

In the future, we may incur expenses or charges such as those being adjusted in the calculation of these Non-GAAP Financial Measures. Our presentation of these Non-GAAP Financial Measures should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items, and our Non-GAAP Financial Measures may be calculated differently from similarly titled metrics or measures presented by other companies.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands, except GBV per Night Sold)			
Gross Booking Value ("GBV")	$ 830,094	$ 968,692	$ 1,973,749	$ 2,139,566
Nights Sold	2,047	2,058	5,168	5,051
GBV per Night Sold	$ 406	$ 471	$ 382	$ 424

Gross Booking Value

GBV represents the dollar value of bookings from our distribution partners as well as those booked directly on our platform related to Nights Sold during the period and cancellation fees for bookings cancelled during the period (which may relate to bookings made during prior periods). GBV is inclusive of amounts charged to guests for rent, fees, and the estimated taxes paid by guests when we are responsible for collecting tax.

Changes in GBV reflect our ability to add homes by attracting homeowners through our individual sales approach, and through portfolio transactions or strategic acquisitions, to retain homeowners and guests, and to optimize the availability and utilization of the homes on our platform. Changes in GBV also reflect changes in the pricing of rents, fees, and estimated taxes paid by guests. Changes in utilization of the homes on our platform and pricing of those homes are generally reflective of changes in guest demand.

For the three months ended September 30, 2023, GBV decreased by 14% to $830.1 million, compared to the same period in 2022 due to lower guest demand.

For the nine months ended September 30, 2023, GBV decreased by 8% to $1,973.7 million, compared to the same period in 2022 due to lower guest demand.

Changes in GBV are affected by the number of homes we add to our platform, guest demand, including seasonality, and our ability to optimize pricing and utilization of the homes on our platform.

Nights Sold

We define Nights Sold as the total number of nights stayed by guests in homes hosted on our platform in a given period. Nights Sold is a key measure of the scale and quality of homes on our platform and our ability to generate demand and manage yield on behalf of our homeowners. We experience seasonality in the number of Nights Sold. Typically, the second and third quarters of the year each have higher Nights Sold than the first and fourth quarters, as guests tend to travel more during the peak summer travel season.

For the three months ended September 30, 2023, Nights Sold decreased by 1% to 2.0 million, compared to the same period in 2022.

For the nine months ended September 30, 2023, Nights Sold increased by 2% to 5.2 million, compared to the same period in 2022.

Nights Sold in any period will be affected by changes to the number of homes on our platform, guest demand, and how we optimize the combination of pricing and utilization of the homes on our platform.

Gross Booking Value per Night Sold

GBV per Night Sold represents the dollar value of each night stayed by guests on our platform in a given period. GBV per Night Sold reflects the pricing of rents, fees, and estimated taxes paid by guests.

For the three months ended September 30, 2023, GBV per Night Sold decreased by 14% to $406, compared to the same period in 2022 due to lower guest demand.

For the nine months ended September 30, 2023, GBV per Night Sold decreased by 10% to $382, compared to the same period in 2022 due to lower guest demand.

There is a strong relationship between GBV and Nights Sold, and these two variables are managed in concert with one another. Our pricing algorithms and methodologies are continually evaluating the trade-offs between price and utilization to seek to optimize the mix of Nights Sold and GBV per Night Sold. Future changes in GBV per Night Sold will be determined by how we optimize the combination of pricing and utilization of the homes on our platform.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) excluding: (1) depreciation and acquisition-related items consisting of amortization of intangible assets and impairments of goodwill and intangible assets, if applicable; (2) interest income and expense; (3) any other income or expense not earned or incurred during our normal course of business; (4) any income tax benefit or expense; (5) equity-based compensation costs; (6) one-time costs related to strategic business combinations; and (7) restructuring costs, including certain right-of-use asset impairment costs. We believe this measure is useful for analysts and investors as this measure allows for more meaningful period-to-period comparison of our business performance. The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature or the amount and timing of these items is unpredictable or non-recurring in nature, not driven by the performance of our core business operations and renders comparisons with prior periods less meaningful. Adjusted EBITDA as a percentage of Revenue is calculated by dividing Adjusted EBITDA for a period by Revenue for the same period.

Seasonal trends in our Nights Sold impact Adjusted EBITDA for any given quarter. Typically, the second and third quarters of the year have higher Adjusted EBITDA and Adjusted EBITDA as a percentage of revenue, as fixed costs are allocated across a larger number of guest reservations. We expect Adjusted EBITDA and Adjusted EBITDA as a percentage of revenue to fluctuate in the near term due to this seasonality and improve over the medium to long term as we achieve greater operating leverage from scale.

In the three months ended September 30, 2023, Adjusted EBITDA was $74.3 million, compared to $46.1 million in the same period in 2022. The favorable change in Adjusted EBITDA is a reflection of the changes in our revenue, operating costs and expenses, as discussed above. Adjusted EBITDA as a percentage of Revenue was 20% for the three months ended September 30, 2023, compared to 11% for the three months ended September 30, 2022.

In the nine months ended September 30, 2023, Adjusted EBITDA was $78.5 million, compared to $21.5 million in the same period in 2022. The favorable change in Adjusted EBITDA is a reflection of the changes in our revenue, operating costs, and expenses, as discussed above. Adjusted EBITDA as a percentage of Revenue was 8% for the nine months ended September 30, 2023, compared to 2% for the nine months ended September 30, 2022.

The following table reconciles net income (loss) to Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands, except percentages)			
Net income (loss)	$ (402,458)	$ 15,813	$ (451,712)	$ (30,179)
Add back:				
Depreciation and amortization of intangible assets	20,470	20,866	61,740	62,447
Impairment of long-lived assets	46,000	—	46,000	—
Impairment of goodwill	411,000	—	411,000	—
Interest income	(2,349)	(779)	(6,022)	(1,220)
Interest expense	561	606	1,873	1,957
Other (income) loss, net	(1,823)	23	(5,597)	(41,499)
Income tax (benefit) expense	(1,123)	170	(341)	1,073
Equity-based compensation	3,974	9,376	12,005	28,360
Business combination costs(1)	60	61	179	541
Restructuring(2)	3	—	9,326	—
Adjusted EBITDA	$ 74,315	$ 46,136	$ 78,451	$ 21,480
Adjusted EBITDA as a percentage of Revenue	20 %	11 %	8 %	2 %

(1) Represents certain insurance costs from the strategic acquisition of TurnKey that are expected to be amortized through the first quarter of 2027. In 2022, these costs also included third-party costs associated with our Reverse Recapitalization.

(2) Represents costs associated with a workforce reduction and certain right-of-use asset impairment costs related to the Company's leased corporate office space in Portland, Oregon and Boise, Idaho.

Non-GAAP Operating Expenses

We calculate Non-GAAP cost of revenue, Non-GAAP operations and support expense, Non-GAAP technology and development expense, and Non-GAAP sales and marketing expense by excluding the non-cash expenses arising from the grant of equity-based awards and restructuring costs. We calculate Non-GAAP general and administrative expense by excluding the non-cash expenses arising from the grant of equity-based awards, one-time costs related to strategic business combinations, and restructuring costs.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Cost of revenue	$ 150,789	$ 174,123	$ 417,046	$ 447,976
Less: equity-based compensation	(29)	(225)	(91)	(842)
Less: restructuring[1]	—	—	(664)	—
Non-GAAP cost of revenue	$ 150,760	$ 173,898	$ 416,291	$ 447,134
Operations and support	$ 64,998	$ 76,877	$ 187,662	$ 196,349
Less: equity-based compensation	(390)	(1,069)	(1,117)	(4,845)
Less: restructuring[1]	(2)	—	(1,822)	—
Non-GAAP operations and support	$ 64,606	$ 75,808	$ 184,723	$ 191,504
Technology and development	$ 16,026	$ 18,422	$ 45,900	$ 52,493
Less: equity-based compensation	(647)	(1,107)	(1,550)	(5,272)
Less: restructuring[1]	—	—	(233)	—
Non-GAAP technology and development	$ 15,379	$ 17,315	$ 44,117	$ 47,221
Sales and marketing	$ 57,658	$ 75,020	$ 171,559	$ 196,909
Less: equity-based compensation	(460)	(1,075)	(2,004)	(4,876)
Less: restructuring[1]	—	—	(1,744)	—
Non-GAAP sales and marketing	$ 57,198	$ 73,945	$ 167,811	$ 192,033
General and administrative	$ 19,328	$ 31,043	$ 61,402	$ 83,486
Less: equity-based compensation	(2,448)	(5,900)	(7,243)	(12,525)
Less: business combination costs[2]	(60)	(61)	(179)	(541)
Less: restructuring[1]	(1)	—	(4,863)	—
Non-GAAP general and administrative	$ 16,819	$ 25,082	$ 49,117	$ 70,420

(1) Represents costs associated with a workforce reduction and certain right-of-use asset impairment costs related to the Company's leased corporate office space in Portland, Oregon and Boise, Idaho.

(2) Represents certain insurance costs from the strategic acquisition of TurnKey that are expected to be amortized through the first quarter of 2027. In 2022, these costs also included third-party costs associated with our Reverse Recapitalization.

Liquidity and Capital Resources

Since our founding, our principal sources of liquidity have been from proceeds we have received through the issuance of equity and debt financing. We have incurred significant operating losses and generated negative cash flows from operations as we have invested to support the growth of our business. To execute on our strategic initiatives, we may incur operating losses and generate negative cash flows from operations in the future, and as a result, we may require additional capital resources. These capital resources may be obtained through drawing on our existing Revolving Credit Facility, which is discussed in more detail below, additional equity offerings, which would dilute the ownership of our existing stockholders, or additional debt financings, which may contain covenants that restrict the operations of our business. In the event that additional financing is required from outside sources, we may not be able to raise the financing 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.

As of September 30, 2023, we had cash and cash equivalents of$151.3 million. In addition, as of September 30, 2023, $81.6 million was available for borrowing under our Revolving Credit Facility (as defined below). Our primary requirements for liquidity and capital are to finance working capital requirements, capital expenditures and other general corporate purposes. We expect to need cash to make payments under our tax receivable agreement with the holders of Vacasa Holdings' equity prior to the business combination (the "Tax Receivable Agreement"). For more details regarding the Tax Receivable Agreement, see our 2022 Annual Report. We expect our operations will continue to be financed primarily by equity offerings, debt financing, and cash and cash equivalents. We believe our existing sources of liquidity will be sufficient to fund operations, working capital requirements, capital expenditures, and debt service obligations 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 attract and retain new homeowners and guests that utilize our services, the continuing market acceptance of our offerings, the timing and extent of spending to enhance our technology, and the expansion of sales and marketing activities. Further, we may in the future enter into arrangements to acquire or invest in businesses, products, services, and technologies.

Revolving Credit Facility

In October 2021, we entered into a credit agreement, which, as subsequently amended in December 2021 and June 2023 (as amended, the "Credit Agreement"), provides for a senior secured revolving credit facility in an aggregate principal amount of $105.0 million ("Revolving Credit Facility"). The Revolving Credit Facility includes a sub-facility for letters of credit in an aggregate face amount of $40.0 million, which reduces borrowing availability under the Revolving Credit Facility. As of September 30, 2023, there were no borrowings outstanding under the Revolving Credit Facility. As of September 30, 2023, $23.4 million of letters of credit were issued under the Revolving Credit Facility, and $81.6 million was available for borrowings.

The June 2023 amendment modified the Credit Agreement to replace the LIBOR-based reference rate options with Adjusted Term Secured Overnight Financing Rate ("SOFR") based reference rate options. Subsequent to the amendment, borrowings under the Revolving Credit Facility are subject to interest, determined as follows:

- Alternate Base Rate ("ABR") borrowings accrue interest at a rate per annum equal to the ABR plus a margin of 1.50%. The ABR is equal to the greatest of (i) the Prime Rate, (ii) the New York Federal Reserve Bank Rate plus 0.50%, and (iii) the Adjusted Term SOFR for a one-month interest period plus 1.00%.
- Term SOFR borrowings accrue interest at a rate per annum equal to the Adjusted Term SOFR plus a margin of 2.50%. Adjusted Term SOFR means, for any Interest Period, an interest rate per annum equal to the Term SOFR for such Interest Period.

In addition to paying interest on the principal amounts outstanding under the Revolving Credit Facility, we are required to pay a commitment fee on unused amounts at a rate of 0.25% per annum. We are also required to pay customary letter of credit and agency fees.

The Credit Agreement contains customary covenants. In addition, we are required to maintain a minimum amount of consolidated revenue, measured on a trailing four-quarter basis, as of the last date of each fiscal quarter, provided that such covenant will only apply if, on such date, the aggregate principal amount of outstanding borrowings under the Revolving Credit Facility and letters of credit (excluding undrawn amounts under any letters of credit in an aggregate face amount of up to $20.0 million and letters of credit that have been cash collateralized) exceeds 35% of the then-outstanding revolving commitments. We are also required to maintain liquidity of at least $15.0 million as of the last date of each fiscal quarter.

See Note 9, *Debt* to our condensed consolidated financial statements for additional information.

Cash Flows

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

	Nine Months Ended September 30,	
	2023	2022
	(in thousands)	
Net cash provided by operating activities	$ 28,435	$ 6,994
Net cash used in investing activities	(10,349)	(103,473)
Net cash used in financing activities	(23,366)	(30,354)
Effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash	(762)	(480)
Net decrease in cash, cash equivalents and restricted cash	$ (6,042)	$ (127,313)

Operating Activities

Net cash provided by operating activities was $28.4 million for the nine months ended September 30, 2023, primarily due to a net income of $451.7 million, offset by $539.1 million of non-cash items, including depreciation, amortization of intangible assets, impairment of goodwill, impairment of long-lived assets, impairment of right-of-use assets, reduction in the carrying amount of operating lease right-of-use assets, fair value adjustment on derivative liabilities, and equity-based compensation expense. Additional sources of cash flows resulted from changes in working capital, including a $50.2 million decrease in funds payable to owners and a $22.7 million decrease in deferred revenue and future stay credits, partially offset by an $10.4 million decrease in prepaid expenses and other assets.

Net cash provided by operating activities was $7.0 million for the nine months ended September 30, 2022, primarily due to a net loss of $30.2 million, offset by $49.0 million of non-cash items including depreciation, amortization of intangible assets, reduction in the carrying amount of operating lease right-of-use assets, fair value adjustment on derivative liabilities, and equity-based compensation expense. Additional uses of cash flows resulted from changes in working capital, including a $28.2 million decrease in funds payable to owners, a $26.4 million increase in prepaid expenses and other assets, and a $26.2 million decrease in deferred revenue and future stay credits, partially offset by a $65.4 million decrease in accounts receivable driven by the settlement of accounts owed by the prior owners of acquired businesses managed under transition services agreements.

Investing Activities

Net cash used in investing activities was $10.3 million for the nine months ended September 30, 2023, primarily due to $5.7 million of cash paid for capitalized internally developed software costs and $4.0 million of cash paid for purchases of property and equipment.

Net cash used in investing activities was $103.5 million for the nine months ended September 30, 2022, primarily due to $87.7 million of cash paid for business combinations, net of cash and restricted cash acquired, $8.4 million of cash paid for purchases of property and equipment, and $7.4 million of cash paid for capitalized internally developed software costs.

Financing Activities

Net cash used in financing activities was $23.4 million for the nine months ended September 30, 2023, primarily due to $19.5 million of cash payments for business combinations and $4.4 million of repayment of financed insurance premiums.

Net cash used in financing activities was $30.4 million for the nine months ended September 30, 2022, primarily due to $28.1 million of cash payments for business combinations.

Material Cash Requirements from Contractual and Other Obligations

As of September 30, 2023, there were no material changes outside the ordinary course of business to the contractual obligations from the information disclosed in our 2022 Annual Report.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, and expenses, and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions. Except as noted below, there have been no significant changes to our critical accounting policies and estimates from those disclosed in our 2022 Annual Report. For a description of our critical accounting policies, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2022 Annual Report.

Impairment of Long-lived Assets

Description

As discussed in Note 7, *Intangible Assets, Net and Goodwill* to our condensed consolidated financial statements, we performed a long-lived impairment assessment as of September 30, 2023, which resulted in homeowner contract asset impairment charges of $46.0 million. The fair value estimate of our homeowner contracts was based on the present value of estimated future cash flows. We prepared cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration the historical performance and the current macroeconomic, industry, and market conditions. We based the discount rate on the weighted-average cost of capital considering company-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows.

Judgments and Uncertainties

Revenue growth rates, homeowner retention, and the discount rate applied were the significant assumptions used in the income approach used to determine the fair value of our homeowner contract assets. The fair value conclusion is highly sensitive to changes in these assumptions.

Effect if Actual Results Differ from Assumptions

If the actual results are not consistent with the assumptions and judgments we have made in determining the fair value of the Company's long-lived assets, our actual impairment losses could vary from our estimated impairment losses. In the event that our estimates vary from actual results, we may record additional impairment losses, which could be material to our results of operations.

Impairment of Goodwill

Description

As discussed in Note 7, *Intangible Assets, Net and Goodwill* to our condensed consolidated financial statements, we performed a quantitative goodwill impairment assessment as of September 30, 2023, which resulted in goodwill impairment charges of $411.0 million. The fair value estimate of our single reporting unit was derived from a combination of an income approach and a market approach. Under the income approach, we estimated the fair value of the reporting unit based on the present value of estimated future cash flows. We prepared cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration the historical performance and the current macroeconomic, industry, and market conditions. We based the discount rate on the weighted-average cost of capital considering company-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, we estimated the fair value of the reporting unit based on revenue market multiples derived from comparable publicly traded companies with similar characteristics as the reporting unit, as well as an estimated control premium.

Judgments and Uncertainties

Revenue growth rates, operating profit margins, and the discount rate applied were the significant assumptions used in the income approach used to determine the fair value of our single reporting unit. The forecasted revenue growth rate, comparable publicly traded companies selected, and estimated control premium were the significant assumptions used in the market approach. The concluded fair value of our single reporting unit, based on a combination of the income and market approach, was reconciled to our market capitalization. The excess of the concluded fair value over our market capitalization represents an implied control premium, which we reviewed for reasonableness by comparison to observed transaction premiums, premium studies, and consideration of specific attributes of the Company. The fair value conclusion is highly sensitive to changes in these assumptions. Changes in the significant assumptions used to determine the fair value of our homeowner contract assets would also impact the carrying value of our single reporting unit and the resulting goodwill impairment charge.

Effect if Actual Results Differ from Assumptions

If the actual results are not consistent with the assumptions and judgments we have made in determining the fair value of our single reporting unit, our actual impairment losses could vary from our estimated impairment losses. In the event that our estimates vary from actual results, we may record additional impairment losses, which could be material to our results of operations.

JOBS Act Accounting Election

We meet the definition of an emerging growth company under the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"), which permits us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. As of January 1, 2022, we elected to irrevocably opt out of the extended transition period.

Recent Accounting Pronouncements

See Note 2, *Significant Accounting Policies* to our condensed consolidated financial statements included in this Quarterly Report for a description of recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

We are exposed to market risks in connection with our business, which primarily relate to inflation and fluctuations in interest rates.

Inflation Risk

In recent periods, inflation has increased in the United States and other markets in which we operate. To date, we do not believe these increases have had a material impact on our business, results of operations, cash flows, or financial condition. The prospective impact of inflation on our business, results of operations, cash flows, and financial condition is uncertain and will depend on future developments that we may not be able to accurately predict.

Interest Rate Fluctuation Risk

We are exposed to interest rate risk related primarily to our investment portfolio. Changes in interest rates affect the interest earned on our total cash, cash equivalents, and marketable securities and the fair value of those securities. Future borrowings under our Revolving Credit Facility, if any, may also be susceptible to interest rate risk.

Our cash and cash equivalents primarily consist of cash deposits and marketable securities. We do not enter into investments for trading or speculative purposes. Because our cash equivalents generally have short maturities, the fair value of our portfolio is relatively insensitive to interest rate fluctuations. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 100 basis points increase or decrease in interest rates would not have had a material impact on our condensed consolidated financial statements as of September 30, 2023.

As we do not have any borrowing under our Revolving Credit Facility as of September 30, 2023, we are not currently exposed to the risk related to fluctuations in interest rates to the extent the ABR exceeds the floor.

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2023, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended September 30, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth under Note 14, *Commitments and Contingencies* to our condensed consolidated financial statements included in Part I, Item 1, of this Quarterly Report, is incorporated herein by reference.

Item 1A. Risk Factors

Our business, operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our 2022 Annual Report, in our Q1 2023 Quarterly Report, and in our Q2 2023 Quarterly Report (together, our "2023 Periodic Reports"), which could materially adversely affect our business, results of operations, financial condition, and the trading price of our Class A Common Stock. The risks and uncertainties described in our 2023 Periodic Reports may not be the only ones we face. There have been no material changes to the risk factors disclosed in our 2023 Periodic Reports.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended September 30, 2023, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The documents listed in the Exhibit Index of this Quarterly Report are herein incorporated by reference or are filed with this Quarterly Report, in each case as indicated herein.

Exhibit Index

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/Furnished Herewith
		Form	File Number	Date	Exhibit	
3.1	Amended and Restated Certificate of Incorporation of the Company.	8-K	001-41130	12/9/21	3.1	
3.2	Amended and Restated Bylaws of the Company.	8-K	001-41130	12/9/21	3.2	
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vacasa, Inc. dated May 23, 2023.	8-K	001-41130	5/25/23	3.1	
3.4	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vacasa, Inc. dated October 2, 2023.	8-K	001-41130	10/2/23	3.1	
10.1	Supplement No. 1, dated as of October 6, 2023, to the Collateral Agreement, dated as of December 6, 2021, by and among Vacasa Holdings LLC, V-Revolver Sub LLC, the other grantors party thereto, and JPMorgan Chase Bank, N.A., as Collateral Agent.					*
10.2	Supplement No. 1, dated as of October 6, 2023, to the Guarantee Agreement, dated as of October 7, 2021, by and among Vacasa Holdings LLC, V-Revolver Sub LLC, the subsidiary guarantors identified therein, and JPMorgan Chase Bank, N.A., as Administrative Agent.					*
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**

101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document.

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* Filed herewith.

** Furnished herewith.

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.

	Vacasa, Inc.	
	(Registrant)	
November 7, 2023	By:	/s/ Robert Greyber
(Date)	Name:	Robert Greyber
	Title:	Chief Executive Officer
		(Principal Executive Officer)
November 7, 2023	By:	/s/ Bruce Schuman
(Date)	Name:	Bruce Schuman
	Title:	Chief Financial Officer
		(Principal Financial Officer)

Exhibit 10.1

Certain portions of this exhibit (indicated by ####) have been omitted pursuant to Regulation SK Item 601(a)(6).

Execution Version

SUPPLEMENT NO. 1 dated as of October 6, 2023 (this "Supplement"), to the Collateral Agreement dated as of December 6, 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Collateral Agreement"), VACASA HOLDINGS LLC, a Delaware limited liability company ("Holdings"), V-REVOLVER SUB LLC, a Delaware limited liability company (the "Borrower"), the other GRANTORS from time to time party hereto and JPMORGAN CHASE BANK, N.A., as Collateral Agent (in such capacity and together with successors in such capacity, the "Collateral Agent").

A. Reference is made to (a) the Revolving Credit Agreement dated as of October 7, 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Holdings, the Borrower, the Lenders party thereto, the Issuing Banks party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent and as Collateral Agent and (b) the Collateral Agreement.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Collateral Agreement, as applicable.

C. The Grantors have entered into the Collateral Agreement in order to induce the Lenders to make Loans and the Issuing Banks to issue Letters of Credit. Section 5.14 of the Collateral Agreement provides that additional Subsidiaries may become Grantors under the Collateral Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiaries (each, a "New Grantor" and collectively, the "New Grantors") are executing this Supplement in accordance with the requirements of the Credit Agreement to become Grantors under the Collateral Agreement in order to induce the Lenders to make additional Loans and the Issuing Banks to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and each New Grantor agree as follows: SECTION 1. In

accordance with Section 5.14 of the Collateral Agreement, each

New Grantor by its signature below becomes a Grantor under the Collateral Agreement with the same force and effect as if originally named therein as a Grantor, and each New Grantor hereby
(a) agrees to all the terms and provisions of the Collateral Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, each New Grantor, as security for the payment and performance in full of the Secured Obligations, does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Secured Parties, a security interest in and lien on all of such New Grantor's right, title and interest in, to and under the Pledged Collateral and the Article 9 Collateral (as each such term is defined in the Collateral Agreement). Each reference to a "Grantor" in the Collateral Agreement shall be deemed to include each New Grantor. The Collateral Agreement is hereby incorporated herein by reference.

SECTION 2. Each New Grantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforceability of such obligations may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Supplement by facsimile or other electronic transmission shall be effective as delivery of a manually signed counterpart of this Supplement. This Supplement shall become effective as to each New Grantor when a counterpart hereof executed on behalf of such New Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon each New Grantor and the Collateral Agent and their respective permitted successors and assigns, and shall inure to the benefit of each New Grantor, the Collateral Agent and the other Secured Parties and their respective successors and assigns, except that the New Grantors shall not have the right to assign or transfer its rights or obligations hereunder or any interest herein (and any such assignment or transfer shall be void) except as expressly provided in this Supplement, the Collateral Agreement and the Credit Agreement.

SECTION 4. Each New Grantor hereby represents and warrants that, as of the date hereof, (a) set forth on Schedule I attached hereto is a schedule with the true and correct legal name of the New Grantor, its jurisdiction of formation and the location of its chief executive office, (b) Schedule II sets forth a true and complete list, with respect to the New Grantor, of (i) all the Equity Interests owned by the New Grantor in any Subsidiary and the percentage of the issued and outstanding units of each class of the Equity Interests of the issuer thereof represented by the Pledged Equity Interests owned by the New Grantor and (ii) all the Pledged Debt Securities owned by the New Grantor and (c) Schedule III attached hereto sets forth (i) all of the New Grantor’s Patents constituting Article 9 Collateral, including the name of the registered owner, type, registration or application number and the expiration date (if already registered) of each such Patent owned by the New Grantor, (ii) all of the New Grantor’s Trademarks constituting Article 9 Collateral, including the name of the registered owner, the registration or application number and the expiration date (if already registered) of each such Trademark owned by the New Grantor, and (iii) all of the New Grantor’s Copyrights (including exclusive Copyright Licenses) constituting Article 9 Collateral, including the name of the registered owner, title and, if applicable, the registration number of each such Copyright owned or licensed by the New Grantor, and (d) Schedule IV attached hereto sets forth, as of the date hereof, each Commercial Tort Claim in respect of which a complaint or counterclaim has been filed by the New Grantor seeking damages in an amount of $10,000,000 or more.

SECTION 5. Except as expressly supplemented hereby, the Collateral Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

SECTION 7. Any provision of this Supplement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of such invalid, illegal or unenforceable provisions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 5.01 of the Collateral Agreement.

SECTION 9. Each New Grantor agrees to reimburse the Collateral Agent for its fees and expenses incurred hereunder and under the Collateral Agreement as provided in Section 9.03(a) of the Credit Agreement; provided that each reference therein to the “Borrower” shall be deemed to be a reference to “each New Grantor” and each reference therein to the “Administrative Agent” shall be deemed to be a reference to the “Collateral Agent.”

SECTION 10. ####

[Signature Pages Follow]

IN WITNESS WHEREOF, the New Grantors and the Collateral Agent have duly executed this Supplement to the Collateral Agreement as of the day and year first above written.

VACASA COLORADO LLC

By: /s/ Bruce Schuman

Name: Bruce Schuman
Title: Secretary

VACASA SEASONALS INC.

By: /s/ Bruce Schuman
Name: Bruce Schuman
Title: Secretary

VACASA ARIZONA LLC

By: /s/ Robert Brush

Name: Robert Brush
Title: Manager

[Signature Page to Supplement No.1 to Collateral Agreement]

JPMORGAN CHASE BANK, N.A.,
as Collateral Agent

By: /s/ Elefherios Karsos
Name: Elefherios Karsos
Title: Authorized Officer

Exhibit 10.2

Execution Version

SUPPLEMENT NO. 1, dated as of October 6, 2023 to the Guarantee Agreement, dated as of October 7, 2021 (the "Guarantee Agreement"), among VACASA HOLDINGS LLC, a Delaware limited liability company ("Holdings"), V-REVOLVER SUB LLC, a Delaware limited liability company (the "Borrower"), the other subsidiaries of the Borrower party thereto (Holdings and such subsidiaries being collectively referred to as the "Guarantors") and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

A. Reference is made to the Revolving Credit Agreement dated as of October 7, 2021 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Holdings, the Borrower, the Lenders party thereto, the Issuing Banks party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Guarantee Agreement, as applicable.

C. The Guarantors have entered into the Guarantee Agreement in order to induce the Guaranteed Parties to extend credit to the Borrower. Section 5.13 of the Guarantee Agreement provides that additional Subsidiaries may become Subsidiary Guarantors under the Guarantee Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiaries (each, a "New Guarantor" and collectively, the "New Guarantors") are executing this Supplement to become Subsidiary Guarantors under the Guarantee Agreement in order to induce the Guaranteed Parties to make additional extensions of credit under the Credit Agreement and as consideration for such extensions of credit previously issued.

Accordingly, the Administrative Agent and the New Guarantors agree as follows: SECTION 1. In

accordance with Section 5.13 of the Guarantee Agreement, each New

Guarantor by its signature below becomes a Subsidiary Guarantor under the Guarantee Agreement with the same force and effect as if originally named therein as a Subsidiary Guarantor, and each New Guarantor hereby agrees to all the terms and provisions of the Guarantee Agreement applicable to it as a Subsidiary Guarantor (and a Guarantor) thereunder. Each reference to a "Subsidiary Guarantor" or a "Guarantor" in the Guarantee Agreement shall be deemed to include each New Guarantor. The Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. Each New Guarantor represents and warrants to the Administrative Agent and the other Guaranteed Parties that (a) the execution, delivery and performance by the New Guarantor of this Supplement have been duly authorized by all necessary corporate or other action and, if required, action by the holders of such New Guarantor's Equity Interests, and that this Supplement has been duly executed and delivered by the New Guarantor and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law and (b) as of the date hereof, all representations and warranties set forth in the Credit Agreement as to the New Guarantor are true and correct in all material respects as of the date hereof; provided that, to the extent such representations and warranties specifically refer to an earlier date, they are true and correct in all material respects as of such earlier date; provided further that any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language is true and correct in all respects.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Supplement by facsimile or other electronic transmission shall be effective as delivery of a manually signed counterpart of this Supplement. The words “execution,” “execute,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Supplement shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it. This Supplement shall become effective as to each New Guarantor when a counterpart hereof executed on behalf of such New Guarantor shall have been delivered to the Administrative Agent and a counterpart hereof shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon each New Guarantor and the Administrative Agent and their respective permitted successors and assigns, and shall inure to the benefit of each New Guarantor, the Administrative Agent and the other Guaranteed Parties and their respective successors and assigns, except that the New Guarantors shall not have the right to assign or transfer their rights or obligations hereunder or any interest herein (and any such assignment or transfer shall be void) except as expressly provided in this Supplement, the Guarantee Agreement and the Credit Agreement.

SECTION 4. Except as expressly supplemented hereby, the Guarantee Agreement shall remain in full force and effect.

SECTION 5. This Supplement shall be construed in accordance with and governed by the law of the State of New York.

SECTION 6. Any provision of this Supplement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of such invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 5.01 of the Guarantee Agreement.

SECTION 8. Each New Guarantor agrees to reimburse the Administrative Agent for its fees and expenses incurred hereunder and under the Guarantee Agreement as provided in Section 9.03(a) of the Credit Agreement; provided that each reference therein to the “Borrower” shall be deemed to be a reference to “each New Guarantor.”

[Signature pages follow]

IN WITNESS WHEREOF, the New Guarantors and the Administrative Agent have duly executed this Supplement to the Guarantee Agreement as of the day and year first above written.

VACASA COLORADO LLC

By: /s/ Bruce Schuman

Name: Bruce Schuman
Title: Secretary

VACASA SEASONALS INC.

By: /s/ Bruce Schuman

Name: Bruce Schuman
Title: Secretary

VACASA ARIZONA LLC

By: /s/ Robert Brush

Name: Robert Brush
Title: Manager

JPMORGAN CHASE BANK, N.A., as Administrative Agent, on behalf of itself and the other Guaranteed Parties

By: /s/ Eleftherios Karsos
Name: Eleftherios Karsos
Title: Authorized Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Greyber, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 of Vacasa, 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(s) 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(s) 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 7, 2023

By: /s/ Robert Greyber

Robert Greyber

Chief Executive Officer

(principal executive officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bruce Schuman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 of Vacasa, 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(s) 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(s) 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 7, 2023	By:	/s/ Bruce Schuman
		Bruce Schuman
		Chief Financial Officer
		(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vacasa, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2023	By:	/s/ Robert Greyber
		Robert Greyber
		Chief Executive Officer
		(principal executive officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Vacasa, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2023

By: /s/ Bruce Schuman
Bruce Schuman
Chief Financial Officer
(principal financial officer)