

REFINITIV

DELTA REPORT

10-K

INSPIRATO INC

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 5301

█ CHANGES 153

█ DELETIONS 2489

█ ADDITIONS 2659

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, **2022 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: **001-39791**

INSPIRATO INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Delaware

85-2426959

(State or other jurisdiction of
incorporation or organization)

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

1544 Wazee Street

80202

Denver, CO

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code: **(303) 586-7771**

Not applicable

(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	Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value per share	ISPO	The Nasdaq Global Market
Warrants, each whole warrant exercisable for one share 0.05 shares of Class A Common Stock at an exercise price of \$11.50 \$230.00 per share	ISPOW	The Nasdaq Global Market

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of Class A common stock, held by non-affiliates of the registrant on June 30, 2022 June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$97 million \$21 million (based on the closing sales price of the registrant's common stock on the Nasdaq Stock Market on that date). Shares of the registrant's common stock held by each officer and director and by each other person who may be deemed to be an affiliate of the registrant have been excluded from this computation. This determination of affiliate status is not necessarily a conclusive determination for any other purpose.

As of March 1, 2023 March 8, 2024, the registrant had 65,287,466 3,676,039 shares of Class A Common Stock, 59,202,623 2,870,964 shares of Class V Common Stock, no shares of Class B Non-Voting Stock and 8,624,792 Warrants outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its 2023 2024 Annual Meeting of Stockholders (the "2023-2024 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2023 2024 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risks and uncertainties. Our forward-looking statements include, but are not limited to, statements regarding our and our management team's hopes, beliefs, intentions or strategies regarding the future or our future events or our future financial or operating performance. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this Annual Report on Form 10-K may include, for example, statements about:

- Our partnership with Capital One Services, LLC ("Capital One");
- Our ability to service our outstanding indebtedness and satisfy related covenants;
- The impact of changes to our executive management team;
- Our ability to comply with the continued listing standards of Nasdaq or the continued listing of our securities on Nasdaq;
- Changes in our strategy, future operations, financial position, estimated revenue and losses, projected costs, prospects and plans;
- The implementation, market acceptance and success of our business model and growth strategy;
- Our expectations and forecasts with respect to the size and growth of the travel and hospitality industry;
- The ability of our services to meet customers' needs;
- Our ability to compete with others in the luxury travel and hospitality industry;
- Our ability to attract and retain qualified employees and management;
- Our ability to adapt to changes in consumer preferences, perception and spending habits and develop and expand our destination or other product offerings and gain market acceptance of our services, including in new **geographies**; **geographic areas**;
- Our ability to develop and maintain our brand and reputation;
- Developments and projections relating to our competitors and industry;
- The impact of **health epidemics**, **natural disasters**, **acts of war**, **terrorism**, **widespread global pandemics or illness**, including the COVID-19 pandemic, on our business and the actions we may take in response thereto;
- The impact of **health epidemics**, including the COVID-19 pandemic, on customer demands for travel and hospitality services;
- Expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act");
- Our future capital requirements and sources and uses of cash;
- The impact of our reduction in workforce on our expenses;
- The impact of market conditions on our financial condition and operations, including fluctuations in interest rates and inflation;
- Our ability to obtain funding for our operations and future growth;
- Our business, expansion plans and opportunities; and
- Other factors detailed under the section entitled **"Risk Factors."** **Risk Factors** in Part I, Item 1A of this Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), those discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of this Annual Report on Form 10-K and those discussed in other documents we file with the SEC.

We caution you that the foregoing list does not contain all of the forward-looking statements made in this Annual Report on Form 10-K. Although we believe that the expectations reflected in any forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievements. Should one or more of the risks or uncertainties

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You described herein or in any other documents we file with the SEC occur, or should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on underlying assumptions prove incorrect, our current expectations and projections about future events and trends that we believe may affect our business, operating results, financial condition and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including those described in the section titled "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New

risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results events or circumstances and plans could differ materially from those described expressed in the any forward-looking statements.

Neither we nor any other person assumes responsibility for Investors should consider the accuracy risks and completeness of any of these forward-looking statements. Moreover, the forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. You uncertainties described herein and should not place undue reliance on our any forward-looking statements. Our We do not undertake, and specifically disclaim, any obligation to publicly release the results of any revisions that may be made to any forward-looking statements, do not reflect the potential impact whether as a result of any new information, future acquisitions, mergers, dispositions, joint ventures events or investments we may make. otherwise, except as required by law.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and such 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.

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PART I

Item 1. Business

Inspirato Incorporated and its subsidiaries (the (collectively the "Company", "Inspirato", "we", or "Inspirato" "our") is an innovative luxury travel subscription company on a mission to inspire lasting memories and relationships by changing the way family and friends experience the world. **Inspirato** is a subscription-based luxury travel company that provides unique solutions for (i) affluent travelers seeking superior exclusive access to a managed and controlled portfolio of curated vacation options, delivered through an innovative model designed to ensure the service, certainty and certainty across a wide variety of value that discerning customers demand. The **Inspirato** portfolio includes branded luxury vacation homes, accommodations at five-star hotel and experiences resort partners and (ii) hospitality suppliers who want to solve pain points that include monetizing excess inventory and efficiently outsourcing the hassle involved in managing rental properties, custom travel experiences.

For travelers, we offer access to a diverse portfolio of curated luxury vacation options that as of December 31, 2022, included 523 includes approximately 450 private luxury vacation homes available to our subscribers, customers, and accommodations at 350 over 250 luxury hotel and resort partners in more than 225 over 180 destinations around the world as of December 31, 2023. Our portfolio also includes **Inspirato Only** experiences, featuring one-of-a-kind luxury safaris, cruises and other experiences and with **Inspirato**-only member lists along with **Bespoke** trips, which offers offer custom-designed "bucket list" itineraries. Every **Inspirato** trip comes with our personalized service envelope — including pre-trip planning, on-site concierge and daily housekeeping — designed to meet the needs of affluent discerning travelers and drive exceptional customer satisfaction.

Our portfolio of luxury vacation options is accessed through our subscription platform in which creates a frictionless booking journey for discerning travelers seeking accommodations and experiences that they know will meet their high standards. We we currently offer three subscriptions, two paid subscription models for members to choose from, **Inspirato Club** and **Inspirato Pass** and **Inspirato Select**. All three offer travelers (i) the ability to book trips of their choice within. Additionally, our luxury vacation portfolio up options can also be accessed through our two newer product offerings: **Inspirato for Good** ("IFG") and **Inspirato for Business** ("IFB"), which allow customer trial membership through nonprofit or business to one year in advance, (ii) business sales channels. See the full **Inspirato** service experience, Our Luxury Travel Subscriptions and (iii) access to **Inspirato** benefits such as member events, luxury travel agent services, and partner benefits. Importantly, **Inspirato Pass** subscribers enjoy the Other Offerings' section below for additional benefit of being able to book trips from the **Inspirato Pass** trip list, which is a constantly updated selection that, as of December 31, 2022, was comprised of approximately 2.1 million vacations, with no fees required beyond their subscription payments. **Inspirato Select** subscribers may book a set number of trips information on each year from the **Inspirato Select** trip list, which is a constantly updated selection that, as of December 31, 2022, was comprised of more than 555 thousand vacations, with no additional fees required beyond their original payments.product offering.

In addition to offering a better way to travel, Inspirato also solves critical pain points for hospitality suppliers, including luxury vacation homeowners seeking to monetize their property with rental income. For example, because **Inspirato Pass does not show nightly rates**, it provides an opaque distribution channel through which luxury hotels, resorts, and vacation homeowners can generate revenue from their **excess inventory** — unoccupied hotel rooms and suites or vacation rentals — without undercutting rates on their **own website and other brand assets**, which can lead to customer complaints, refund requests, and harm to their overall brand reputations. We also have arrangements with hotels and resort partners to lease rooms under long-term agreements, providing them with fixed income for **excess inventory** versus uncertain occupancy-based income. We provide For luxury vacation homeowners with a simplified, hassle-free ownership experience by providing a **we offer** fixed monthly lease payment, expert property management services, and flexible usage benefits in exchange for leasing their home to us for inclusion within our portfolio.

Launched in 2021 as a new consumer-facing brand, Inspirato Real Estate offers an easy way to find, buy, own, and enjoy a luxury vacation home. Prospective buyers can explore a vetted collection of properties in dozens of top vacation destinations directly on the **Inspirato Real Estate website**. Once they decide where to buy, **Inspirato Real Estate's expert team** assists them every step of the way as they select the perfect vacation home, including connecting them to a local real estate professional. Prior to closing, they receive a personalized lease overview and financial return profile including a net income projection for their chosen property. At closing, they lease their new home to **Inspirato**, and enjoy benefits specifically designed to remove the worry and uncertainty of luxury vacation home ownership.

In the third quarter 2022, the Company developed two new product offerings: **Inspirato for Good** and **Inspirato for Business**. **Inspirato for Good** is our turnkey solution for nonprofit fundraising; Through this new platform, the Company partners with nonprofit organizations to offer luxury travel packages (consisting of an **Inspirato subscription** and luxury vacation) at live and silent auctions, paddle raises, and other giving channels. **Inspirato for Business** represents a new business-to-business channel whereby the Company provides subscription and travel products directly to businesses seeking to provide luxury accommodations and services to their staff and business partners. We believe both **Inspirato for Good** and **Inspirato for Business** will significantly expand our target addressable market and accelerate growth at a lower customer acquisition cost.

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Corporate History and Background

Inspirato was incorporated in Delaware on July 31, 2020 as Thayer Ventures Acquisition Corporation ("Thayer"), a special purpose acquisition company formed for the purpose of effecting a merger with one or more operating businesses. On June 30, 2021, **Inspirato LLC** entered into the Business Combination Agreement dated June 30, 2021 and as amended September 15, 2021 (the "Business Combination Agreement") to become a publicly traded company through a business combination with Thayer. On February 11, 2022 (the "Closing Date"), Thayer and **Inspirato LLC** consummated the transaction contemplated in the Business Combination Agreement whereby, **amongst** among other transactions, a subsidiary of Thayer merged **within** with and into **Inspirato LLC** with **Inspirato LLC** as the surviving company (the "Business Combination"), resulting in **Inspirato LLC** becoming a subsidiary of Thayer. Thayer changed its name to "Inspirato Incorporated" upon closing of the Business Combination (the "Closing").

The Business Combination was accounted for as a reverse recapitalization whereby **Inspirato LLC** acquired Thayer for accounting purposes. As such, the **consolidated financial statements** **Consolidated Financial Statements** presented herein represent the operating results, assets and liabilities of **Inspirato LLC** before, and **Inspirato Incorporated** and its subsidiaries including **Inspirato LLC** after, the Closing. See Note 3 – Reverse Recapitalization in the **consolidated financial statements** **Consolidated Financial Statements** included elsewhere in this Annual Report on Form 10-K for more information.

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Our Luxury Travel Subscriptions and Other Offerings

We currently offer three luxury travel subscriptions, **Inspirato Club**, **Inspirato Pass**, and **Inspirato Select**. In the third quarter 2022, we developed two new product offerings: **Inspirato for Good** and **Inspirato for Business**.

Luxury Travel Subscriptions

Inspirato Club

Launched in 2011, *Inspirato Club* subscribers members pay an enrollment fee and monthly, semi-annual, annual, or annual multi-year subscription fees for access to our portfolio of branded *Inspirato* luxury vacation homes, luxury hotels, and five-star resort partners, *Inspirato Only* experiences and custom Bespoke itineraries. In addition to their monthly or annual subscription, subscribers members pay members-only nightly rates to book the trips of their choice. *Inspirato Club* subscribers members can book vacations up to one year in advance. Every Club trip includes first-class, personalized service, from a team of hospitality experts, including pre-trip planning, on-site concierge, and daily housekeeping. We manage these rates to achieve occupancy and average daily rate goals while also delivering value to drive subscriber member satisfaction.

Inspirato Pass

Launched in 2019, *Inspirato Pass* subscribers members pay an enrollment fee and a monthly, semi-annual, annual, or annual multi-year subscription that is inclusive of nightly rates, taxes and fees for Pass trips. *Inspirato Pass* subscribers members book Pass pass trips from the *Inspirato Pass* trip list, which is a constantly updated selection that as of December 31, 2022 was comprised of more than 2.1 million includes vacations ranging from at *Inspirato* residences and hotel partners to custom experiences such as luxury cruises and safaris. partners. *Inspirato Pass* subscribers members have full access to all the benefits of *Inspirato Club*, including the ability to pay members-only nightly rates to book trips of their choice, access to our booking promotions, and personalized service on every trip.

Inspirato Select Our Loyalty Program

Launched in 2022, In August of 2023, we launched *Inspirato Select* subscribers pay an enrollment fee and annual subscription. *Inspirato Select*'s hallmark benefit is the ability to book and share *Inspirato Select* Trips at no additional cost. Subscribers can choose from more than 555 thousand trip options, including branded *Inspirato* Rewards ("Rewards"), our member loyalty program that supports our diverse portfolio of curated luxury vacation homes, luxury hotels, options for members with at least one active paid member subscription ("Subscription"). Rewards is designed to incentivize repeat business by rewarding members with exclusive discounts and five-star resorts. The initial subscription comes benefits based on their activity with us. Members who earn one of the three *Inspirato Select* Trips; subscribersRewards statuses may then purchase packages of additional trips whenever they like. *Inspirato Select* also provides all the benefits of *Inspirato* earn, depending on their status, extra savings on Club including bookings, early access to book a la carte travel within *Inspirato*'s exclusive portfolio at members-only nightly rates with five-star personalized service on every trip. *Inspirato Select* Trips are 100% transferrable new property releases, new Experiences and may be shared with others at no additional cost.

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Other Offerings

Inspirato for Good

Launched in 2022, *Inspirato for Good* is an easy-to-use, no-commitment a platform designed to help nonprofit organizations accelerate funding results. Through this new platform, we partner with nonprofit organizations to sell luxury travel packages (consisting of an *Inspirato Club* subscription and luxury vacation) at live and silent auctions, paddle raises, and other giving channels.

Inspirato for Business

Launched in 2022, *Inspirato for Business* is our new a business-to-business channel through which we sell subscription and travel products directly to businesses seeking to leverage luxury accommodations to recruit, retain, and reward their employees.

Our Value Proposition

We provide exceptional vacations with outstanding value for luxury travelers (who drive demand) and attractive economics and certainty for hospitality suppliers including hotels, resorts and luxury vacation rental property owners (who drive we work with to provide supply).

Value Proposition for Luxury Travelers

Inspirato addresses the following core marketplace problems faced by luxury travelers:

- **Inconsistent quality of accommodations.** Booking vacation residences through online platforms that are simply intermediaries for the actual property owner/manager, in contrast with booking with Inspirato where we directly manage and control the residence and deliver the experience, involves inherent uncertainty. Travelers cannot be certain of the quality of their accommodations until they enter the residence. This is an acute problem for luxury travelers who do not want to subject themselves to "vacation roulette" and a potentially poor experience that does not meet their expectations.
- **Inconsistent quality of service.** High-quality personal service is a primary expectation for luxury travelers. However, luxury vacation rental properties are typically available through online booking platforms acting as intermediaries for the actual property owner/manager, rather than true hospitality brands like Inspirato with deep service expertise. As a result, professional on-site service is often unpredictable, not standardized, or only available at additional cost, resulting in a disappointing experience.
- **Anxiety regarding nightly rate value.** With the proliferation of online booking sites and travel platforms, we believe it is increasingly difficult for travelers to feel confident that they obtained a "good rate" when booking luxury accommodations. In addition, real-time revenue management practices can drive rapidly changing pricing that create challenges for consumers seeking peace of mind about value. Together, these conditions can make the booking process stress-inducing, time-consuming, and ultimately an anxiety-driven and tedious comparison-shopping process.
- **Frustration with unclear and undisclosed fees.** Travelers continue to express frustration with high nightly hotel rates, high resort fees, and other additional costs. Consumers often click on digital ads featuring attractive nightly rates only to later find that the real rate is significantly higher than the advertised price. The frustration has resulted in multiple lawsuits against major hotel companies as well as pushes for legislation at the state and federal levels.

Our subscription offerings are intended to solve these travel pain points by offering the following benefits to luxury travelers: benefits:

- **Certainty of luxury accommodations.** All Inspirato subscriptions provide exclusive access to a high-quality portfolio of luxury properties that we directly manage to our high standards. For example, when we onboard luxury vacation homes into our portfolio, we typically outfit them with premium linens, kitchenware, technology, and other amenities and then refresh them at regular intervals to ensure they meet our standards. In addition, after each guest member checks out from a stay, we perform a detailed walkthrough to ensure it is ready for the next arrival, thus ensuring a consistent quality experience for our members.

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- **Certainty of high-quality High-quality personalized service.** Inspirato is a hospitality company rather than an online booking platform, with an expert team of dedicated professionals that offer personalized service comparable to the finest top-tier hotel and resort brands. Every Inspirato trip includes pre-trip itinerary planning, on-site concierge service, and daily housekeeping. In particular, Additionally, our on-site staff are available to our subscribers members to assist with their needs during their stay, to ensure we provide the level of confidence service and assurance that luxury discerning travelers expect.
- **Confidence with regard to value.** We believe our subscription model favorable lease agreements and partnerships with hospitality suppliers lead enable us to offer reduced rates versus comparable luxury vacation alternatives, while saving our subscribers members from the hassle of scouring travel websites to confirm whether they have found the best rate or value for their stay.
- **Simple, transparent fee structure.** *Inspirato Pass* subscribers members pay a monthly subscription fee in exchange for their Pass travel and are not subject to per-trip taxes, resort fees, and other add-on charges imposed by certain hotels. This provides them with predictability and certainty regarding their travel costs and spares them the frustration of encountering unclear or undisclosed fees. *Inspirato Club* subscribers members are charged a flat rate for taxes and fees for trips purchased a la carte.
- **Safe, private luxury residences.** We believe our portfolio of private luxury residences offers a level of safety and cleanliness that traditional hospitality companies are not able to offer since private residences do not expose travelers to shared amenities such as elevators, lounges, restaurants, gyms, and pools.

Inventory Management and Expansion

Overall Approach

We are highly disciplined in our overall approach to growing and managing our luxury vacation portfolio.

- We carefully choose new destinations, accommodations, and experiences based on market trends, booking results, subscriber member feedback, and other factors to align our additions with demand.

- We only seek to partner with hotels and resorts that align well with the Inspirato luxury hospitality brand and offer service commensurate with our own, to ensure that every trip booked through our platform meets or exceeds our subscribers' members' expectations.

Managing our Residences

Since our founding over ten years a decade ago, we have developed a highly flexible, asset-light approach to controlling and managing our residences. The central tenet of this approach is that we We lease our homes, paying the owners fixed rental income, rather than buying them. Our leases typically permit us to terminate within with 180 days to one years' years notice, giving us the ability to remove underperforming residences as well as curate the portfolio generally in response to market opportunities and travel demand trends. Many of our leases also have a "force majeure" clause in anticipation of impossible-to-predict disruptive market events. During the COVID-19 pandemic, we were able to collaborate with our landlord partners regarding these clauses to significantly reduce operating costs.

In addition to traditional leases, we also use other flexible arrangements to secure less than approximately 10% of our residences. These include net rate and profit-sharing agreements whereby we pay the property owner based on occupancy and costs instead of fixed monthly payments.

Competitive Strengths

As an innovator within the luxury travel subscription market, we believe we have built significant barriers to entry for competitors with an array of differentiated strengths.

- **Managed and Controlled Residential Inventory.** As of December 31, 2022 December 31, 2023, our selection of Inspirato residences included 523 approximately 450 private luxury vacation homes in 135 destinations homes. These residences include leased properties where we directly manage, maintain, and operate the asset, as well as resort-based properties where we work closely with resort partners to ensure an exceptional subscriber member experience. By managing and controlling these assets directly, including staffing them with Inspirato team members, we are able to deliver a consistent experience comparable to top luxury hospitality resort brands, versus a "vacation roulette" experience that is dependent on the expertise and attention of the individual homeowner or a local property management company.

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- **Rate and Calendar Control.** We manage nightly rates and calendar availability for our residences and leased hotel inventory, without owner interference, inventory. This allows us to revenue-manage each inventory unit to (i) help maximize occupancy by ensuring our rates are competitive with comparable accommodations in the applicable market, (ii) help reduce spoilage, and (iii) leverage availability to increase subscriber member engagement and retention through booking promotions, "surprise and delight" outreach, and other tactics, retention.

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- **Control Over Bookings and Property Maintenance, Management.** We control the booking calendar for the majority of our Inspirato residences, giving us visibility into actionable metrics such as how often and what times of year homes are typically used. This provides us greater control over proactive property maintenance management planning and necessary coordinating repairs and upgrades. For example, we are able to more precisely plan renovations and other significant activities such as painting, flooring, and furniture updates compared to companies that don't control the calendars for their properties.
- **Flexible Cost Structure.** Our leases and other inventory agreements, as well as our overall strategic property mix, provide us with flexibility to respond to changes in travel demand and events beyond our control. For example, as of December 31, 2022, 93% of our leases included a "force majeure" clause in the event of severe unexpected business disruption. Further, in addition to leasing Our individual luxury leased vacation homes, we also lease as well as our leased inventory from hotel and resort partners with oftentimes include flexible termination provisions. Together, these approaches enable us to tailor our overall inventory cost structure to meet changing demand.

- **Expert Sales and Service Teams.** We maintain an expert sales and service organization, including sales professionals to welcome new subscribers, members, relationship-driven Care member success teams to create the overall Inspirato experience, and vacation experience teams, which includes our planners and on-site concierge teams, to deliver memorable vacations. Each of these teams undergoes regular training to enrich their expertise as luxury hospitality specialists professionals and ambassadors of the Inspirato brand. We believe the high-quality personal service they deliver through connections with our members is a key differentiator separating Inspirato from other hospitality companies.
- **Predictable Subscription Revenue.** Our subscriber member base provides predictable, consistent cash flow and stability relative to many traditional hospitality and revenue models. Subscription fees generate recurring revenue. Incentives for upfront prepayment of monthly subscription fees, typically in the form of a waived enrollment fee, travel credit perks or a free trip, ensure that new subscribers members remain customers paid-members for a minimum period of time, and enhance retention.
- **Multiple Customer Member Journeys.** Inspirato trips can only be booked through our website, iOS application, or Care member success teams. They cannot be booked through online travel agencies or other third-party channels. In addition, our Care member success teams and vacation experience teams, which include our on-site concierge staff, help assist with trip planning, which is a service many hotel companies do not offer. As a result, we closely engage with our subscribers members throughout the entire booking journey on process for every trip they take from consideration, e.g., selection to booking, planning, in-residence, trip duration, checkout and post-trip feedback. We also engage with them through a parallel renewal journey, proactively marketing booking promotions, subscriber member benefits, upgrade opportunities, and other aspects of our value proposition to maximize their membership value and retention. We believe our deep involvement in these twin customer journeys processes gives us greater influence and impact over their customer member experience than luxury hospitality companies that do not utilize our service approach or a subscription platform.
- **Trusted Luxury Brand, Proprietary Database Database.** Since 2011, we have made significant investments to build a one-of-a-kind luxury hospitality brand anchored by an innovative subscription platform. At the same time, we have used data-driven marketing to build a proprietary database of over 1.1 million affluent individuals who have demonstrated interest in Inspirato as of December 31, 2022.
- **Network Effect.** We believe Inspirato's growth trajectory will benefit from a business phenomenon referred to as the "network effect." Network effects are typically positive, resulting in individual users deriving more value and utility from a product as other users join the same network. In our case, as we acquire more subscribers, we are able to more aggressively expand our portfolio, which in turn quickly improves the value proposition for subscribers by giving them access to more exceptional luxury vacation options. **Inspirato.**

Technology

Our technology platform was built for the unique needs of our subscribers, members; it allows us to quickly adapt to what our subscribers, members require and delivers deep business intelligence insights to help us manage our platform. It was built to scale and operates through a patented algorithm, which can be adjusted depending on business needs. We believe that this algorithm will enable us to efficiently manage trips with scale to optimize profitability of the inventory.

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Our subscriber member experiences sit on a technology platform that has allowed for maximum flexibility in our product development strategy. Inspirato has invested significantly for many years in engineering, product, and design in order to build out the platform. We operate a modern technology stack that allows for rapid development and deployment as well as integrations. We have a dedicated engineering team responsible for development and the creation of new features to support our products and services across a full range of devices (desktop, mobile web and native mobile applications). Our engineering teams use an agile development process that allows us to deploy frequent iterative releases for product and service features.

Design has been at the core of everything we do, and it has enabled us to create an intuitive and attractive user interface. Inspirato uses customer member feedback to optimize the platform and have employees dedicated to supporting subscribers, members through the booking process. Our subscribers, members vary in age and technological sophistication, and we believe that our user interface is built for a broad subscriber member base.

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Sales and Marketing

Our sales and marketing strategy is designed to support new subscriber member acquisition, subscriber upgrades, subscriber member bookings, and subscriber member retention. We rely on a mix of tactics to generate demand for each of these revenue lines, using a full-funnel approach to reach ~~its~~ our audiences at multiple stages within each consideration process. These include print, digital video and television buys video to build general brand awareness; performance marketing tactics such as direct mail, paid digital media, and paid search; multiple brand urgency campaigns each year to help drive predictable results; and a highly trained team of Sales sales and Care team member success professionals. With all of our performance marketing programs for new subscriber member acquisition, we use iterative data-driven models developed in partnership with leading data providers to help us target high net worth individuals as potential new customers, members. We have also made significant investment in leading marketing technology such as Salesforce Marketing Cloud, as well as leading marketing customer member relationship management practices designed to drive sales and marketing alignment.

Human Capital

Our People and Culture

Inspirato's culture is embodied by our ~~three~~ core values: We Care. We Inspire. We Dream Big. Care, Collaboration, Courage and Curiosity. By staying true to these values, we have created a company where talented people can do great work and drive value for all of our stakeholders. These values guide us in everything we do, from individual everyday tasks to high-level strategic planning. They foster a culture of dialogue, collaboration, recognition, achievement, and sense of family community that contributes to our long-term success.

We engage and empower our team with ongoing career and learning and development opportunities. Fostering a growth mindset facilitates a culture where all voices are heard and team members can take informed risks, make mistakes, ask questions, and seek creative solutions to ~~tough problems~~. challenges and opportunities. This approach helps us build a strong bench of leaders for tomorrow's business challenges. Continued growth and success will depend on the performance of our current and future employees, including certain key employees. Recruitment and retention of these individuals is vital to growing our business and meeting our business plans. We espouse the ~~principal~~ principle that all Inspirato team members can bring their whole authentic selves to work each day and thrive.

As of December 31, 2022 December 31, 2023, we employed a total of approximately 900 630 team members globally. These employees are highly concentrated in Operations (470 employees) and Sales and Marketing (189 employees). Marketing. Our focus on customer-facing member-facing employees helps us to provide luxury service to our subscribers members that we believe is industry-leading.

Importantly, our values and the culture they inspire extend to our relationships with every Inspirato subscriber. Led by our Sales and Care team professionals, we member. We foster a long-term, personal rapport with each Inspirato family, not only to promote our customer member satisfaction and retention goals, but also to fulfill our mission of to inspire lasting memories and relationships by changing enriching the way family and friends our members experience the world. We believe our culture is real, valued, deeply ingrained, and sustained in part by robust and scalable training that helps create consistently positive subscriber member interactions and experiences.

We are committed to hiring a diverse workforce. We seek to foster an inclusive environment where everyone feels welcome to be their authentic selves and all voices are heard — an environment that is aligned with our values and that reflects our global community.

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Our culture is also one of inclusion. We actively work to dismantle inequities within our policies, systems, programs and services to ensure that Inspirato is a space where everyone feels welcome and comfortable with their identity, identities. We continuously aspire to be a more equitable, safe, and welcoming work environment for all of our team members, and a better advocate to the communities we serve.

Seasonality

Our travel revenues are seasonal, reflecting typical travel behavior patterns of travelers over the course of the calendar year. While results were less predictable as a result of COVID-19 and related travel restrictions, in In a typical year, the first, third, and fourth quarters have higher travel revenues than the second quarter. In addition, some locations may experience a greater impact from seasonality, or different seasonality, than those in other locations. Our subscription services are seasonal to the extent that interest from potential new subscribers members tends to also follow travel revenue, revenue; however, predictable subscription revenues from existing subscribers members are not impacted by seasonality.

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Our key metrics, **Metrics** including total revenues, Adjusted EBITDA and Free Cash Flow are also impacted by the timing of holidays and other events. Holidays and other events generally increase the rates we **are able to** charge for travel which results in higher gross margin. The majority of our costs are relatively fixed across quarters.

Intellectual Property

Our success depends in part on our ability to obtain, maintain, protect, defend, and enforce our intellectual property. We rely on a combination of patent, copyright, trademark, and trade secret laws in the United States and certain other jurisdictions, as well as contractual restrictions, to protect our intellectual property rights. We also license certain software and other intellectual property from third parties for integration into our product solutions, including open-source software and other software available on commercially reasonable terms.

We cannot assure you that any of our pending patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. Our existing patents and any patents that are issued in the future may be contested, circumvented, found unenforceable, narrowed in scope or invalidated, and we may not be able to prevent third parties from infringing, misappropriating or otherwise violating them or any of our other intellectual property rights. Furthermore, our competitors or other **third-parties** **third parties** may also claim that our technology infringes, misappropriates or otherwise violates their intellectual property rights. With regard to our brand, we have registered "Inspirato" as a trademark in the United States, Canada and certain other countries.

In addition to trademark protection, we reserve and **registers** **register** domain names when and where deemed appropriate and are the registered holder of **more than 176** **approximately 180** domain names, including "inspirato.com," "www.Inspirato.com."

As of **December 31, 2022** **December 31, 2023**, we have **two** **2** U.S. patents issued covering our subscription-based booking and service tailoring technology.

We control access to, and use of, our solutions and other confidential and proprietary information through the use of internal and external controls, including contractual protections with employees, contractors, **customers**, **members**, partners, and other third parties. Despite our efforts to protect our trade secrets and proprietary rights through intellectual property rights, licenses, contractual provisions, and confidentiality and invention assignment agreements, unauthorized parties may still copy or otherwise obtain and use our software, technology, trade secrets, or proprietary or confidential information, and such risks may increase as we attempt to expand into jurisdictions where such rights are less easily enforced, or are more subject to reverse engineering or misappropriation due to local legal requirements. For more information, see the section titled "Risk Factors – Risks Related to **Our** **Intellectual Property**," **Property and Data Privacy**".

Regulatory Compliance

Our overall business approach and strategy includes rigorous attention to regulatory compliance, as our operations are subject to regulations in the following principal areas, across a wide variety of jurisdictions.

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Property and Accommodations Regulation

Our business is subject to U.S. and foreign federal, state and local laws and regulations that vary widely by city, country and property type. In many cities, local regulations affect our ability to offer accommodations for specified durations or in certain neighborhoods. Hospitality and transient accommodations operations are also subject to compliance with the **U.S. Americans with Disabilities Act and other** laws and regulations relating to accessibility, **and to** laws, **regulations and standards in other areas such as** zoning and land use, licensing, permitting and registrations, fire and life safety, environmental and other property condition matters, staffing and employee training **cleaning protocols and other COVID-19 requirements**, and property "star" ratings where required.

Additionally, our real estate owners are also responsible for their own compliance with laws, including with respect to their employees, property maintenance and operations, environmental laws and other matters. **We monitor regulatory changes in each existing market on an ongoing basis.**

Before signing any new leases in a new market, we engage local legal counsel to help identify relevant regulatory requirements. This research includes analysis on licensing and zoning, building code, accessibility and operations requirements, fire and life safety regulations, tax compliance, and local employment laws. Every leased property has unique characteristics, requiring further due diligence and regulatory analysis before each new lease signing.

We monitor regulatory changes in each existing market on an ongoing basis. To facilitate growth and compliance work in each city, we also proactively establish relationships with local regulatory agencies, elected officials, business and community groups to build trust and improve understanding

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Privacy and Data Protection Regulation

In processing travel transactions and information about **guests** **members** and their stays, we receive and store **a large volume of** data, including **a large volume of** personal information. The collection, storage, processing, transfer, use, disclosure, protection, and other processing of this information are increasingly subject to laws and regulations in numerous jurisdictions around the world, such as the European Union's General Data Protection Regulation ("GDPR") and variations and implementations of that regulation in the member states of the European Union, the UK General Data Protection Regulation and UK Data Protection Act, the Canadian Personal Information Protection and Electronic Documents Act ("PIPEDA") and Canadian provincial legislation, as well as privacy and data protection laws and regulations in various U.S. states and other jurisdictions, such as the California Consumer Privacy Act (as amended by the California Privacy Rights Act), and similar legislation in other states.

The scope of **many** of these laws and regulations **are changing**, **may change**, be subject to differing interpretations, and may be inconsistent among jurisdictions or conflict with other laws and regulations. It is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other laws and regulations or our practices. For more information, see the section titled "Risk Factors – Risks Related to Intellectual Property and Data Privacy – If we fail to comply with federal, state and foreign laws and regulations relating to privacy, data protection and information security, we may face potentially significant liability, negative publicity and an erosion of trust, and increased regulation could materially adversely affect our business, results of operations and financial condition."

Employment

We are also subject to laws governing our relationship with employees, including laws governing wages and hours, benefits, immigration, workplace safety and health, and hotel-specific ordinances.

Other Regulation

Our business is subject to various other laws and regulations, involving matters such as income tax and other taxes, consumer protection, online messaging, advertising and marketing, the U.S. Foreign Corrupt Practices Act and other laws governing bribery and other corrupt business activities, and regulations aimed at preventing money laundering or prohibiting business activities with specified countries or persons. As we expand into additional markets, we will be subject to additional laws and regulations.

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The regulatory environment in each market is often complex and evolving, and can be subject to significant change. Some relevant laws and regulations are inconsistent and ambiguous, and could be interpreted by regulators and courts in ways that could adversely affect our business, results of operations, and financial condition. Moreover, certain laws and regulations have not historically been applied to an innovative hospitality provider such as us, which often makes their application to our business uncertain. For additional information regarding the laws and regulations that affect our business, see **Part I, Item 1A, the "Risk Factors" section** of this Annual Report on Form **10-K**.

Competition

The market to provide hospitality services is very competitive and highly fragmented. In addition, the barriers to entry are low and new competitors may enter. Our competitors may adopt aspects of our business model or may introduce new business models or services that we may need to adopt or otherwise adapt to in order to compete, which could reduce our ability to differentiate our business or services from those of our competitors. Increased competition could result in a reduction in revenue, fewer attractive properties, higher lease rates, higher costs or reduced market share. We believe we compete primarily on the basis of the quality of our residences, the variety and attractiveness of our residences, and our high-quality **subscriber member** experience that is a result of the **luxe** services provided by our **care** member success teams and vacation experience teams, which include dedicated concierges and planners. Our current or potential competitors include:

- home-sharing and rental services and short-term vacation rentals such as Airbnb, Vacasa, Sonder, AvantStay, Evolve, Awaze, and Exclusive Resorts;
- global hotel chains such as Hyatt Hotels Corporation, Intercontinental Hotel Group, Marriott International, Radisson Hotel Group, and Wyndham Hotels & Resorts as well as boutique hotel chains and independent hotels; and
- online travel agencies such as Booking Holdings and Expedia Group; and Group.
- home-sharing and rental services and short-term vacation rentals such as Airbnb, Vacasa, Sonder, AvantStay, Evolve, and Awaze.

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Corporate Information

Our principal executive offices are located at 1544 Wazee Street, Denver, **CO** **Colorado** 80202.

The transfer agent and registrar for our common stock and the warrant agent for our warrants is Computershare Trust Company, N.A.

Available Information

Our website address is www.inspirato.com, www.Inspirato.com. Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report on Form 10-K. The U.S. Securities and Exchange Commission ("SEC") maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act are also available free of charge on our investor relations website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information contained on the websites referenced in this Annual Report on Form 10-K is not incorporated by reference into this filing. Further, our references to website URLs are intended to be inactive textual references only.

We announce material information to the public through filings with the SEC, the investor relations page on our website, press releases, public conference calls, and webcasts in order to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD. We encourage investors, the media, and others to follow the channels listed above and to review the information disclosed through such channels. Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

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Item 1A. Risk Factors. Factors

Investing This section describes circumstances or events that could have a negative effect on our financial results or operations or that could change, for the worse, existing trends in our securities involves a high degree businesses. The occurrence of risk. You should carefully consider one or more of the risks circumstances or events described below as well as could have a material adverse effect on our financial condition, results of operations and cash flows

and/or on the other information trading prices of our common stock. The risks and uncertainties described in this Annual Report on Form 10-K including are not the only ones facing us. Additional risks and uncertainties that currently are not known to us or that we currently believe are immaterial also may adversely affect our consolidated financial statements businesses and related notes thereto operations.

Risks Related to Our Business and the section titled "Management's Discussion Industry

The success of our business depends on our reputation and Analysis the strength of Financial Condition our brand.

Our business depends on our reputation and Results the strength of Operations, our brand as a provider of luxury accommodations and experiences. We believe that the strength of our brand is particularly important to our ability to attract and retain members with at least one active paid member subscription ("Subscription") and to compete for attractive new properties. Many factors can affect our reputation and the value of our brand, including the quality and location of our properties, the value we provide, our level of service, the safety of our members, our approach to health and cleanliness, publicized incidents in or around our properties, our ability to protect and use our brand and trademarks, the levels of marketing and the prevalence of other public filings before deciding whether to invest luxury accommodations and experiences in the destinations we serve.

In addition, we rely on partners, landlords and third-party service providers and if such partners, landlords and third parties do not perform adequately or terminate their relationships, our securities. The occurrence of any of the events or developments described below could harm brand may be negatively impacted, our costs may increase and our business, financial condition and results of operations and growth prospects. In such an event, the market price of our Class A Common Stock (as defined below) and Warrants could decline. The risks and uncertainties described below may not be the only ones we face. In that event, the market price of our Class A Common Stock could decline, and you could lose part or all of your investment.

Risk Factor Summary

Our business is subject to numerous risks and uncertainties that you should fully consider before investing in our Company, as fully described below. The principal factors and uncertainties that make investing in our Company risk include, among others:

- The COVID-19 pandemic and the impact of actions to mitigate the COVID-19 pandemic have materially adversely impacted our business and may adversely impact our business in the future, including our results of operations and financial condition.
- We have a history of net losses and may not be able to achieve or sustain profitability.
- If we fail to retain existing subscribers or add new subscribers, our business, results of operations and financial condition would be materially adversely affected.
- Our revenue growth may not increase at the rates we anticipate in the future or at all.
- Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence and disruptions to the global supply chain, could materially and adversely affect our business, financial condition and results of operations.
- The hospitality market is highly competitive, and we may be unable to compete successfully with our current or future competitors.
- We may be unable to effectively manage our growth.
- Our subscriber support function is critical to the success of our business, and any failure to provide high-quality service could affect our reputation and ability to retain our existing subscribers and attract new subscribers.
- We may not be able to obtain sufficient new and recurring supply of luxury accommodations and experiences or to renew our existing supply of luxury accommodations and experiences.
- We have limited experience with our pricing models, particularly for Inspirato Pass, Inspirato for Good, Inspirato for Business and Inspirato Select, and may not accurately predict the long-term rate of subscriber adoption or renewal or the impact these will have on our revenue or results of operations.
- We depend on our key personnel and other highly skilled personnel, and if we fail to attract, retain, motivate or integrate our personnel, our business, financial condition and results of operations could be adversely affected.
- Our business depends on our reputation and the strength of our brand, and any deterioration could adversely impact our business, financial condition or results of operations.
- As a result of recognizing revenue in accordance with GAAP, our consolidated financial statements may not immediately reflect changes in customer bookings, cancellations and other operating activities.

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- The failure to successfully execute and integrate acquisitions could materially adversely affect our business, results of operations and financial condition.
- We rely on consumer discretionary spending and any decline or disruption in the travel or hospitality industries or economic downturn would materially adversely affect our business, results of operations and financial condition.
- The subscription travel market and the market for our subscription offerings is still relatively new, and if it does not continue to grow, grows more slowly than expected or fails to grow as large as expected, our business, financial condition and results of operations could be adversely affected.
- If we are unable to manage the risks presented by our international business model, our business, results of operations and financial condition would be materially adversely affected.
- We have experienced and may continue to experience significant fluctuations in our results of operations, which makes it difficult to forecast our future results.
- The hospitality industry is subject to seasonal and cyclical volatility, which may contribute to fluctuations in our results of operations and financial condition.
- Our management has identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls or effective disclosure controls and procedures, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations.
- We face risks related to our intellectual property.
- Our storage, use, disclosure and other processing of personal data exposes us to risks of internal or external security breaches and incidents and could give rise to liabilities and/or damage to reputation.
- Unfavorable changes in, or interpretations or enforcement of, government regulations or taxation of the evolving hospitality, Internet and e-commerce industries could harm our operating results.
- Due to errors in our consolidated financial statements related to material weaknesses in our internal control over financial reporting, we restated our previously issued condensed consolidated financial statements for the quarterly periods ended March 31, 2022 and June 30, 2022, which resulted in unanticipated costs and may have adversely affected investor confidence, our stock price, our ability to raise capital in the future and our reputation, and may result in regulatory actions.

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Risks Related to our Business and Industry

The COVID-19 pandemic and the impact of actions If we fail to mitigate the COVID-19 pandemic have materially adversely impacted our business and may adversely impact our business in the future, including our results of operations and financial condition. retain existing

The COVID-19 pandemic caused severe economic disruptions around the world and is continuing to have a negative effect on the global hospitality and travel industries. The impact of the COVID-19 pandemic has been and continues to be a complex and evolving situation. Governments, public institutions and other organizations have and may continue to impose **members or recommend, at various times and degrees, that businesses and individuals implement restrictions on a wide array of activities to combat its spread, such as restrictions and bans on travel or transportation (including border closures), limitations on the size of in-person gatherings, closures of, or occupancy or other operating limitations on, work facilities, hospitality facilities, schools, public buildings and businesses, cancellation of events and meetings, mandatory vaccination requirements, and quarantines and lock-downs.** COVID-19 and efforts to mitigate its spread, as well as declines in overall willingness to travel due to the risk of COVID-19 transmission, dramatically reduced travel and demand for accommodations at the outset of the pandemic, and the subsequent emergence of **new variants of the virus have also negatively affected our business. Similar effects may occur in the future. While vaccines, booster shots, and treatments are now available in many countries, the ability of vaccination and treatment programs to curtail the impacts of the pandemic are uncertain. These factors may contribute to delays in economic recovery and continued reluctance to travel. The COVID-19 pandemic had a materially adverse impact on our results of operations and financial condition for the years ended December 31, 2020 and 2021. Revenues declined as a result of reduced travel and management undertook cost reduction methods in response. While COVID-19 continues to impact the world, through December 31, 2022 as**

restrictions were lifted across travel destinations, revenues recovered to pre-pandemic levels due to pent-up demand. To the extent the increase in revenue in 2022 is attributable to pent-up demand, we may not see this trend continue.

In addition, we cannot predict the impact that the COVID-19 pandemic will continue to have on our business partners and third-party vendors and service providers. We may continue to be materially adversely impacted as a result of the material adverse impacts our business partners and third-party vendors suffered previously and may suffer now and in the future. To the extent the COVID-19 pandemic continues to materially adversely affect **members**, our business, results of operations and financial condition **it may also have the effect of heightening many of the other risk factors described herein.**

We have a history of net losses and may not be able to achieve or sustain profitability.

We incurred net losses of \$0.5 million, \$22 million and \$24 million for the years ended December 31, 2020, 2021 and 2022, respectively. As of December 31, 2022, we had an accumulated deficit of \$234 million. Our accumulated deficit and net losses historically resulted primarily from the substantial investments required to grow our business. We have invested significantly in efforts to grow our subscriptions, introduce new or expanded offerings, increase our marketing spend, expanded our operations and hire additional employees. In 2021 and thereafter, we incurred significant costs related to the Business Combination and operating as a public company after the consummation of the Business Combination. We expect to continue making significant investments in our business in the future. These efforts may prove more expensive than currently anticipated, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. In particular, the impacts of the COVID-19 pandemic on our business have also contributed to the losses incurred during 2020, 2021 and 2022, and we expect the ongoing economic impact from the COVID-19 pandemic to have an impact on our revenue and financial results for 2023, though we cannot estimate to what extent the impact will be. Adverse macroeconomic and geopolitical conditions have impacted our business and may continue to impact us in future periods. These conditions include but are not limited to the Russian invasion of Ukraine, inflation, labor shortages, fluctuations in energy prices, changes in governmental regulations, foreign currency fluctuations, rising interest rates, and reduced consumer confidence resulting in lower consumer spending.

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If we fail to retain existing subscribers or add new subscribers, our business, results of operations and financial condition would be materially adversely affected.

We have experienced significant subscriber growth over the past several years, particularly with respect to **Inspirato Pass**. Our continued business **grow our operations** and revenue **growth** is dependent on our ability to retain existing **subscribers** and add new **subscribers**, and we cannot be sure that we will be successful in these efforts or that **subscriber** retention levels will not materially decline. There are a number of factors that could lead to a decline in **subscribers** or that could prevent us from increasing our **subscribers**, including:

- our failure to deliver offerings that **subscribers** find attractive;
- our ability to achieve and sustain market acceptance, particularly with respect to **Inspirato Pass**;
- harm to our brand and reputation;
- pricing and perceived value of our offerings;
- **subscribers** engaging with competitive products and services;
- problems affecting **subscribers'** experiences;
- a decline in the public's interest in luxury travel;
- deteriorating general economic conditions or a change in consumer discretionary spending preferences or trends, including inflation and increases to federal interest **rates**;
- political, social or economic instability, such as the ongoing geopolitical tensions related to **conflicts in the Middle East**, Russia's actions in Ukraine, resulting sanctions imposed by the U.S. and other countries and retaliatory actions taken by Russia in response to such sanctions, geopolitical events; and
- events beyond our control such as the COVID-19 pandemic, other global or regional pandemics and health concerns, increased or continuing restrictions on travel, immigration restrictions, trade disputes and the impact of climate change on travel, including fires, floods, severe weather and other natural disasters and the impact of climate change on seasonal destinations.

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In addition, if our platform is not easy to navigate; **subscribers****members** have **an** unsatisfactory sign-up, search, booking or payment **experience****experiences** on our platform; the content on our platform is not displayed **effectively****engagingly** to **subscribers****members**; we are not effective in engaging **subscribers****members** across our various offerings and tiers; or we fail to provide an experience in a manner that meets rapidly changing demand, we could fail to acquire first-time **subscribers****members** and fail to retain our existing **subscribers****members**.

As a result of these factors, we cannot be sure that our **subscriber****member** levels will be adequate to maintain or permit the expansion of our operations. A decline in **subscriber****member** levels could have an adverse effect on our business, financial condition and operating results.

Our revenue growth may not increase at the rates we anticipate in the future or at all.

We have experienced significant revenue growth in the past; however, there is no assurance that historic growth rates will continue. From the years ended December 31, 2020 to 2022, our revenue increased significantly, primarily due to the increased demand for travel due to easing COVID-19 pandemic restriction and pent-up demand for travel. Our future revenue growth depends on the growth of supply and demand for our offerings, and our business is affected by general economic and business conditions worldwide as well as trends in the global travel and hospitality industries. In addition, we believe that our revenue growth depends upon a number of factors, including:

- the COVID-19 pandemic and its impact on the travel and accommodations industries;
- our ability to retain and grow our number of subscribers;

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- our ability to retain and grow the number of luxury accommodations and experiences we offer;
- events beyond our control such as pandemics and other health concerns, increased or continuing restrictions on travel and immigration, trade disputes, economic downturns and the impact of climate change on travel, including fires, floods, severe weather and other natural disasters and the impact of climate change;
- political, social or economic instability, such as the ongoing geopolitical tensions related to Russia's actions in Ukraine, resulting sanctions imposed by the U.S. and other countries, and retaliatory actions taken by Russia in response to such sanctions and current adverse macroeconomic conditions including inflation, fluctuations in fuel prices, rising interest rates and reduced consumer confidence;
- competition;
- the legal and regulatory landscape and changes in the application of existing laws and regulations or adoption of new laws and regulations that impact our business, and/or subscribers, including changes in tax, short-term occupancy and other laws;
- the attractiveness of our offerings to current and prospective subscribers, including the degree to which we correctly anticipate trends in consumer travel preferences;
- the level of consumer awareness and perception of our brand;
- the level of spending on sales and marketing to attract subscribers;
- our ability to grow new offering tiers, such as **Inspirato Pass**, **Inspirato Select**, **Inspirato for Good** and **Inspirato for Business**, and to deepen our presence in certain geographies;
- timing, effectiveness and costs of expansion and upgrades to our platform and infrastructure; and
- other risks described elsewhere in this Annual Report on Form 10-K.

A softening of demand, whether caused by events outside of our control, such as COVID-19, rising interest rates, reduced consumer confidence, changes in subscriber preferences or any of the other factors described above or in this Annual Report on Form 10-K, will result in decreased revenue. If our revenue

does not continue to improve at the rates we expect, we may not achieve profitability and our business, results of operations and financial condition would be materially adversely affected.

Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence and disruptions to the global supply chain, could materially and adversely affect our business, financial condition and results of operations.

In recent years, the United States and global economies suffered dramatic downturns as a result of the COVID-19 pandemic, a deterioration in the credit markets and related financial crisis as well as a variety of other factors including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. The United States and certain foreign governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If the actions taken by these governments are not successful, the current adverse economic conditions may negatively impact the demand for our offerings and may negatively impact our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

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Additionally, on February 24, 2022, the Russian Federation commenced a military invasion of Ukraine. Russian actions with respect to Ukraine have resulted in certain sanctions and export controls being imposed by the United States, the European Union, the United Kingdom and other jurisdictions. The conflict between Russia and Ukraine, including related economic sanctions, has led, and may continue to lead, to disruption, instability and volatility in global markets and industries that could negatively impact our business. We cannot predict the impact of these ongoing sanctions and heightened military conflict or geopolitical instability, heightened inflation and cyber disruptions or attacks. Any such disruptions or resulting sanctions may adversely affect our business, but as we do no business with Russia and/or Ukraine, no such disruptions as a result of Russia's military invasion of Ukraine have yet to directly do so.

The hospitality market is highly competitive, and we may be unable to compete successfully with our current or future competitors.

The market to provide hospitality services is very competitive and highly fragmented. In addition, the barriers to entry are low and new competitors may enter. Our current or potential competitors include global hotel brands, regional hotel chains, independent hotels, online travel agencies and home-sharing and rental services and short term/vacation rental. Our competitors may adopt aspects of our business model, which could reduce our ability to differentiate our offerings. Additionally, current or new competitors may introduce new business models or services that we may need to adopt or otherwise adapt to in order to compete, which could reduce our ability to differentiate our business or services from those of our competitors. Increased competition could result in a reduction in revenue, fewer attractive properties, higher lease rates, higher costs or reduced market share.

We believe we compete primarily on the basis of the quality of our residences, the variety and attractiveness of our residences, and our high quality subscriber experience that is a result of the luxe services provided by our care teams, concierges, and planners. Competitive factors in our industry are subject to change, such as the increased emphasis on cleaning and social distancing due to the COVID-19 pandemic. If subscribers choose to use other competitive offerings in lieu of ours, our revenue could decrease, and we could be required to incur additional expenditures to compete more effectively. Any of these events or results could harm our business, operating results and financial condition.

In addition, some of our current or potential competitors, such as major hotel brands, are larger and have more resources than we do. Many of our current and potential competitors enjoy substantial competitive advantages, such as greater name recognition in their markets, well-established loyalty programs, longer operating histories and larger marketing budgets, as well as substantially greater financial, technical and other resources. Moreover, the hospitality services industry has experienced significant consolidation, and we expect this trend may continue as companies attempt to strengthen or hold their market positions in a highly competitive industry. Consolidation amongst our competitors will give them increased scale and may enhance their capacity, abilities and resources, as well as lower their cost structures. In addition, our current or potential competitors may have access to larger developer, landlord or customer bases. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or landlord or customer requirements. Furthermore, because of these advantages, existing and potential landlords and subscribers might accept our competitors' offerings, even if our offerings are superior in other regards. For all of these reasons, we may not be able to compete successfully against our current and future competitors.

We may be unable to effectively manage our growth.

We have experienced rapid growth, and we continue to pursue rapid growth in existing and new markets throughout the world. Our business is becoming increasingly complex due in part to the continued rapid evolution of the hospitality industry, the ongoing COVID-19 pandemic, our expansion into new markets, the increasing number of residences and hotels within our portfolio and changing local and national regulatory requirements. This increased complexity and

rapid growth have demanded, and will continue to demand, substantial resources and attention from our management. We may need to increase headcount and hire additional specialized personnel in the future as we pursue our growth objectives. For example, we may need to hire, train and manage additional qualified data scientists, website and app developers, software engineers, financial operations and accounting personnel and sales and marketing staff to properly manage our growth. When we enter or expand operations in a particular city, we may also need to hire a substantial number of staff to effectively manage the new operations, including staff to research local laws and regulations and monitor legal compliance. If our new hires are not available when needed or perform poorly, or if we are unsuccessful in hiring, training, managing and integrating new employees or if we are unsuccessful in retaining existing employees, we may not be able to meet our business and growth objectives.

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Our subscriber member support function is critical to the success of our business, and any failure to provide high-quality service could affect our reputation and ability to retain our existing subscribersmembers and attract new subscribers.members.

Our ability to provide high-quality support to our subscribersmembers is important for the growth of our business and any failure to maintain such standards of subscribermember support, or any perception that we do not provide high-quality service, could affect our ability to attract and retain and attract subscribers.members. Meeting the support expectations of our subscribersmembers requires significant time and resources from our support team and significant investment in staffing and technology. In particular, many travel reservations made through us include planning assistance, daily housekeeping, related property services and a local concierge to assist subscribersmembers during their travel. If we or our third-party services service providers fail to provide these services in a high-quality manner, or these services are not commensurate with those offered by other luxury travel providers such as hotel brands, our brand would may be harmed. In addition, as we expand the destinations offered to our subscribers, particularly outside of North America and Europe, we need to be able to provide effective support that meets subscribers'members' expectations in a variety of countries and languages, countries.

Our local support is performed by a combination of our internal teams and third-party service providers. We rely on our internal teams and these third parties to provide timely, responsive and high-quality service to our subscribers.members. Reliance on these third parties requires that we provide proper guidance standards for their employees, maintain proper controls and procedures for them to meet when interacting with our subscribers, members and ensure acceptable levels of quality and subscribermember satisfaction are achieved.

We rely on information provided by subscribersmembers and are at times limited in our ability to provide adequate support or help subscribers members resolve issues due to our lack of information or control of local third-party staff. To the extent that subscribersmembers are not satisfied with the timeliness, responsiveness or quality of our support, we may not be able to retain subscribers, members, and our reputation and brand, as well as our business, results of operations and financial condition, could be materially adversely affected.

Providing support that is timely, responsive and high-quality is costly, and we expect such cost to continue to costs may rise in the future as we grow our business, future.

We may not be able to obtain sufficient new and recurring supply of luxury accommodations and experiences or to renew our existing supply of luxury accommodations and experiences.

We continually pursue entering into additional leases, adding residences to existing new leases and renewing renew and extending extend current leases as well as other occupancy arrangements with property owners, resorts, hotels and developers. If we fail to secure or renew leases or other occupancy arrangements for attractive luxury properties, resorts and hotels, we will not be able to expand our portfolio of locations, may not have sufficient properties to satisfy the demands of our members and may not achieve our growth and financial forecasts.

We may not be able to add sufficient properties that meet our brand standards at an acceptable cost to meet our strategic goals and financial forecasts. Due to the number of properties that we have already secured under leases or other occupancy arrangements in many locations and our emphasis on providing a luxury travel experience, we may find it more difficult to find additional attractive properties in those markets. In certain international markets, we have less experience and fewer real estate staff, and local regulations and real estate industry practices (including customary lease provisions and governing law) may make it more difficult to identify properties that are consistent with our brand and standards. Even where When we identify suitable properties, we may not be able to negotiate leases or other occupancy arrangements on commercially reasonable terms or at all or may incur additional expenses engaging local counsel to assist with lease or other occupancy arrangement negotiations. Our leases and other occupancy arrangements are often complex and require substantial time to negotiate, which makes forecasting our revenue from new properties more difficult. In certain international markets, we have less experience

and may not have real estate staff, and local regulations and real estate industry practices (including customary lease provisions and governing law) may make it more difficult to identify properties that are consistent with our brand and standards.

Even where we succeed in signing a lease for a new property, the landlord or developer may be unable or unwilling to deliver the property at the time provided for, or we may encounter other unforeseen delays, such as construction delays in the case of new developments or in preparing the property for initial subscriber stays. Many newly leased properties become available for subscriber stays only after a considerable period of time, which increases the risk of unforeseen delays in recognizing revenue from such properties. In addition, the success of any new property will depend on our ability to integrate it into our existing operations and successfully market it to our subscribers. Newly leased properties could be more difficult or expensive to onboard, have undisclosed conditions that result in unanticipated expenses or claims against us for which we may have little or no effective recourse against the landlord or otherwise may not provide their anticipated benefits.

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In addition to providing luxury accommodations, our business also depends on our ability to provide high-quality, personalized service including travel planning, on-site concierges, daily housekeeping and unique travel experiences. If we are not successful in providing high-quality, luxury experiences to our subscribers, the perceived benefits of subscriptions may decrease and our business, financial condition and operating results may be adversely impacted.

We have limited experience with our pricing models, particularly for Inspirato Pass, Inspirato for Good, Inspirato for Business and Inspirato Select, and may not accurately predict the long-term rate of subscriber adoption or renewal or the impact these will have on our revenue or results of operations.

We generate revenue primarily from travel bookings and subscriptions to our Inspirato Club and Inspirato Pass offerings. Our subscriptions provide varying degrees of travel booking rights, and additional bookings and travel-related services are available on an ad-hoc basis. We have limited experience with respect to determining the optimal prices and pricing models for our subscription plans and other travel-related services, particularly with respect to our newer offerings such as Inspirato Pass, which launched in 2019 and experienced significant disruption in 2020 and 2021 due to the COVID-19 pandemic, and our new selections that launched in 2022, Inspirato for Good, Inspirato for Business, and Inspirato Select. As the markets for our offerings mature, as we create new offerings or as new competitors introduce competing offerings, we may be unable to attract new subscribers or retain existing subscribers at the same price or based on the same pricing model as we have used historically.

We also have limited experience in determining complementary offerings to provide in conjunction with our subscription plans and which to offer as add-on offerings. Our limited experience in determining the optimal manner in which to bundle our various offerings could reduce our ability to capture the value delivered by our offerings, which could adversely impact our business, results of operations and financial condition.

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

Our success depends to a significant degree on the retention of our founders, senior management team, key technical, financial and operations employees and other highly skilled personnel. Our success also depends on our ability to identify, hire, develop, motivate, retain and integrate highly qualified and diverse personnel for all areas of our organization. We may not be successful in attracting and retaining qualified personnel to fulfill our current or future needs, and future governmental or regulatory orders related to COVID-19, which remain uncertain and cannot be predicted, may also impact our employee retention. Members of our management team or other key employees may terminate their employment with us at any time, and it may be difficult to find suitable replacements on a timely basis, on competitive terms or at all. If we are unable to attract and retain the necessary personnel, particularly in critical areas of our business, we may not achieve our strategic goals.

We face intense competition for highly skilled personnel, especially in Denver, Colorado, where we maintain our headquarters. To attract and retain qualified personnel, we have had to offer, and we believe we will need to continue to offer, competitive compensation and benefits packages. Job candidates and existing personnel often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to attract and retain highly qualified personnel. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train and integrate such employees, and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts and employee morale, productivity and retention could suffer, which could adversely affect our business, financial condition and results of operations.

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Our business depends on our reputation and the strength of our brand, and any deterioration could adversely impact our business, financial condition or results of operations.

Our business depends on our reputation and the strength of our brand as a provider of luxury accommodations and experiences. We believe that the strength of our brand is particularly important to our ability to attract and retain subscribers and to compete for attractive new properties. Many factors can affect our reputation and the value of our brand, including our level of service, safety of our subscribers, our approach to health and cleanliness, publicized incidents in or around our properties, ability to protect and use our brand and trademarks, levels of marketing, and the prevalence of other luxury accommodations and experiences in the destinations we serve. In addition, our brand and reputation could be harmed if we fail to act responsibly or we are perceived as not acting responsibly or if we fail to comply with regulatory requirements as interpreted by certain governments or agencies thereof in a number of other areas such as safety and security, data security, privacy practices, provision of information about users and activities on our platform, sustainability, human rights, diversity, non-discrimination and support for employees and local communities.

Reputational value is also based on perceptions, and broad access to social media makes it easy for anyone to provide public feedback that can influence perceptions of us, our brand and our properties and experiences. It may be difficult to control or effectively manage negative publicity, regardless of whether it is accurate. Social media compounds the potential scope of the negative publicity that could be generated and the speed with which such negative publicity may spread. Our efforts to preserve and enhance consumer awareness of our brands may not be successful, and even if we are successful in our branding efforts, such efforts may not be cost-effective or as efficient as they have been historically, resulting in increased customer acquisition costs.

Our brand and reputation may suffer as a result of any failure to provide service to our subscribers that is commensurate with their expectations. Subscriber complaints or negative publicity about our company, properties, experiences or services could diminish subscribers' confidence in us or our brand and impair our relationships with landlords, regulators and other governmental authorities, third-party partners, and others that are important or impactful to our business. Effective subscriber service requires significant personnel and technology expense, and this expense, if not managed properly, could significantly impact our profitability. Failure to manage or train subscriber service representatives properly could compromise our ability to provide travel and experiences that are acceptable to our subscribers. We also rely on third-party companies to provide some subscriber services, including trip planning assistance, concierge services, daily housekeeping and related property services. We do not directly control these companies or their personnel. Negative publicity related to any of our third-party partners, including publicity related to quality standards or safety concerns, could adversely affect our reputation and brand and could potentially lead to increased regulatory or litigation exposure. We may also be the subject of blog, social media or forum postings that include inaccurate or negative statements about our properties or services or our business in general that create negative publicity. Any deterioration of our brand could adversely impact our business, financial condition or results of operations.

As a result of recognizing revenue in accordance with GAAP, our consolidated financial statements may not immediately reflect changes in customer bookings, cancellations and other operating activities.

We experience a difference in timing between when a booking is made for travel and when we recognize revenue, which occurs over the period of stay commencing upon check-in. The effect of significant downturns in bookings in a particular quarter may not be fully reflected in our results of operations until future periods because of this timing in revenue recognition. Our booking metrics are also not necessarily reflective of revenue in a specific time period as a result of potential cancellations and/or rebooking between the original booking and check-in date. For example, the COVID-19 pandemic resulted in cancellations of bookings and those bookings were not recognized as revenue until the trips were rebooked and subsequently taken.

The failure to successfully execute and integrate acquisitions could materially adversely affect our business, results of operations and financial condition.

One element of our growth strategy is to acquire businesses. We may expend significant cash or incur substantial debt to finance such acquisitions, which indebtedness could result in restrictions on our business and significant use of available cash to make payments of interest and principal. In addition, we may finance acquisitions by issuing equity or convertible debt securities, which could result in further dilution to our stockholders. We may enter into negotiations for acquisitions that are not ultimately consummated. Those negotiations could result in diversion of management time and significant out-of-pocket costs. If we fail to evaluate and execute acquisitions successfully, our business, results of operations and financial condition could be materially adversely affected.

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In addition, we may not be successful in integrating acquisitions or the businesses we acquire may not perform as well as we expect. Any future failure to manage and successfully integrate acquired businesses could materially adversely affect our business, results of operations and financial condition. Acquisitions involve numerous risks, including the following:

- difficulties in integrating and managing the combined operations, technology platforms or offerings of the acquired companies and realizing the anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays and failure to execute on the intended strategy and synergies;
- failure of the acquired businesses to achieve anticipated revenue, earnings or cash flow;
- diversion of management's attention or other resources from our existing business;
- our inability to maintain the business relationships of acquired businesses;
- uncertainty of entry into businesses or geographies in which we have limited or no prior experience or in which competitors have stronger positions;
- unanticipated costs associated with pursuing acquisitions or greater than expected costs in integrating the acquired businesses;
- responsibility for the liabilities of acquired businesses, including those that were not disclosed to us or exceed our estimates, such as liabilities arising out of the failure to maintain effective data protection, information security, and privacy controls, and liabilities arising out of the failure to comply with applicable laws and regulations, including short-term occupancy and tax laws;
- difficulties in or costs associated with assigning or transferring to us the acquired companies' intellectual property or its licenses to third-party intellectual property;
- inability to maintain our culture and value, ethical standards, controls, procedures and policies;
- challenges in integrating the workforce of acquired companies and the potential loss of key employees of the acquired companies;
- challenges in integrating and auditing the financial statements of acquired companies that have not historically prepared financial statements in accordance with GAAP; and
- potential accounting charges to the extent goodwill and intangible assets recorded in connection with an acquisition, such as trademarks, business relationships or intellectual property, are later determined to be impaired and written down in value.

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We rely on consumer discretionary spending and any decline or disruption in the travel and hospitality industries or economic downturn would materially adversely affect our business, results of operations and financial condition.

Our business is particularly sensitive to trends in the travel, real estate and vacation rental markets and in the general economy, which are all unpredictable. Travel is significantly dependent on discretionary spending levels. As a result, sales of travel services tend to decline during general economic downturns, recessions and times of political or economic uncertainty as consumers engage in less discretionary spending, are concerned about unemployment or inflation, have reduced access to credit or experience other concerns or effects that reduce their ability or willingness to travel. Leisure travel in particular, which accounts for substantially all of our current business, is dependent on discretionary consumer spending levels. Downturns in worldwide or regional economic conditions, such as the downturn resulting from the COVID-19 pandemic, the ongoing geopolitical tensions related to Russia's actions in Ukraine, and the current adverse macroeconomic conditions including inflation, fluctuations in energy prices, rising interest rates and reduced consumer confidence have led to some decrease in leisure travel and travel spending, and similar downturns in the future may materially adversely impact demand for our offerings. Such a shift in consumer behavior could materially adversely affect our business, results of operations and financial condition. Our operating results, to the extent they reflect changes in the broader travel, real estate and vacation rental industries, may be subject to significant fluctuations.

The subscription travel market and the market for our subscription offerings is still relatively new, and if it does not continue to grow, grows more slowly than expected or fails to grow as large as expected, our business, financial condition and results of operations could be adversely affected.

We offer a distinctive type of luxury travel service for which the market is still relatively new, and it is uncertain to what extent market acceptance will continue to grow, if at all. Our success will depend on the willingness of potential subscribers and the market at large to adopt our particular model of luxury travel, which differs from both traditional hotels and home-sharing or rental marketplaces. In many geographies, including geographies that we hope to enter in the future, the market for our subscription-based luxury travel is unproven, with little data or research available regarding the market and industry. If potential subscribers do not perceive our accommodations or experiences as compelling, or choose different accommodations due to concerns regarding safety, the availability of on-site staffing, amenities or services associated with traditional hotels, affordability or other reasons, then the market for our luxury travel may not further develop, may develop more slowly than expected or may not achieve our expected growth potential. Such outcomes could adversely affect our business, financial condition and results of operations. Additionally, our ability to develop the market in which we operate will depend to a substantial extent on the willingness of landlords and property developers to enter into leases, property development or other occupancy arrangements with us, and our ability to operate in markets without clear or well-established regulations covering properties used in our business. Regulation of short-term occupancy is an evolving field, and in numerous localities, local regulations have been adopted in recent years that seek to discourage short-term occupancy. Moreover, homeowners' associations and other associations in communities where our properties are located may seek to restrict the ability of landlords to enter into lease agreements with companies such as us. Additionally, a significant portion of our revenue is driven by our subscription offerings, and the adoption of subscription models in the travel industry is relatively new. For example, *Inspirato Pass* was first launched in 2019 and *Inspirato Select* was launched in 2022. If customers do not shift to subscription travel models and subscription travel services do not achieve widespread adoption, or if there is a reduction in demand for subscription travel services, our business, financial condition, and results of operations could be adversely affected. For these and other reasons, we may be unable to accurately predict the demand for and the supply of potential units in certain markets, which could cause us to spend more in a certain market than is justified by the resulting revenues, or to miss our financial targets, and could otherwise harm our business.

If we are unable to manage the risks presented by our international business model, our business, results of operations and financial condition would be materially adversely affected.

We have leased properties, work with hotel and resort partners and offer *Inspirato Only Experiences* around the world and continue to expand our operations. Currently, we feature destinations in the U.S., Canada, Europe, Central and South America, the Caribbean and Oceania and plan to continue our efforts to expand internationally, including in jurisdictions where we do not currently operate to a significant degree, such as many countries in Europe, Asia, South America and Oceania. Operating in international markets also requires significant management attention and financial resources. Health epidemics, like the COVID-19 pandemic, may cause international travel restrictions and other regulations to change rapidly, resulting in disruptions to travel plans.

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Expansion into new international emerging markets may have risks due to factors specific to those markets. Emerging markets are countries which have less developed economies and may be vulnerable to economic and political instability, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets where we operate, and the resulting instability may adversely affect our business.

We have expanded and expect to continue to expand our service to countries in the Caribbean and Latin America and possibly other jurisdictions throughout the world, some of which have less developed legal systems, financial markets and business and political environments than the U.S. and therefore present greater political, legal, regulatory, economic and operational risks. We have emphasized legal compliance and have implemented and continue to implement and refresh policies, procedures and certain ongoing training of employees with regard to business ethics and compliance, anti-corruption laws and policies and many other key legal requirements; however, there can be no assurance our employees or third party service providers in such locations will adhere to our code of business conduct, anti-corruption law and policies, other Company policies or other legal requirements. If we fail to enforce our policies and procedures properly or maintain adequate record-keeping and internal accounting practices to accurately record our transactions, we may be subject to sanctions. In the event we believe or have reason to believe our employees have or may have violated applicable laws or regulations, we may be subject to investigation costs, potential penalties and other related costs which in turn could negatively affect our reputation and our results of operations and cash flow.

Managing a multinational organization is difficult, time consuming and expensive, and any international expansion efforts that we undertake may not be profitable in the near or long term or otherwise be successful. We have limited operating experience in many foreign jurisdictions and are making significant investments to build our international operations. Conducting international operations subjects us to risks that we generally do not face in the U.S. These risks include:

- costs, resources and uncertainties associated with tailoring our services in international jurisdictions as needed to better address the needs of subscribers;
- costs and risks associated with local and national laws and regulations governing zoning, hotels and other accommodations, accessibility, property development and rental, health and safety, climate change and sustainability and employment;
- differences in local real estate and hotel industry practices, including leasing and hotel transaction terms, that may make it difficult for us to add properties on satisfactory terms or that may require higher than expected upfront payments or other costs;
- operational and compliance challenges caused by distance, language and cultural differences;
- costs and risks associated with compliance with international tax laws and regulations;
- costs and risks associated with compliance with the U.S. Foreign Corrupt Practices Act and other laws in the U.S. related to conducting business outside the U.S., as well as the laws and regulations of non-U.S. jurisdictions governing bribery and other corrupt business activities;
- being subject to other laws and regulations, including laws governing online advertising and other Internet activities, email and other messaging, collection, use and other processing of personal data and other content, ownership of intellectual property, taxation and other activities important to our online business practices;
- political, economic and social instability, war (including ongoing geopolitical tensions related to Russia's actions in Ukraine, resulting sanctions imposed by the U.S. and other countries, and retaliatory actions taken by Russia in response to such sanctions and the current adverse macroeconomic conditions including inflation, fluctuations in fuel prices, rising interest rates and reduced consumer confidence), armed conflict or terrorist activities;
- competition with companies that understand the local market better than we do or who have pre-existing relationships with landlords, property developers, regulators and travelers in those markets; and

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- reduced or varied protection for intellectual property rights in some countries.

We cannot guarantee that our international expansion efforts in any or multiple territories will be successful. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability and could instead result in increased costs.

We have experienced and may continue to experience significant fluctuations in our results of operations, which make it difficult to forecast our future results.

Our results of operations have historically varied from period-to-period and we expect that our results of operations will continue to fluctuate for a variety of reasons, many of which are outside of our control and difficult to predict. We experience seasonal fluctuations in our financial results. Because our results of operations may vary significantly from quarter-to-quarter and year-to-year, the results of any one period should not be relied upon as an indication of future performance. Our revenue, expenses, operating results and cash flows, as well as our key operating metrics, have fluctuated from quarter-to-quarter in the past and are likely to continue to do so in the future. These fluctuations are due to, or may result from, many factors, including:

- the quantity of our accommodations;
- the timing and success of changes in amenities and services;
- the impact of the COVID-19 pandemic or other public health crises on demand for our accommodations and on our operating expenses and capital requirements;
- the introduction and performance of new properties, experiences, amenities, technologies and services, including how quickly new properties are ready for booking by subscribers and the degree to which we correctly anticipates trends in consumer travel preferences;
- the timing, cost and success of advertising and marketing initiatives;
- the amount and timing of financing activities, operating expenses and capital expenditures;
- changes in prevailing lease rates for attractive properties and any adjustments in rental rates under existing leases;

- changes in cash flow due to lease renewals and amendments and new lease acquisitions and property onboarding;
- changes in cash flow due to the seasonal nature of vacation travel and the unpredictability of subscriber cancellations;
- economic instability in major markets, such as the current adverse macroeconomic conditions including inflation, fluctuations in fuel prices, rising interest rates, reduced consumer confidence and fluctuations in exchange rates;
- geopolitical uncertainty and instability, such as the ongoing geopolitical tensions related to Russia's actions in Ukraine, resulting sanctions imposed by the U.S. and other countries and retaliatory actions taken by Russia in response to such sanctions;
- the introduction of new properties, amenities or services by our competitors;
- declines or disruptions in the hospitality industry, particularly in cities or regions where we have significant operations;
- changes in the timing of holidays or other vacation events;
- unanticipated disruptions or costs due to regulatory issues, including changes in hospitality laws, hotel regulations or zoning or accessibility laws;

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- litigation and settlement costs, including unforeseen attorneys' fees and costs;
- new accounting pronouncements and changes in accounting standards or practices;
- new laws or regulations, or new interpretations of existing laws or regulations, that harm our business or restrict the hospitality industry, travel, the Internet, e-commerce, online payments or online communications; and
- other risks described elsewhere in this Annual Report on Form 10-K.

Fluctuations in operating results may, particularly if unforeseen, cause us to miss projections we may have provided to the public. In addition, a significant portion of our expenses and investments are fixed and such fluctuations in operating results may cause us to face short-term liquidity issues, impact our ability to retain or attract key personnel or expand our portfolio of properties or cause other unanticipated issues.

The hospitality industry is subject to seasonal and cyclical volatility, which may contribute to fluctuations in our results of operations and financial condition.

The hospitality industry is seasonal in nature. The periods during which our properties experience higher occupancy vary from property to property, depending principally upon their location, type of property and competitive mix within the specific location and may change with changes in overall availability of lodging and hospitality options within a local market. Based on historical results, we generally expect our revenues to be lower in the second quarter of each year than in each of the three other quarters. In addition, the hospitality industry is cyclical, and demand generally follows the general economy on a lagged basis. The hospitality industry as a whole experienced a downturn driven by the COVID-19 pandemic but has entered into a recovery phase as vaccines and treatments became more widely available and travel restrictions abated. However, this recovery may not progress to the degree expected. The seasonality and cyclical nature of our industry may contribute to fluctuations in our results of operations and financial condition.

Our leases may be subject to premature termination, which can be disruptive and costly.

Our leases or management contracts may be subject to premature termination in certain circumstances, such as the bankruptcy of a developer or landlord, noncompliance with underlying covenants governing the property, or, under some agreements, failure to meet specified financial or performance criteria, which we may fail or elect not to waive or cure, or, in certain leases, termination for convenience by a landlord by providing us prior notice (typically one year). Some of our leased properties have been pledged as collateral for mortgage loans entered into by the owners of the properties when those properties were purchased or refinanced. If those owners cannot repay or refinance maturing indebtedness on favorable terms or at all, such owners may declare bankruptcy and/or lenders could declare a default, accelerate the related debt and foreclose on the subject property. Such foreclosures or bankruptcies could in some cases result in the termination of our leases and eliminate our anticipated income and cash flows, which could have a significant negative effect on our results of operations. Landlords or other business partners may also assert the right to terminate leases or other significant contracts even where the agreements do not provide such a right. If terminations occur for these or other reasons, we may need to enforce our right to damages for breach of contract and related claims, which may cause us to incur significant legal fees and expenses. Any damages we ultimately collect could be less than the projected future value of the revenues and income we would have otherwise generated from the property. For example, if a landlord breaches a lease agreement by terminating without

cause, we may choose not to or it may be financially impractical to enforce lease provisions requiring such landlord to pay an administrative fee plus the cost of relocating reservations, and we may choose to settle for a lower amount. Premature terminations of significant agreements could hurt our financial performance or our ability to grow our business.

In addition, our ability to negotiate favorable terms to extend an expiring lease or to secure an alternate location will depend on then-prevailing conditions in the real estate market, such as overall rental cost increases, competition from other would-be tenants for desirable leased spaces, our relationships with current and prospective building owners and landlords and other potential factors that are not within our control. If we are not able to renew or replace an expiring lease, we will incur significant costs related to vacating that space and developing alternative space, if any.

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The relatively long-term and fixed-cost nature of our leases may limit our operating flexibility and could adversely affect our liquidity and results of operations.

We currently lease most of our properties. Our obligations to landlords under these agreements extend for periods that frequently significantly exceed the duration of **customers' subscriptions**, **Subscriptions**, often by many **years**, **years** although many, but not all, of our leases provide us the ability to terminate leases with appropriate notice.

Our leases generally provide for fixed monthly payments that are not tied to occupancy rates or revenues, and our leases typically contain minimum rental payment obligations. As a result, if we are unable to maintain sufficient occupancy rates, or if the rates we are able to charge are not sufficient, our lease expenses may not be sufficiently offset by our revenue from **subscribers**. In addition, we may not be able to lower our fixed monthly payments under our leases in an amount sufficient to offset any revenue lost as a result of future prices that we charge our **subscribers**, **members** which may also reduce our margins and cash flow. In any such event, we may not have the ability to reduce our rent under the lease or otherwise terminate the lease in accordance with our terms. Many of our leases provide us the ability to terminate leases with appropriate notice.

We have limited flexibility to rapidly alter our portfolio of properties and our lease commitments in response to changing circumstances. Leases require substantial time to negotiate, and there is often a significant delay between a lease signing and the availability of a property to our **subscribers**. In addition, our leases generally require the landlord's consent to assign the lease or sublease the property, which may not be granted or may be granted only on unfavorable terms. Even if we are able to assign or sublease an unprofitable property, we may incur significant costs, including transaction costs associated with finding and negotiating with potential transferees, upfront payments or other inducements, costs to restore the property to our previous condition and other costs to exit the property, **members**.

Moreover, our leases contain a variety of contractual rights and obligations that may be subject to interpretation. Our interpretations of our leases are sometimes have been, or may be, disputed by landlords, which may result in expensive and disruptive litigation in some instances. For example, certain landlords have asserted breach of contract for failure to maintain a property in "substantially the same condition" and in 2020, certain landlords disputed "force majeure" clauses in relation to the COVID-19 pandemic. Similar disputes may occur in the future. Our failure to satisfy our contractual obligations in these leases could result in defaults under the leases. Any default, claim or dispute regarding our leases or our other occupancy arrangements could result in litigation, damage to our reputation, disruption of operations and our **subscribers' members'** experiences at the affected property, a requirement that we exit the property earlier than planned and damages or other legal remedies against us, any of which could have a material and adverse effect on our business, results of operations and financial condition.

If we are unable to adapt to changes in technology, our business could be harmed.

Because the **Inspirato** website, custom applications supporting the **Inspirato** website, the **Inspirato** app and the algorithms we use to generate trip lists are critical to our business, and **subscribers** increasingly demand technology-driven features and amenities when they seek accommodations, we will need to continuously modify and enhance our services and business systems to keep pace with technological changes. We may not be successful in developing or obtaining from third parties necessary, functional and popular modifications and enhancements. Furthermore, uncertainties about the timing and nature of these necessary changes could result in unplanned research and development expenses. In addition, if our properties, website or app or internal systems fail to operate effectively with future technologies, we may experience subscriber dissatisfaction, lost revenue, difficulties in providing subscriber service or adding new properties to our portfolio, or other disruptions in our operations may result, any of which could harm our business.

[Table of Contents](#)***Actions that we are taking to review and optimize our business in alignment with our strategic priorities may not be as effective as anticipated.***

We are shifting our near-term focus from expanding the supply of our portfolio of accommodations to portfolio optimization in order to adapt to a rapidly changing travel landscape. We have dedicated internal resources towards two new offerings, Inspirato for Good and Inspirato for Business, aimed at reducing long-term customer acquisition costs and sales and marketing expense by providing leads and subscriber conversion opportunities to the Inspirato sales pipeline. Further, we completed a 12% workforce reduction in January 2023 in order to further manage costs. While the shift in our business strategy and the workforce reduction are designed to reduce operating costs, improve operating margins, and return to profitability, we may encounter challenges in the execution of these efforts that could prevent us from recognizing the intended benefits of such efforts or otherwise adversely affect our business, results of operations and financial condition.

As a result of the workforce reduction, we have incurred and may continue to incur additional costs in the short-term, including cash expenditures for severance payments, employee benefits and related facilitation costs, as well as non-cash expenditures related to vesting of share-based awards. These additional cash and non-cash expenditures could have the effect of reducing our operating margins. Our workforce reduction may result in other unintended consequences, including employee attrition beyond our intended reduction in force, which may also be further exacerbated by the actual or perceived declining value of our equity awards; damage to our corporate culture and decreased employee morale among our remaining employees, including as a result of reduced employee perks; diversion of management attention; damage to our reputation as an employer, which could make it more difficult for us to hire new employees in the future; and the loss of institutional knowledge and expertise of departing employees. If we experience any of these adverse consequences, our reductions in force and other restructuring efforts may not achieve or sustain their intended benefits, or the benefits, even if achieved, may not be adequate to meet our long-term profitability and operational expectations, which could adversely affect our business, results of operations and financial condition.

In addition, our workforce reduction and other shifts in our business strategy could lead us to fail to meet, or cause delays in meeting, our operational and growth targets. While positions have been eliminated, functions that they performed remain necessary to our operations, and we may be unsuccessful in effectively and efficiently distributing the duties and obligations of departed employees among our remaining employees. The workforce reduction could also prevent us from pursuing new opportunities and initiatives or require us to adjust our growth strategy. As we continue to identify areas of cost savings and operating efficiencies, we may consider implementing further measures to reduce operating costs and improve operating margins. We may not be successful in implementing such initiatives, including as a result of factors beyond our control. If we are unable to realize the anticipated savings and efficiencies from our reductions in force, other restructuring efforts and future strategic initiatives, our business, results of operations and financial condition could be harmed.

We may become involved in claims, lawsuits and other proceedings that could adversely affect our business, financial condition and results of operations.

We are involved in various legal proceedings relating to matters incidental to the ordinary course of our business and may be subject to additional legal proceedings from time to time. Legal proceedings can be time-consuming, divert management's attention and resources and cause us to incur significant expenses or liabilities. The expense of litigation and the timing of this expense from period to period are difficult to estimate and subject to change and could adversely affect our financial condition and results of operations. In particular, the international nature of our operations and the number of countries in which we operate could subject us to increased risk of litigation in foreign jurisdictions, which may be lengthier, costlier or less predictable than comparable litigation in the U.S. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes even where we have meritorious claims or defenses. Any of the foregoing could adversely affect our business, financial condition and results of operations.

[Table of Contents](#)***Our properties are relatively concentrated in a limited number of travel destinations.***

Our operations are relatively concentrated in a limited number of travel destinations. Our accommodations and experiences are located in popular vacation destinations, some of which are more heavily utilized on a seasonal basis. As a result, our ability to realize a benefit from our properties in these regions is heavily dependent upon our ability to maintain occupancy during key seasonal periods. In addition, factors influencing the desirability of our properties in a particular city or region or during a specific season could adversely affect our ability to attract new subscribers and retain existing subscribers. Moreover, to the

extent that consumer travel preferences change, we may not correctly anticipate these changes in a timely manner, or at all, which could adversely impact our ability to maintain occupancy in our properties.

Geographic concentration magnifies the risk to us of localized economic, political, public health and other conditions. We expect that our operations will continue to be concentrated in a limited number of travel destinations. Civil unrest, public health crises, unusual weather, natural disasters or other factors affecting travel to these destinations or other markets in which we are expanding, as well as changes in local competitive conditions, may have a disproportionate effect on our revenue and on our ability to secure sufficient staffing, supplies or services for our largest markets. In addition, our property leasing and onboarding process can take substantial time, which may make it more difficult to compete for subscribers in a newly popular travel destination.

We face possible risks associated with natural disasters and the physical effects of climate change, which may include more frequent severe storms, hurricanes, flooding, rising sea levels, shortages of water, droughts and wildfires, any of which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to the risks associated with natural disasters and the physical effects of climate change, which may include more frequent severe storms, hurricanes, flooding, rising sea levels, shortages of water, droughts and wildfires, any of which could have a material adverse effect on our business, results of operations and financial condition. To the extent climate change causes changes in weather patterns, our coastal destinations could experience increases in storm intensity and rising sea levels causing damage to our properties and result in a reduced number of properties in these areas. Climate change may also affect our business by increasing the cost of, or making unavailable, property insurance on terms we or our landlords find acceptable in areas most vulnerable to such events, increasing operating costs, including the cost of water or energy, and requiring us or our landlords to expend funds as they seek to repair and protect their properties in connection with such events. As a result of the foregoing and other climate-related issues, we may be unable to provide properties in certain areas due to climate change, and we may lose both landlords and guests, members, which could have a material adverse effect on our business, results of operations and financial condition.

We lease our properties in a relatively concentrated number of travel destinations, both in the United States and internationally. The relative concentration of our properties in certain areas may expose us to a disproportionate level of risk relating to those areas.

The location of our properties is relatively concentrated in travel destinations, including areas with possible risks associated with natural disasters and the physical effects of climate change as well as risks associated with local regulatory changes, changes in currency exchange rates and security risks. As a result, we may be disproportionately affected by adverse developments in those areas relative to competitors with more geographically diversified operations.

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The increasing complexity of the hospitality industry may have adverse effects on our business.

Our business is becoming increasingly complex due in part to the continued evolution of the hospitality industry and changing local and national regulatory requirements. This increased complexity has demanded, and will continue to demand, substantial resources and attention from our management. Our ability to retain existing and attract new members, obtain a sufficient supply of luxury accommodations and experiences, provide high-quality service, execute and integrate acquisitions and adapt to technological change may be impacted due to the increasing complexity of our business. Our business and results of operations may be negatively impacted if we are unable to effectively manage these potential changes.

The hospitality market is highly competitive, and we may be unable to compete successfully with our current or future competitors.

The market to provide hospitality services is very competitive and highly fragmented. In addition, the barriers to entry are low and new competitors may enter. Our current or potential competitors include global hotel brands, regional hotel chains, independent hotels, online travel agencies, home-sharing and rental services and short term/vacation rental services. Our competitors may adopt aspects of our business model, which could reduce our ability to differentiate our offerings. Additionally, current or new competitors may introduce new business models or services that we may need to adopt or otherwise adapt to in order to compete, which could reduce our ability to differentiate our business or services from those of our competitors. Increased competition could result in a reduction in revenue, fewer attractive properties, higher lease rates, higher costs or reduced market share.

Our results of operations are subject to seasonal and other fluctuations.

We have experienced and may continue to experience significant fluctuations in our results of operations, which make it difficult to forecast our future results. Additionally, the hospitality industry is subject to seasonal and cyclical volatility, which may contribute to fluctuations in our results of operations and financial condition. Based on historical results, we generally expect our revenues to be lower in the second quarter of each year than in each of the three other quarters. In addition, the hospitality industry is cyclical, and demand generally follows the general economy on a lagged basis.

We rely on consumer discretionary spending and could be impacted by the broad macroeconomic environment.

Our business is particularly sensitive to trends in the travel, real estate and vacation rental markets and in the general economy, all of which are unpredictable. Travel is significantly dependent on discretionary spending levels. As a result, sales of travel services tend to decline during general economic downturns, recessions and times of political or economic uncertainty as consumers engage in less discretionary spending. Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, could materially and adversely affect our business, financial condition and results of operations.

We have limited experience with inventory pricing for new products.

We generate revenue primarily from travel bookings and Subscriptions to our *Inspirato Club* and *Inspirato Pass* offerings. Our Subscriptions provide varying degrees of travel booking rights, and additional bookings and travel-related services are available on an ad-hoc basis.

We have limited experience with our pricing model for newer products, for example *Inspirato Pass*, *IFG*, and *IFB*, and may not accurately predict the long-term rate of member adoption or renewal or the impact these will have on our revenue or results of operations. Further, we may not be successful in operating our member loyalty program, *Rewards*. As the markets for our offerings mature, as we create new offerings or as new competitors introduce competing offerings, we may be unable to attract new members or retain existing members at the same price or based on the same pricing model we have used historically.

We may not be successful in operating our member loyalty program, *Rewards*.

We have limited experience in operating a loyalty program and there can be no assurance that *Rewards* will enhance member loyalty or that, if additional travel is booked with us as a result of *Rewards*, the benefits to us will be sufficient to offset the costs of operating *Rewards*. In operating and accounting for *Rewards*, management makes estimates and assumptions regarding member travel and usage of the associated benefits. Significant change in, or failure by management to reasonably estimate, actual member usage of *Rewards* benefits and associated costs could adversely affect our business. Many travel providers offer loyalty programs and may offer rewards and benefits that are similar to or more attractive than ours. If we fail to differentiate *Rewards* from these other loyalty

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programs, or if we otherwise curtail or terminate *Rewards* benefits in the future, member loyalty could decrease and our business could be adversely impacted.

Our success depends on our key personnel and our ability to attract, retain and motivate other highly skilled personnel.

Our success depends to a significant degree on the retention of our senior management team, key technical, financial and operations employees and other highly skilled personnel. Our success also depends on our ability to identify, hire, develop, motivate, retain and integrate highly qualified and diverse personnel for all areas of our organization. We may not be successful in attracting and retaining qualified personnel to fulfill our current or future needs. Members of our management team or other key employees may terminate their employment with us at any time. For example, we recently experienced significant changes to our leadership team. In March of 2023 we appointed a new Chief Financial Officer and in September of 2023 we appointed a new Chief Executive Officer. Although we believe these leadership changes are in the best interest of our stakeholders, these changes were significant to our business. Any leadership transition and organizational changes may result in loss of personnel with deep institutional or technical knowledge and has the potential to disrupt our operations and relationships with employees and customers due to added costs, operational inefficiencies, decreased employee morale and productivity, and increased turnover. If we experience turnover among our management team or other key employees, it may be difficult to find suitable replacements on a timely basis, on competitive terms or at all.

We face intense competition in local markets for highly skilled personnel to service our members and properties. To attract and retain qualified personnel, we must offer competitive compensation and benefits packages. Job candidates and existing personnel often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to attract and retain highly qualified personnel. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train and integrate such employees, and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts, employee morale, productivity and retention could suffer, which could adversely affect our business, financial condition and results of operations.

Our success depends on our ability to accurately and effectively update our member's experience within our technology platforms.

Our member experiences sit on a technology platform that has allowed for flexibility in our product development strategy. We have invested significantly for many years in engineering, product, and design in order to build out the platform and we operate a modern technology stack that allows for rapid development and deployment as well as integrations. We rely on our own internal engineering team as well as third-party software to develop and maintain our technology platforms. We require our technology platform to adapt and scale as we develop new products or change the way current products operate within our technology platforms. If we fail to adapt appropriately or if we are unable to effectively update our technology platforms to keep up with our members' expectations, we may be unable to provide a satisfactory user experience for our members which may result in the loss of memberships or future revenues.

We rely on third-party payment processors to process payments made by members.

We rely on a limited number of third-party payment processors and credit card issuers to process payments made by our members. If any of our third-party payment processors terminates its relationship with us, refuses to renew its agreement with us on commercially reasonable terms or places additional constraints on us, such as significant cash reserves beyond our capabilities, we may be unable to accept payments from certain credit cards or would need to find a replacement payment processor and may not be able to secure similar terms or replace such payment processor in an acceptable time frame. Furthermore, the software and services provided by our third-party payment processors may fail to meet our expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions, which could adversely affect our ability to attract and retain members or disrupt our operations.

Nearly all payments made by our members are made by credit card, debit card or through third-party payment services, which subjects us to certain regulations and to the risk of fraud. We may in the future offer new payment options to members that may be subject to additional regulations and risks. We are also subject to a number of other laws and regulations relating to the payments we accept from our members, including with respect to money laundering, money transfers, privacy and information security, and these regulations may differ by locality and can be expected to change over time.

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We have a history of net losses and may not be able to achieve or sustain profitability.

We incurred net losses attributable to Inspirato Incorporated of \$22.2 million, \$24.1 million and \$51.8 million for the years ended December 31, 2021, 2022 and 2023, respectively. As of December 31, 2023, we had an accumulated deficit of \$285.8 million. Our accumulated deficit and net losses attributable to Inspirato Incorporated historically resulted in part from the substantial investments required to grow our business. We expect to continue making investments in our business in the future. These efforts may prove more expensive than currently anticipated, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Further, actions we are taking to review and optimize our business in alignment with our strategic priorities may not be as effective as anticipated. These or similar events may adversely affect our ability to achieve and sustain profitability.

We may become involved in claims, lawsuits and other proceedings, including those related to potential health and safety issues and hazardous substances at our properties.

We are involved in various legal proceedings relating to matters incidental to the ordinary course of our business and may be subject to additional legal proceedings from time to time. Legal proceedings can be time-consuming, divert management's attention and resources and cause us to incur significant expenses or liabilities. The expense of litigation and the timing of this expense from period to period are difficult to estimate and subject to change and could adversely affect our financial condition and results of operations. In particular, the international nature of a portion of our operations and the number of countries in which we operate could subject us to increased risk of litigation in foreign jurisdictions, which may be lengthier, costlier or less predictable than comparable litigation in the United States. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes even where we have meritorious claims or defenses. Any of the foregoing could adversely affect our business, financial condition and results of operations.

Risks Relating to Financial and Market Matters

The price of our common stock has been and may continue to be highly volatile, which may make it difficult for stockholders to sell our common stock when desired or at attractive prices.

The market price of our common stock is highly volatile and we expect it to continue to be volatile for the foreseeable future. Adverse events including volatility in our operating results, regulatory developments, changes in consumer discretionary spending, and changes in securities analysts' estimates of our financial performance could negatively impact the market price of our common stock. General market conditions, including the level of, and fluctuations in, the trading prices of securities generally could also have a similar negative impact. Further, we are an "emerging growth company" with reduced public company

reporting requirements; we have identified material weaknesses in our internal controls related to financial reporting; and we have restated our previously issued condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2022 and June 30, 2022 due to errors in our Consolidated Financial Statements. Each of these factors may cause reduced investor confidence, limit our ability to raise capital and increased volatility to the market price of our common stock. Similar factors could also affect the trading price of our Public Warrants.

A small number of stockholders have substantial control over the Company.

A small number of stockholders have substantial control over the Company, and this significant concentration of ownership may have a negative impact on the trading price for our Class A common stock, par value \$0.0001 per share ("Class A Common Stock") because investors often perceive disadvantages in owning stock in companies with controlling stockholders. In addition, these stockholders will be able to exercise influence over all matters requiring stockholder approval, including the election of directors and approval of corporate transactions, such as a merger or other sale of the Company or our assets. This concentration of ownership could limit other stockholders' ability to influence corporate matters and may have the effect of delaying or preventing a change in control, including a merger, consolidation or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change in control would benefit the other stockholders. In addition, should these stockholders sell some or all of their shares, this may negatively impact the market price of Class A Common Stock.

The Company has Public Warrants that it may amend or redeem.

We have outstanding certain Public Warrants (as defined in Note 3 to our Consolidated Financial Statements). We may amend the terms of the Public Warrants in a manner adverse to a holder if holders of at least a majority of the then outstanding Public Warrants approve of such amendment. Examples of such amendments could be amendments to, among other things, increase the exercise price

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of the Public Warrants, convert the Public Warrants into stock or cash, shorten the exercise period or decrease the number of warrant shares issuable upon exercise of a Public Warrant.

Further, we may redeem outstanding Public Warrants in certain circumstances. Redemption of the outstanding Public Warrants could force warrant holders (i) to exercise their Public Warrants and pay the exercise price at a time when it may be disadvantageous for them to do so, (ii) to sell their Public Warrants at the then-current market price when they might otherwise wish to hold their Public Warrants or (iii) to accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of their Public Warrants.

We have existing debt and may in the future require additional capital to support business growth, and this capital continue to operate, which might not be available in a timely manner, on acceptable terms or on favorable terms. at all. The issuance of additional securities may adversely affect existing stockholders.

We intend cannot be certain when or if our operations will generate sufficient cash to continue fund our ongoing operations or the growth of our business. We intend to make investments to support our current business growth and may require additional funds to respond to business challenges, including the need to develop or acquire new properties or experiences features or enhance our existing properties or experiences, enhance software, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If additional funds are raised through further issuances of equity or convertible debt securities, existing stockholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders our Inspirato Incorporated Class A common stock ("Class A Common Stock"). Any debt Additional financing could involve restrictive covenants relating to financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions or strategic partnerships. In addition, we may not be able to obtain additional financing available on favorable terms, if at all. If we adequate funds are unable to obtain adequate or satisfactory financing when not available on acceptable terms, we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

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We are subject to risks associated with the employment of hospitality personnel and the use of third-party subscriber services contractors.

Our hospitality employees and other subscriber services personnel are critical to our ability to add properties, maintain our properties, strengthen our reputation for subscriber service and attract and retain subscribers. If our relationship with employees in any city or key property, or within our central subscriber services function, deteriorates for any reason, our reputation, subscriber relationships and revenue may suffer, and we may incur costs to replace and retrain additional personnel or third-party contractors. In addition, many of our subscriber services representatives and housekeepers who provide services to us and our subscribers are employed by third-party agencies, that we do not control. Our business and reputation could be harmed in the event of any dispute with these agencies, whether by their staff or with us or if their staff fail to provide services that meet our or our subscribers' standards and expectations. In addition, labor costs are a significant component of our operating expenses, and any increase in the cost of wages, benefits or other employee-related costs could cause our results of operations and cash flow to be lower than anticipated. Our costs associated with any future governmental or regulatory orders related to COVID-19 or the current economic or geopolitical instability related to Russia's actions in Ukraine, which remain uncertain and unpredictable, may also impact worker retention and increase costs associated with any re-training of newly hired or newly engaged workers.

We may also incur increased legal costs and indirect labor costs because of disputes involving our workforce. The resolution of labor disputes or labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise operating costs. Labor disputes and disruptions may also occur within landlords' workforces at buildings we occupy, which could harm our subscribers' experience and reduce bookings at the affected property.

We incur costs relating to the preparation, maintenance, refurbishment and remediation of our luxury properties, which are typically high compared to other travel companies and may be higher than anticipated.

We typically incur expenses to prepare a newly leased property for our initial subscribers and to keep our leased properties in an attractive condition. Although we attempt to have the landlord or developer bear some of the capital repair costs, we are often responsible for all or a significant portion of routine property care and maintenance. Even where landlords and developers are contractually responsible for some costs, they may dispute or fail to comply with their obligations. In addition, the terms of our leases generally require that we ensure that the spaces we occupy are kept in good repair throughout the term of the lease. Our leases may also require that we return the space to the landlord at the end of the lease term in essentially the same condition it was delivered to us, which may require removing all fixtures and improvements to the space and often requires repainting and other repair work. The costs associated with our onboarding, maintenance, removal and repair work are often significant and may vary from our forecasts. This is further exacerbated by interruptions to global supply chains and inflation.

Because of our focus on providing unique, luxury accommodations, we may incur significantly greater expenses, with greater frequency, to maintain our accommodations in a condition that is satisfactory to our subscribers as compared to other companies in the travel industry. For example, we may expend significantly more on premium fixtures than other travel companies and may be unable to realize economies of scale available to larger hotel companies that utilize standard furniture across rooms satisfy existing obligations or invest in their properties. Accordingly, the costs incurred by us for refurbishing our properties may be less predictable than other travel companies. Any failure to provide luxury accommodations that are acceptable to our subscribers would harm our brand and reputation. If we do not effectively anticipate subscriber preferences and tastes, we may incur additional costs related to further refurbishment or may experience under-utilization of a given property, either of future growth opportunities, which could harm our business, operating results and financial condition. Holders of our debt have rights senior to holders of our Class A Common Stock to make claims on our assets. The terms of any future debt could restrict, and result the Note (as defined in Management's Discussion and Analysis of operations).

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We are exposed Operations—“Overview—Capital One Ventures Strategic Partnership and Investment” currently restricts, our operations, including our ability to fluctuations pay dividends on our Class A Common Stock. If we issue additional equity securities in currency exchange rates. the future, including pursuant to our 2021 Equity Incentive Plan (the “2021 Plan”), stockholders will experience dilution, and the new equity securities could have rights senior to those of our Class A Common Stock. Because the decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future issuances of debt or equity securities. As a result, stockholders will bear the risk that future issuances of debt or equity securities will reduce the value of their Class A Common Stock and dilute their interest.

Since we conduct Further, servicing our existing and potential future debt, including the Note, may require a significant portion amount of cash, and we may not have sufficient cash flow from our business to satisfy our obligations. In particular, we may not have the ability to raise the funds necessary to repurchase the Note if and when required under the terms of the Note, and our future debt may contain limitations on our ability to repurchase the Note. The Note and

related documents contain restrictions that will limit our flexibility in operating our business and the issuance of our business outside Common Stock upon conversion of the U.S. but report our results in U.S. dollars, we face exposure to adverse movements in currency exchange rates, which Note could be significantly dilutive and may cause our revenue and operating results to differ materially from expectations. In addition, fluctuation in our mix of U.S. and foreign currency denominated transactions may contribute to this effect as exchange rates vary. Moreover, as a result of these exchange rate fluctuations, revenue, cost of revenue, operating expenses and other operating results may differ materially from expectations when translated from depress the local currency into U.S. dollars upon consolidation. For example, if the U.S. dollar weakens relative to foreign currencies, our non-U.S. expenses would be adversely affected when translated into U.S. dollars. Conversely, a rise in the U.S. dollar relative to foreign currencies would decrease our non-U.S. expenses when translated into U.S. dollars. As exchange rates vary, cost of revenue, operating expenses and other operating results, when translated, may differ materially from expectations. In addition, our operating results are subject to fluctuation if our mix of U.S. and foreign currency denominated transactions and expenses changes in the future. We may enter into hedging arrangements in order to manage foreign currency exposure, but such activity may not completely eliminate fluctuations in our operating results.

We are subject to claims and liabilities associated with potential health and safety issues and hazardous substances at our properties.

We and the owners market price of our leased properties are exposed Class A Common Stock.

There can be no assurance that our securities will continue to potentially significant liabilities and compliance costs as a result of any hazardous be listed on Nasdaq or unsafe conditions at our properties, including under environmental, health and safety laws and regulations. These laws and regulations govern matters such as the release, use, storage and disposal of hazardous and toxic substances and unsafe or unhealthy conditions at hotels and other residential premises. Failure that will be able to comply with these laws, including any required permits or licenses, can result in substantial fines or possible revocation the continued listing standards of Nasdaq.

Our Class A Common Stock and Public Warrants are listed on Nasdaq under the authority to conduct operations. Any impairment of our or our landlords' authority to permit hospitality operations at our leased properties, due to these factors, could harm our reputation symbols "ISPO" and revenue. We could also be liable under environmental, health and safety laws for the costs of investigation, removal or remediation of hazardous or toxic substances or unsafe or unhealthy conditions at our currently or formerly leased or managed properties, even if we did not know of or cause the presence or release of the substances or conditions and even where it is contractually the responsibility of our landlord, "ISPOW," respectively.

The presence or release of toxic, unhealthy or hazardous substances or conditions at our properties, such as asbestos, mold, radon gas or lead, could result in governmental investigations and third-party claims for personal injury, property or natural resource damages, business interruption or other losses and costly disputes with our landlords and subscribers. We may encounter claims, governmental investigations and potential enforcement actions about property conditions and related matters in the future. These claims and the need to investigate, remediate or otherwise address hazardous, toxic or unsafe conditions could adversely affect our business, reputation, results of operations and financial condition. Environmental, health and safety requirements have also become increasingly stringent, and our costs may increase as a result. New or revised laws and regulations or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of our properties or result in significant additional expense and restrictions on our business operations.

We rely on our third-party landlords to deliver properties to us in a safe and suitable condition. We expect to continue to rely on landlords to disclose information about their properties, though such disclosures may be inaccurate or incomplete, and to keep the properties in a safe and compliant condition in accordance with the terms of our leases and applicable law. If unsafe or unhealthy conditions are present or develop at our properties, our subscribers may be harmed, we may be subject to expensive and disruptive claims, and our reputation, business, results of operations and financial condition could be materially and adversely affected.

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

As a public company, we have and Further, there can be no assurance that our securities will continue to face increased legal, accounting, administrative and other costs and expenses be listed on Nasdaq or that will be able to comply with the continued listing standards of Nasdaq. From February 2022 through September 2023, we received four notices from Nasdaq that we did were not incur as in compliance with various Nasdaq listing standards, including standards relating to the minimum number of stockholders, failure to file Exchange Act reports in a private company. The Sarbanes-Oxley Act, including timely manner,

the failure to maintain the minimum trading price of Section 404, as well as rules our Class A Common Stock and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act having a majority of 2010 and the rules and regulations promulgated and our directors be independent. Although we have been able to be promulgated thereunder, the PCAOB and Nasdaq, impose additional reporting and other obligations on public companies. Compliance regain compliance with public company requirements has and will each of these standards, our ability to continue to increase costs satisfy all relevant standards is uncertain. In addition, in November 2023, we received a notice from Nasdaq that we were no longer in compliance with the Nasdaq listing standard relating to the minimum market value of publicly held shares. Under applicable Nasdaq rules, the Company will have 180 calendar days from the date of the Notice, or until May 28, 2024, to regain compliance by meeting the continued listing requirements.

If Nasdaq delists the Company's securities from trading on its exchange for failure to meet the listing standards, the Company and make certain activities more time-consuming. Furthermore, if any issues in complying with those requirements are identified (see the risk factor below titled "our stockholders could face significant negative consequences including":

- limited availability of market quotations for the Company's securities;

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- a determination that our Class A Common Stock is a "penny stock" which will require brokers trading in our Class A Common Stock to adhere to more stringent rules;
- a possible reduction in the level of trading activity in the secondary trading market for shares of our Class A Common Stock;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Our management has identified material weaknesses in their internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations."), we could incur additional costs rectifying those issues, and the existence of those issues could harm our reputation or investor perceptions of us. It may also be more expensive to obtain Directors and Officers liability insurance. Risks associated with our status as a public company may make it more difficult to attract and retain qualified persons to serve on our Board or as executive officers. The additional reporting and other obligations imposed by these rules and regulations will increase legal and financial compliance costs and the costs of related legal, accounting and administrative activities. These increased costs will require us to divert a significant amount of money that could otherwise be used to expand the business and achieve strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting requirements, which could further increase costs. In addition, we may be subject to shareholder or stockholder activism, which can lead to additional substantial costs, distract management and impact the manner in which we operate our business in ways that we cannot currently anticipate. As a result of disclosure of information in this Annual Report on Form 10-K and in filings required of a public company, our business and financial condition has become more visible, which may result in threatened or actual litigation, including by competitors. reporting.

Our executive officers have limited experience in the management of a publicly traded company. Our management team may not successfully or effectively manage our transition to a public company that will be subject to significant regulatory oversight and reporting obligations under federal securities laws. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities, which will result in less time being devoted to the management and growth of Inspirato. We may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal controls over financial reporting required of public companies in the U.S. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the U.S. may require costs greater than expected. We are continuing to expand our employee base and hire additional employees to support our operations as a public company, which will increase our operating costs in future periods.

Our management has identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls or effective disclosure controls and procedures, which may result in material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations.

We have identified and are currently working to remediate material weaknesses in internal control over financial reporting related to our financial closing and reporting process and to our information technology general controls ("ITGCs"). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

As a public company, we are required to maintain an effective system of internal controls over financial reporting and to report any material weaknesses in such internal controls. As a private company, **Inspirato LLC** historically had limited accounting and financial reporting personnel and other resources with respect to its internal control over financial reporting.

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The following material weaknesses remain unremediated as of December 31, 2022:

- We identified a material weakness in our internal control over financial reporting as it relates to the implementation of new accounting standards. Specifically, deficiencies were identified relating to the Company's implementation of Accounting Standard Codification No. 2016-02, Leases (Topic 842) ("ASC 842") and the on-going accounting for the Company's controlled and managed properties under ASC 842. During 2022, the Company completed a restatement of the Company's balance sheets for the quarterly periods ending March 31, 2022 and June 30, 2022 (collectively, the "Non-Reliance Periods") and its financial statements as of and for the Non-Reliance Periods due to errors relating to the material weakness identified over the Company's implementation and on-going accounting for the Company's controlled and managed properties under ASC 842.
- We further identified deficiencies in various aspects of our process level control activities related to various financial statement items and assertions and management concluded such deficiencies aggregated to a material weakness.
- We further identified a material weakness in internal controls over financial reporting related to ineffective ITGCs in the areas of user access and segregation of duties related to administration of certain information technology ("IT") systems that support the Company's financial reporting process.

We continue to remediate the material weaknesses identified. We are committed to continuing to improve our internal control over financial reporting and will continue to review and improve our internal control over financial reporting controls and ITGCs, as described above. We have hired a number of key appropriately qualified personnel with the appropriate level of knowledge and experience in the application of GAAP, including five Certified Public Accountants with one designated as the Lead Property Accountant and one designated the Vice President of Internal Audit. We have also engaged third party consultants to assist with the design and implementation of ITGCs, more specifically designing additional change management and access controls for our relevant IT applications to further restrict privileged access and implementing controls to review activities for those users who have privileged access. In addition, due to Further, the material weaknesses in our internal control over may result in challenges related to the completeness and accuracy of data used for internal decision making and external reporting as well as the failure to monitor key performance indicators to understand financial reporting, we have also determined that performance and make sound business decisions.

Due to errors in our disclosure controls and procedures are ineffective.

If the steps we are taking are insufficient Consolidated Financial Statements related to remediate the material weaknesses successfully and otherwise establish and maintain an effective system of internal control over financial reporting, the reliability of our financial reporting, investor confidence in **Inspirato**, and the value of our Common Stock could be materially and adversely affected. We can give no assurance that the implementation of this plan will remediate these deficiencies in internal control or that additional material weaknesses or significant deficiencies in our internal control over financial reporting, will not be identified we restated our previously issued condensed Consolidated Financial Statements for the quarterly periods ended March 31, 2022 and June 30, 2022, which resulted in unanticipated costs and may have adversely affected investor confidence, our stock price, our ability to raise capital in the future. Our failure to implement future and maintain effective internal controls over financial reporting could our reputation, and has resulted in stockholder litigation and may result in further errors more stockholder litigation or regulatory actions. In particular, on February 16, 2023, a class action lawsuit was filed in the U.S. District Court in the District of Colorado captioned *Keith Koch, Individually and on behalf of all others similarly situated v. **Inspirato Incorporated, Brent Handler, and R. Webster Neighbor*** to recover damages allegedly caused by violations of federal securities law in connection with the restatements. Other potential plaintiffs may also file additional lawsuits in connection with the restatement. The outcome of any such litigation is uncertain. The defense or settlement of this litigation and any future additional litigation could be time-consuming and expensive, divert the attention of management away from our business, and, if any litigation is adversely resolved against us, could have a material adverse effect on our financial statements that condition. Any additional regulatory consequences, litigation, claim or dispute, whether successful or not, could result in additional restatements of our financial statements and could cause us to fail to meet our reporting obligations, any of which could diminish investor confidence in **Inspirato** and cause a decline in the price of our Class A Common Stock. Failure to implement and maintain effective internal controls over financial reporting could also subject us to potential delisting from Nasdaq or any other stock exchange on which our stock is listed or to other regulatory investigations and civil or criminal sanctions. For example, as a result of additional costs, divert the material weaknesses and related restatements due to the matters described above, we were not able to timely file our Quarterly Report on Form 10-Q for the period ended September 30, 2022 and received a delisting notice from Nasdaq. For more information, see the risk factor titled "There can be no assurance that our securities will continue to be listed on Nasdaq or that will be able to comply with the continued listing standards of Nasdaq."

Additionally, our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an emerging growth company. At such time, management, or impair our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Ineffective disclosure controls and procedures and internal control over financial reporting reputation. Each of these consequences could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative material adverse effect on the market price of our business, results of our Class A Common Stock operations and financial condition.

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Risks Related to Our Organizational Structure

Our principal asset is our controlling interest in Inspirato LLC, and we are dependent upon Inspirato LLC and its consolidated subsidiaries for our results of operations, cash flows and distributions.

We are a holding company and have no material assets other than our ownership of limited liability company interests of Inspirato LLC following the Business Combination ("New (the "New Common Units"). As such, we have no independent means of generating revenue or cash flow, and our ability to pay taxes and operating expenses, including payments under ~~a~~ the tax receivable agreement discussed below (the "Tax Receivable Agreement"), or declare and pay dividends in the future, if any, are dependent upon the results of operations and cash flows of Inspirato LLC and its consolidated subsidiaries and distributions we receive from Inspirato LLC. ~~There can be no assurance that Subject to the obligation of Inspirato LLC to make tax distributions and its subsidiaries to reimburse us for corporate and other overhead expenses, the Inspirato LLC Board will generate sufficient cash flow have the right to determine when distributions will be made to the Inspirato LLC unitholders and the amount of any such distributions. If the Inspirato LLC Board authorizes a distribution, such distribution will be made to the Inspirato LLC unitholders, including the Company, on a pro rata basis in accordance with their respective percentage ownership of New Common Units. However, we are not required to distribute funds any corresponding amounts as dividends to us or that applicable state law and contractual restrictions, including negative covenants in its debt instruments, will permit such distributions.~~

Our ability to pay the holders of our Class A Common Stock. Further, because the Company may have liabilities for taxes and expenses, including payments under the Tax Receivable Agreement or otherwise, any amounts we may distribute as dividends to the holders of our Class A Common Stock could be limited less on a per share basis than the amounts distributed by our structure.

Our principal asset is a controlling equity interest in Inspirato LLC. As such, we have no independent means of generating revenue. Inspirato LLC will continue to be treated as a partnership for U.S. federal income tax purposes and, as such, generally will not be subject to U.S. federal income tax. Instead, taxable income will be allocated to holders of its New Common Units, including the Company. Accordingly, we will incur income taxes on our allocable share of any net taxable income of Inspirato LLC and will also incur expenses related to its operations. Pursuant to the Ninth Amended and Restated Limited Liability Company Agreement of Inspirato LLC ("A&R Inspirato LLC"), Inspirato LLC will make cash distributions to the owners ~~holders~~ of New Common Units in an amount sufficient to fund their tax obligations in respect on a per unit basis.

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[Table of the taxable income for the taxable year in excess of taxable losses of Inspirato LLC allocated to them, to the extent previous tax distributions from Inspirato LLC for the taxable year have been insufficient. In addition to tax expenses, we will incur expenses related to our operations, plus payments under the Tax Receivable Agreement, which may be substantial. We intend to cause Inspirato LLC to make distributions or, in the case of certain expenses, payments in an amount sufficient to allow us to pay our taxes and operating expenses, including distributions to fund any payments due under the Tax Receivable Agreement. However, Inspirato LLC's ability to make such distributions may be subject to various limitations and restrictions. If we do not have sufficient funds to pay tax or other liabilities or to fund our operations \(as a result of Inspirato LLC's inability to make distributions due to various limitations and restrictions or as a result of the acceleration of the obligations under the Tax Receivable Agreement\), we may have to borrow funds and thus our liquidity and financial condition could be materially and adversely affected. To the extent that we do not make payments under the Tax Receivable Agreement when due, as a result of having insufficient funds or otherwise, interest will generally accrue at a rate equal to LIBOR plus 100 basis points or in some cases LIBOR plus 500 basis points until paid. Nonpayment of our obligations for a specified period may constitute a breach of a material obligation under the Tax Receivable Agreement, and therefore, may accelerate payments due under the Tax Receivable Agreement resulting in a lump-sum payment.](#) [Contents](#)

We are required to pay the Continuing Inspirato Members and Blocker Shareholders Stockholders for certain tax benefits we may claim, and it is expected that the payments we are required to make may be substantial.

Exchanges or redemptions of New Common Units for cash or shares of our Class A Common Stock are expected to produce favorable tax attributes for the Company. When the Company acquires New Common Units from Members of Inspirato LLC prior to the Closing other than blocker corporations affiliated with certain institutional investors (the "Blockers") and the other Members of Inspirato LLC, the "Continuing Inspirato Members" through these exchanges or redemptions, anticipated tax basis adjustments are likely to increase (for tax purposes) our depreciation and amortization deductions and therefore reduce the amount of income tax we would be required to pay in the future in the absence of this increased basis. This increased tax basis may also decrease the gain (or increase the loss) on future dispositions of certain assets to the extent the tax basis is allocated to those assets. Under the Tax Receivable Agreement, we generally expect to retain the benefit of 15% of the applicable tax savings after our payment obligations as described below are taken into account.

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In connection with Business Combination, we entered into the Tax Receivable Agreement. Under the Tax Receivable Agreement, we generally will be required to pay to the shareholders stockholders of the Blockers (the "Blocker Shareholders" Stockholders") or Continuing Inspirato Members, as applicable, 85% of the tax savings that we realized as a result of increases in tax basis in Inspirato LLC's assets resulting from the sale of New Common Units for the consideration paid pursuant to the Business Combination Agreement (as that term is defined in Note 1 to our Consolidated Financial Statements) and the exchange of New Common Units for shares of our Class A Common Stock (or cash) pursuant to the A&R Inspirato LLCA, and certain pre-existing tax attributes of the Blocker Shareholders, Stockholders, as well as certain other tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement.

The increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges or redemptions, the price of Class A Common Stock at the time of the exchange or redemption, whether such exchanges or redemptions are taxable, the amount and timing of the taxable income we generate in the future, the U.S. federal and state tax rates then applicable, and the portion of our payments under the Tax Receivable Agreement constituting imputed interest. Payments under the Tax Receivable Agreement are expected to give rise to certain additional tax benefits attributable to either further increases in basis or in the form of deductions for imputed interest, depending on the circumstances. Any such benefits are covered by the Tax Receivable Agreement and will increase the amounts due thereunder. In addition, the Tax Receivable Agreement will provide for interest, generally at a rate equal to LIBOR plus 100 basis points or in some cases LIBOR plus 500 basis points, accrued from the due date (without extensions) of the corresponding tax return to the date of payment specified by the Tax Receivable Agreement.

We anticipate that the payments that we will be required to make under the Tax Receivable Agreement may be substantial. To the extent that we are unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore may accelerate additional payments due under the Tax Receivable Agreement. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that may be deemed realized under the Tax Receivable Agreement.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that the Company determines. Although we are not aware of any issue that would cause the U.S. Internal Revenue Service, or IRS, to challenge a tax basis increase or other tax attributes subject to the Tax Receivable Agreement, if any subsequent disallowance of tax basis or other benefits were so determined by the IRS, generally it would not be reimbursed for any payments previously made under the Tax Receivable Agreement (although it would reduce future amounts otherwise payable under the Tax Receivable Agreement). As a result, payments could be made required under the Tax Receivable Agreement in excess of the tax savings that the Company realizes in respect of the attributes to which the Tax Receivable Agreement relate.

The amounts that we may be required to pay under the Tax Receivable Agreement may be accelerated in certain circumstances and may also significantly exceed the actual tax benefits that we ultimately realize.

The Tax Receivable Agreement provides that if certain mergers, asset sales, other forms of business combination, or other changes of control were to occur or if, at any time, the Company elects an early termination of the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor's obligations, to make future payments under the Tax Receivable Agreement would accelerate and become immediately due and payable. The amount due and payable in those circumstances is determined based on certain assumptions, including an assumption that the Company would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. We may need to incur debt to finance payments under the Tax Receivable Agreement to the extent our cash resources are insufficient to meet our obligations under the Tax Receivable

Agreement as a result of timing discrepancies or otherwise. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combination or other changes of control. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement.

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Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon holders of New Common Units that will not benefit holders of our Class A Common Stock to the same extent as it will benefit the holders of New Common Units.

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the holders of New Common Units (other than the Company and our Subsidiaries) that will not benefit the holders of our Class A Common Stock to the same extent as it will benefit such holders of New Common Units. We entered into the Tax Receivable Agreement with the Blocker Shareholders and Continuing Inspirato Members, which provides for the payment by us to the Blocker Shareholders or Continuing Inspirato Members, as applicable, of 85% of the tax savings that we realize as a result of increases in tax basis in Inspirato LLC's assets resulting from the sale of New Common Units for the consideration paid pursuant to the Business Combination Agreement and the exchange of New Common Units for shares of our Class A Common Stock (or cash) pursuant to the A&R Inspirato LLCA, and certain pre-existing tax attributes of the Blockers, as well as certain other tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement. Although the Company will retain 15% of the amount of such tax benefits, this and other aspects of our organizational structure may adversely impact the future trading market for Class A Common Stock.

Subject to the obligation of Inspirato LLC to make tax distributions and to reimburse us for corporate and other overhead expenses, the Inspirato LLC Board will have the right to determine when distributions will be made to the Inspirato LLC unitholders and the amount of any such distributions. If the Inspirato LLC Board authorizes a distribution, such distribution will be made to the Inspirato LLC unitholders, including the Company, on a pro rata basis in accordance with their respective percentage ownership of New Common Units. However, we are not required to distribute any corresponding amounts as dividends to the holders of our Class A Common Stock. Further, because the Company may have liabilities for taxes resulting from the completion of the Business Combination, under the Tax Receivable Agreement or otherwise, any amounts we may distribute as dividends to the holders of our Class A Common Stock could be less on a per share basis than the amounts distributed by Inspirato LLC to the holders of New Common Units on a per unit basis.

Generally, we will not be reimbursed for any payments made under the Tax Receivable Agreement in the event that any tax benefits are disallowed.

If the IRS challenges the tax basis or other tax attributes that give rise to payments under the Tax Receivable Agreement and the tax basis or other tax attributes are subsequently required to be adjusted, generally the recipients of payments under the Tax Receivable Agreement will not reimburse us for any payments previously made to them. Instead, any excess cash payments made by the Company under the Tax Receivable Agreement will be netted against any future cash payments that the Company might otherwise be required to make under the terms of the Tax Receivable Agreement. However, a challenge to any tax benefits initially claimed by the Company may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that the Company might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments to net against. The applicable U.S. federal income tax rules are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with our tax reporting positions. As a result, it is possible that we could make cash payments under the Tax Receivable Agreement that are substantially greater than our actual cash tax savings.

Changes in our effective tax rate could harm our future operating results.

The Company is subject to federal and state income taxes in the U.S. and in various international jurisdictions. Our provision for income taxes and our effective tax rate are subject to volatility and could be adversely affected by several factors, including:

- earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates;
- effects of certain non-tax-deductible expenses, including those arising from the requirement to expense stock-based compensation;
- changes in the valuation of our deferred tax assets and liabilities;
- adverse outcomes resulting from any tax audit, including transfer pricing adjustments with respect to intercompany transactions;
- limitations on our ability to utilize our net operating losses and other deferred tax assets; and
- changes in accounting principles or changes in tax laws and regulations, or the application of tax laws and regulations, including those relating to income tax nexus or possible U.S. changes to the deductibility of expenses attributable to foreign income or the foreign tax credit rules.

Significant judgment is required in the application of accounting guidance relating to uncertainty with respect to income taxes. If tax authorities challenge our (including **Inspirato LLC's**) tax positions, any such challenges that are settled unfavorably could adversely impact our provision for income taxes. Additionally, as the **Inspirato LLC** Members continue to exchange their New Common Units for shares of our Class A Common Stock, we will be responsible for a greater share of the tax payments due as a result of **Inspirato LLC's** operations.

Our structure and intercompany arrangements cause us to be subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which could materially adversely affect our business, financial condition, results of operations and prospects.

We generally conduct our international operations through wholly-owned subsidiaries and are or may be required to report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by tax authorities in various jurisdictions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of such jurisdictions, including the U.S., to our international business activities, changes in tax rates, new or revised tax laws, interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our structure and intercompany arrangements. The relevant tax authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

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The disparity between the U.S. corporate If existing tax rate and the U.S. laws, rules or regulations are amended, or if new unfavorable tax laws, rules or regulations are enacted, including with respect to occupancy, sales, value-added, excise, withholding or revenue-based taxes, unclaimed property or other tax laws applicable to non-corporate members multinational businesses, the results of **Inspirato LLC** may complicate these changes could increase our ability to maintain our intended capital structure, which could impose transaction costs on us and require management attention.

If and when **Inspirato LLC** generates taxable income, **Inspirato LLC** will generally make quarterly tax distributions to each liabilities. Possible outcomes include double taxation, multiple levels of its members, taxation, or additional obligations, prospectively or retrospectively, including the Company, based potential imposition of interest and penalties. If such costs are passed on each member's allocable share to our members, demand for our products and services could decrease, or there could be increased costs to update or expand our technical or administrative infrastructure, or the scope of net taxable income (calculated under certain assumptions) multiplied by an assumed tax rate. The assumed tax rate for this purpose will our business activities could be the highest effective marginal combined effectively limited should we decide not to conduct business in particular jurisdictions.

We are subject to federal, state and local income, sales and other taxes in the U.S. and income, withholding, transaction and other taxes in numerous foreign jurisdictions. Evaluating our tax rate positions and our worldwide provision for taxes is complicated and requires exercising significant judgment. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles, and interpretations. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could differ materially from our historical tax provisions and accruals, which could have an adverse effect on our results of operations or cash flows in the period or periods for which a determination is made. There is also a high level of uncertainty in today's tax environment stemming from both global initiatives and unilateral measures being implemented by various countries due to a lack of consensus on these global initiatives.

Tax authorities may successfully assert that we should have collected, or in the future should collect, sales and use, value added or similar taxes, and we could be subject to substantial liabilities with respect to past or future sales, which could materially adversely affect our business, financial condition and results of operations.

We currently collect and remit applicable to an individual sales taxes and other applicable transfer taxes in jurisdictions where we, through our employees or corporate resident economic activity, have a presence and where we have determined, based on applicable legal precedents, that our business activities are classified as taxable. We do not currently collect and remit state and local excise, utility user, or ad valorem taxes, fees or surcharges in jurisdictions where we believe we do not have sufficient "nexus." The application of California (whichever is higher). Currently, the highest marginal federal income tax rate applicable to corporations indirect taxes, such as sales and use, value added, goods and services, business, and gross receipts taxes, to businesses that transact online, such as ours, is a complex and evolving area. There is uncertainty as to what constitutes sufficient nexus for a state or local jurisdiction to levy taxes, fees and surcharges on sales made over the Company Internet, and there is significantly lower than the highest marginal federal income tax rate applicable also uncertainty as to non-corporate taxpayers. As a result of this disparity, we expect to receive tax distributions from **Inspirato LLC** significantly in excess whether our characterization of our actual traveler accommodations in certain jurisdictions will be accepted by state and local tax liability authorities. It is possible that we

could face indirect tax audits and our that one or more states, local jurisdictions or foreign tax authorities could seek to impose additional indirect or other tax collection and record-keeping obligations under on us or may determine that such taxes should have, but have not been, paid by us.

There are substantial ongoing costs associated with complying with the Tax Receivable Agreement, which could result in various indirect tax requirements in the Company accumulating a significant amount of cash. This would complicate our ability to maintain certain aspects of our capital structure. Such cash, if retained, could cause the value of a New Common Unit to deviate from the value of a share of our Class A Common Stock. In addition, such cash, if used to purchase additional New Common Units, could result in deviation from the one-to-one relationship between our Class A Common Stock outstanding and New Common Units held by us and our subsidiaries unless a corresponding number of additional shares of our Class A Common Stock are distributed as a stock dividend. We may, if permitted under our debt agreements, choose to pay dividends to all holders of Class A Common Stock with any excess cash. These considerations could have unintended impacts on the pricing of our Class A Common Stock and may impose transaction costs and require management efforts to address on a recurring basis. To the extent that the Company does not distribute such excess cash as dividends on our Class A Common Stock and instead, for example, holds such cash balances or lends them to **Inspirato LLC**, holders of New Common Units during a period numerous markets in which we conduct or may conduct business. The application of existing or future indirect tax laws, whether in the Company holds U.S. or internationally, or the failure to collect and remit such cash balances taxes, could benefit from the value attributable to such cash balances as a result materially adversely affect our business, financial condition and results of redeeming or exchanging their New Common Units and obtaining ownership of our Class A Common Stock (or a cash payment based on the value of our Class A Common Stock). In such case, these holders of New Common Units could receive disproportionate value for their New Common Units exchanged during this time frame. operations.

Risks Related to Intellectual Property and Data Privacy

We face risks related to our intellectual property.

Our intellectual property is important to our success, and we rely on domain name registrations, registered and unregistered trademarks, copyright law, trade secret protection and confidentiality and/or license agreements with our employees, third party providers, partners and others to protect our proprietary rights. We have also applied for patent rights with respect to certain aspects of our technology. We endeavor to defend our intellectual property rights diligently, but intellectual property litigation is expensive and time-consuming and may divert managerial attention and resources from our business objectives. We may not be able to successfully defend our intellectual property rights, which could have a material adverse effect on our business, brand and results of operations.

From time to time, in the ordinary course of business, we may be subject to legal proceedings and claims relating to the intellectual property rights of others, and we expect that third parties will continue to assert intellectual property claims, in particular trademark claims, against us, particularly as we expand the complexity and scope of our business. us. Successful claims against us could result in a significant monetary liability or prevent us from operating our business or portions of our business. In addition, resolution of claims may require us to obtain licenses to use intellectual property rights belonging to third parties, which may be expensive to procure, or to cease using those rights altogether. Any of these events could have a material adverse effect on our business, results of operations and financial condition.

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Our technology contains third-party open-source software components, and failure to comply with the terms of the underlying open-source software licenses could restrict our ability to operate as intended or could increase our costs.

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

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

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

Our storage, use, disclosure and other processing of personal data exposes us to risks of internal or external security ~~breaches~~incidents and ~~incidents~~breaches and could give rise to liabilities and/or damage to reputation.

The security of data when engaging in electronic commerce is essential to maintaining consumer confidence. Among other things, we may collect ~~subscribers' members'~~ credit card data, proof of identity and other ~~personal information~~ Personal Identifiable Information ("PII") as part of ~~the booking our business~~ process. Additionally, we collect and process other personal information, such as ~~personal information~~ the PII of our employees and contractors, and we process and maintain other confidential and proprietary information, such as our confidential and proprietary business information. Cyberattacks and other attempts to obtain unauthorized access to systems or data by individuals, groups of hackers and state-sponsored organizations are increasing in frequency and sophistication and are constantly evolving. Because our ~~subscribers~~members are generally high-income or high net-worth individuals, we may be particularly attractive as a target for cyberattacks and other attacks. Security ~~breaches~~incidents and ~~incidents~~breaches may also occur due to misuse or misappropriation of ~~subscribers' personal data~~members' PII by employees or third-party contractors. Additionally, we make use of third-party service providers to store and otherwise process data on our behalf, and they face similar risks of security ~~breaches~~incidents and ~~incidents~~breaches and may suffer from security vulnerabilities or malicious code and may introduce them to our systems. Any security ~~incident~~, ~~breach~~ cyberattack or other ~~security incident~~, cyberattack, whether instigated internally or externally on our systems or third-party systems, or the perception that any such breach or incident has occurred, could significantly harm our reputation and therefore our business, brand, market share and results of operations. It is possible that computer circumvention capabilities, new discoveries or advances (e.g., Artificial Intelligence ("AI")) or other developments, including our own acts or omissions, could result in a compromise ~~of~~ systems used in our business or a security ~~incident~~ or breach ~~or incident~~ impacting ~~breach of subscriber~~member data or other data stored or processed by us or on our behalf. For example, ~~third parties~~malicious actors may attempt to fraudulently induce employees, ~~or subscriber~~ services contractors, travel service provider partners or consumers to disclose usernames, passwords or other sensitive information ("phishing"), which may in turn be used to access our information technology systems, ~~or to defraud our partners or~~ subscribers members, ~~encrypt our systems so they cannot be used until we pay a ransom ("ransomware") or use our processing power for the mining of cryptocurrencies ("cryptojacking")~~. Third parties may also attempt to take over ~~subscribers' members'~~ accounts by using passwords, usernames and other personal information obtained ~~elsewhere~~elsewhere ("social engineering"). We have experienced targeted and organized phishing and ~~account takeover~~social engineering attacks and may experience more in the future. These risks are likely to increase as we expand our business and store and process more data, including personal information. Our efforts to protect information from unauthorized access may be unsuccessful or may result in the rejection

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of legitimate attempts to book reservations, each of which could result in lost business and have a material adverse effect on our business, reputation and results of operations.

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Our existing security measures may not be successful in preventing security breaches and other security incidents, incidents or breaches. A party (whether internal, external, an affiliate or unrelated third party) that is able to circumvent our security systems could gain unauthorized access to our systems and steal, modify, encrypt or otherwise render unavailable, destroy, disclose or otherwise without authorization process subscriber member information, transaction data or other information. In the last several years, major companies experienced high-profile security breaches that exposed their systems and information and/or their consumers' or employees' personal information, PII, and it is expected that these types of events will continue to occur. Although we are increasing resources to protect against security breaches and incidents, it is virtually impossible for us to entirely mitigate eliminate these risks, particularly as the frequency and sophistication of cyberattacks increases. For example, cybersecurity researchers have warned of potential increases in cyberattack activity in connection with Russia's activities in Ukraine. We have experienced and responded to cyberattacks, which we believe have not had a significant impact on the integrity of our systems or the security of data, including subscriber data we maintain. These issues are likely to become more difficult to manage as we expand the number of places where we operate and the number of our subscribers, and as the tools and techniques used in such attacks become more advanced. Additionally, the security risks we and our third-party service providers face are heightened by many of our respective employees and service providers working remotely. Security breaches incidents or incidents, breaches, including ransomware attacks and other cyberattacks and attacks introducing other types of malicious code, could result in severe disruptions of and damage to our information technology infrastructure, including damage that could impair our ability to book stays, collect payments or otherwise operate our business, or the ability of consumers to make reservations or access our properties or in-room features and services, as well as loss or other unauthorized processing of subscriber, member, financial or other data that could materially and adversely affect our ability to conduct our business or satisfy our commercial obligations. Security Cybersecurity incidents or breaches, and cyberattacks or other security incidents, or the perception that any of these has occurred, could also result in negative publicity, damage our reputation, expose us to risk of loss or litigation and possible liability, subject us to regulatory investigations and other proceedings, penalties and sanctions or cause consumers to lose confidence in our security and choose to stay with not use our competitors, services, any of which would may have a negative effect on our brand, market share, results of operations and financial condition. Our insurance policies have coverage limits and deductibles and which may not be adequate to reimburse us for all losses caused by security breaches and incidents, incidents or breaches.

We also face risks associated with security breaches incidents and incidents breaches affecting third parties conducting business over the Internet. Consumers generally are concerned with security and privacy on the Internet, and any publicized security problems could negatively affect consumers' willingness to provide private information or affect online commercial transactions generally. Additionally, our subscribers members could be affected by security breaches incidents and incidents breaches at third parties such as travel service providers. A security breach incident or incident breach impacting any such third party could be perceived by consumers as a security breach or incident impacting our systems and in any event could result in negative publicity, subject us to notification requirements, damage our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions. In addition, such third parties may not comply with applicable disclosure requirements, which could expose us to liability.

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If we fail to comply with federal, state and foreign laws and regulations relating to privacy, data protection and information security, we may face potentially significant liability, negative publicity and an erosion of trust, and increased regulation could materially adversely affect our business, results of operations and financial condition.

In our processing of travel transactions and information about subscribers members and their stays, we receive and store a large volume of data, including personal data and other data relating to individuals. Numerous federal, state, local and international laws and regulations relate to privacy, data protection, information security and the storing, sharing, use, transfer, disclosure protection and other processing of personal information and other content, the scope of which are changing, subject to differing interpretations, and may be inconsistent among jurisdictions or conflict with other rules. These laws and regulations relating to privacy, data protection and information security are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. For example, the European Union's ("EU's) General Data Protection Regulation (the "GDPR"), in effect since May 25, 2018, imposes more stringent data protection requirements than previous EU data protection laws and promulgated by the European Union (the "EU") provides for penalties for noncompliance of up to the greater of €20 million or four percent of worldwide annual revenues. In addition, the The Court of Justice of the European Union (the "CJEU" (the CJEU) invalidated decision to not recognize the U.S.-EU - EU Privacy Shield in July 2020. The GDPR requires certain measures in order for the personal data of EU residents to be transferred to the U.S. for processing. The U.S.-EU Privacy Shield was one such measure. The CJEU's decision also called into question the validity of the EU Standard Contractual Clauses ("SCCs") - the other widely used means for transferring data to the U.S. The CJEU opinion found the SCCs a valid basis for transfer but found that a data processor must also have in place additional safeguards to provide

GDPR-level protection for EU personal data. The European Commission has issued revised SCCs to address these and other concerns, and the United Kingdom has issued new standard contractual clauses. These both are required to be implemented. The CJEU opinion and related developments have necessitated additional steps to legitimize impacted personal data transfers, and we may find it necessary or desirable to further modify our data handling practices in connection with this decision or future legal challenges or related developments relating to cross-border data transfers from the European Economic Area ("EEA"), United Kingdom, Switzerland or other jurisdictions. This could result in increased costs of compliance and limitations on us and our service providers and other third parties we work with. This CJEU decision or future legal challenges also could result in Inspirato being required to implement duplicative, and potentially expensive, information technology infrastructure and business operations or could limit our ability to collect or process personal information in Europe or other regions, may necessitate additional contractual negotiations and may serve as a basis for our personal data handling practices, or those of our service providers or other third parties we work with, to be challenged. Any of these or other changes or developments impacting cross-border data transfers could disrupt our business and otherwise adversely impact our business, financial condition and operating results.

The number of data protection laws globally is rising as more jurisdictions explore new or updated comprehensive data protection regimes or propose or enact other laws or regulations addressing local storage of data or other matters. In Canada, numerous laws and regulations, including the Personal Information Protection and Electronic Documents Act and provincial legislation, apply to the collection, use and other processing

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[Table of personal information, with potential fines, penalties and other liabilities for noncompliance. The United Kingdom enacted a Data Protection Act in May 2018 that substantially implements the GDPR and has implemented legislation referred to as the "UK GDPR" that generally provides for the GDPR to be implemented in the United Kingdom. This legislation provides for substantial penalties for noncompliance of up to the greater of £17.5 million or four percent of worldwide revenues. While the EU has deemed the United Kingdom an "adequate country" to which personal data could be exported from the EEA, this decision is required to be renewed after four years of being in effect and may be modified, revoked or challenged in the interim, creating uncertainty regarding transfers of personal data to the United Kingdom from the EEA.](#) [Contents](#)

In the U.S., the California Consumer Privacy Act (the "CCPA") went into effect on January 1, 2020. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and afford such consumers new abilities to access and delete their personal information and to opt-out of certain sales of personal information. On November 3, 2020, California voters approved the California Privacy Rights Act (the "CPRA"), which became [operative effective](#) January 1, 2023. The CPRA, significantly modifies the CCPA and further aligns California privacy laws with the GDPR.

Similar legislation has been proposed or adopted in other states. For example, Virginia, Colorado, Utah, and Connecticut have all enacted omnibus privacy legislation that went [into effect, or will go](#) into effect in 2023. These state laws in Virginia, Colorado, Utah and Connecticut share similarities with the CCPA, CPRA and legislation proposed in other states. Aspects of the CCPA, the CPRA and these other state laws and regulations, as well as their enforcement, remain unclear. Additionally, the U.S. federal government is contemplating [data security and](#) privacy legislation.

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We will need to closely monitor developments, including enforcement actions or private litigation under the GDPR, CCPA, CPRA and other laws to determine whether we will need to modify our data processing practices and policies, which may result in us incurring additional costs and expenses in an effort to comply.

We are also subject to the terms of our privacy policies and contractual obligations to third parties related to privacy, data protection and information security and may be subject to other actual or asserted obligations, including industry standards, relating to privacy, data protection and information security. We strive to comply with applicable laws, regulations, policies and other legal obligations relating to privacy, data protection and information security to the extent possible. However, the regulatory frameworks for privacy, data protection and information security worldwide are evolving rapidly, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices.

Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to [subscribers](#) [members](#) or other third parties, applicable laws or regulations or any of our other legal obligations could materially adversely affect our business.

Additionally, if third parties we work with, such as sub-processors, subprocessors, vendors or developers, violate applicable laws or regulations, contractual obligations or our policies, or if it is perceived that such violations have occurred, such actual or perceived violations may also have an adverse effect on our business. Further, any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security, disclosure or other processing of data, or regarding the manner in which the express or implied consent of users for the collection, use, retention, disclosure or other processing of data is obtained, could increase our costs and require us to modify our business practices.

Risks Related*Cybersecurity incidents could have adverse effects on our business.*

We have implemented enhanced security measures to safeguard our systems and data, and we intend to continue implementing additional measures in the future. Our Reliance on Third Parties

We rely on partners measures may not be sufficient to maintain the confidentiality, security, or availability of the data we collect, store, and third-party use to operate our business. Security measures implemented by our service providers and if such or other third parties do or their service providers also may not perform adequately be sufficient. Efforts to hack or terminate their relationships, circumvent security measures, efforts to gain unauthorized access to, exploit or disrupt the operation or integrity of our costs data or systems, failures of systems or software to operate as designed or intended, viruses, "ransomware" or other malware, "supply chain" attacks, "phishing" or other types of business communications compromises, operator error, or inadvertent releases of data could impact our information systems and records or those of our service providers or other third parties. Security measures, no matter how well designed or implemented, may increase only mitigate and our business, financial condition not fully eliminate risks, and results security events, when detected by security tools or third parties, may not always be immediately understood or acted upon. Our reliance on computer, Internet-based, and mobile systems and communications, and the frequency and sophistication of operations could be adversely affected.

Our success depends in part on our relationships with our partners and third-party service providers. For example, we use efforts by third parties to provide housekeeping gain unauthorized access or prevent authorized access to such systems, have greatly increased in recent years. Our increased reliance on cloud-based services manage and on remote access to information systems increases our reservation systems and maintain exposure to potential cybersecurity incidents. Any significant theft of, unauthorized access to, compromise or loss of, loss of access to, or fraudulent use of member or our subscription platform. If any of our third-party providers terminates their relationship with us or refuses to renew their agreement with us on commercially reasonable terms, we would need to find alternate providers and may not be able to secure similar terms or replace such providers in acceptable time frames. Third-party providers which do not have readily available alternate solutions in the marketplace may require internally developed products in order to maintain current functionality. Moreover, we are limited by exclusivity terms and other restrictions with certain third-party service providers which may limit our ability to enter into relationships with new or alternative third-party service providers.

Our relationships with our partners continue to shift as industry dynamics change, and our partners may be less willing to partner with us as such shifts occur. If any significant partner decided to compete with us, it data could adversely impact our sales reputation and harm could result in legal, regulatory and other consequences, including remedial and other expenses, fines, or litigation.

Depending on the nature and scope of the event, compromises in the security of our business, operating results information systems or those of our service providers or other third parties or other future disruptions or compromises of data or systems, could lead to future interruptions in, or other adverse effects on, the operation of our systems or those of our service providers or other third parties. This could result in operational interruptions and/or outages and prospects.

Furthermore, any loss of profits, as well as negative publicity related to any of and other adverse effects on our third-party partners, including any publicity related to quality standards or safety concerns, could adversely affect our reputation and brand and could potentially lead to increased regulatory or litigation exposure. business,

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We depend on landlords for maintenance including lost sales, loss of consumer confidence, boycotts, reduced enrollment and/or participation in our loyalty program, litigation, diminished satisfaction, and/or retention and other significant obligations related to our properties, and any failures in this area recruiting difficulties, all of which could hurt our business.

We do not own any of our properties and manage and operate them under leases or other occupancy arrangements with third-party landlords. At certain of our properties, our subscriber units comprise only a portion of the building, and common areas and amenities are often shared with other tenants or unit owners. We depend on our landlords to deliver properties in a suitable condition and to perform important maintenance, repair and other activities that materially affect our operations and subscribers' experience at certain properties. We have no control over common areas of buildings in which certain of our units are located. If our landlords do not fulfill their obligations or fail to maintain and operate their buildings appropriately, our business, market share,

reputation, and subscriber relationships may suffer. The nature of our rights and responsibilities under our leases may be subject to interpretation and will from time to time give rise to disagreements, which may include disagreements over the timing and amount of capital investments or improvements, operational and repair responsibilities, liability to third parties, a party's right to terminate a lease and reimbursement for certain renovations and costs.

We seek to resolve any disagreements and develop and maintain positive relations with current and potential landlords, but we cannot always do so. Failure to resolve such disagreements has resulted in litigation in the past and could result in litigation in the future. If any such litigation results in an adverse judgment, settlement or court order, we could suffer significant losses, our profits could be reduced, and our ability to operate our business could be constrained.

We incorporate technology from third parties into our technology.

We incorporate technology from third parties into our technology. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that our suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, our ability to operate some aspects of our business could be limited and our business could be harmed. In addition, some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain necessary technology from third parties, we may be forced to acquire, license or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive offerings and increase our costs. In addition, we may be unable to enter into new agreements on commercially reasonable terms or develop our own technologies and amenities relying on or containing technology previously obtained from third parties. If alternate technology cannot be obtained, licensed or developed, we may not be able to offer certain functionality to subscribers or manage our business as we had intended, which could adversely affect our business, financial condition and results of operations.

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

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

Nearly all payments made by our subscribers are made by credit card, debit card or through third-party payment services, which subjects us to certain regulations and to the risk of fraud. We may in the future offer new payment options to subscribers that may be subject to additional regulations and risks. We are also subject to a number of other laws and regulations relating to the payments we accept from our subscribers, including with respect to money laundering, money transfers, privacy and information security, and these regulations may differ by locality and can be expected to change over time.

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

Payment regulations and standards are evolving and unfavorable industry-specific laws, regulations, interpretive positions or standards could harm our business.

Our payment processors expect attestation of compliance with the Payment Card Industry Data Security Standard (the PCI-DSS). If we are unable to comply with the PCI-DSS or other applicable policies, guidelines or controls, or if our third-party payment processors are unable to obtain approval to process payments, our business may be harmed. For example, failing to maintain our Attestation of Compliance for the PCI-DSS could result in monthly fines or other adverse consequences until compliance is achieved and may result in cessation of third-party credit card processing services, increased costs of processing credit card payments, as well as potential fines, penalties and other liabilities. Existing third parties or future business partnerships may opt out of processing payment card transactions if we are unable to achieve or maintain industry-specific certifications or other requirements or standards relevant to our subscribers and business partners.

Risks Related to Government Regulation

Unfavorable changes in, or interpretations or enforcement of, government regulations or taxation of the evolving hospitality, Internet and e-commerce industries could harm our operating results.

We operate in markets throughout the world, in jurisdictions which have various regulatory and taxation requirements. Our regulatory compliance efforts are burdensome because each local jurisdiction has different requirements, including with respect to zoning, licensing and permitting, sanitation, accessibility, taxes, employment, labor and health and safety, and regulations in the industry are constantly evolving. We operate units in multiple states and international jurisdictions. Our business efficiencies and economies of scale depend on reducing variations among properties and subscriber services across all jurisdictions in which we operate. Compliance requirements that vary significantly from jurisdiction to jurisdiction reduce our ability to achieve economies of scale, add compliance costs and increase the potential liability for compliance deficiencies. In addition, laws or regulations that may harm our business could be adopted, or interpreted in a manner that affects our activities, including but not limited to the regulation of personal and consumer information, consumer advertising, labor laws, accessibility, health and safety and real estate and hotel licensing and zoning requirements. Violations or new interpretations of these laws or regulations may result in penalties, disrupt our ability to operate existing properties or to develop new ones, negatively impact our subscriber relations or operations in other ways, increase our expenses and damage our reputation and business.

In addition, since we began our operations, there have been, and continue to be, regulatory developments that affect the travel industry and the ability of companies like Inspirato to offer accommodations for specified durations or in certain neighborhoods. These include short-term occupancy regulations and restrictions adopted by municipalities and homeowners' associations where our properties are located. In addition, many of the fundamental statutes and regulations that impose taxes or other obligations on travel and lodging companies were established before the growth of the Internet and e-commerce, which creates a risk of these laws being used in ways not originally intended that could harm our business. These and other similar new and newly interpreted regulations could increase our costs, require us to reduce or even cease operations in certain locations, reduce the diversity and number of units available for us to lease and offer to subscribers and otherwise harm our business and operating results.

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From time to time, we may become involved in challenges to or disputes with government agencies regarding laws and regulations. There can be no assurance that we will be successful in these challenges or disputes. Furthermore, if we were required to comply with regulations and government requests that negatively impact our relations with subscribers, our business, operating results and financial results could be adversely impacted.

Additionally, new, changed or newly interpreted or applied laws, statutes, rules, regulations or ordinances, including tax laws, could increase landlords' compliance, operating and other costs. This, in turn, could deter landlords from renting their properties to us, negatively affect lease renewals, impair landlords' ability or willingness to repair and maintain leased properties or increase costs of doing business. Any or all of these events could adversely impact our business and financial performance.

Furthermore, as we expand or change our business and the services that we offer or the methods by which we offer them, we may become subject to additional legal regulations, tax requirements or other risks. Whether we comply with or challenge these additional regulations, our costs may increase, and our business may otherwise be harmed.

Changes in our effective tax rate could harm our future operating results.

The Company is subject to federal and state income taxes in the U.S. and in various international jurisdictions. Our provision for income taxes and our effective tax rate are subject to volatility and could be adversely affected by several factors, including:

- earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates;

- effects of certain non-tax-deductible expenses, including those arising from the requirement to expense stock-based compensation;
- changes in the valuation of our deferred tax assets and liabilities;
- adverse outcomes resulting from any tax audit, including transfer pricing adjustments with respect to intercompany transactions;
- limitations on our ability to utilize our net operating losses and other deferred tax assets; and
- changes in accounting principles or changes in tax laws and regulations, or the application of tax laws and regulations, including those relating to income tax nexus or possible U.S. changes to the deductibility of expenses attributable to foreign income or the foreign tax credit rules.

Significant judgment is required in the application of accounting guidance relating to uncertainty with respect to income taxes. If tax authorities challenge our (including **Inspirato LLC's**) tax positions, any such challenges that are settled unfavorably could adversely impact our provision for income taxes. Additionally, as the **Inspirato LLC Members** continue to exchange their New Common Units for shares of our Class A Common Stock, we will be responsible for a greater share of the tax payments due as a result of **Inspirato LLC's** operations.

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Our structure and intercompany arrangements cause us to be subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which could materially adversely affect our business, financial condition, results of operations and prospects.

We are expanding our international operations and personnel to support our business in international markets. We generally contract our international operations through wholly-owned subsidiaries and are or may be required to report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by tax authorities in various jurisdictions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of such jurisdictions, including the U.S., to our international business activities, changes in tax rates, new or revised tax laws, interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our structure and intercompany arrangements. The relevant tax authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

If existing tax laws, rules or regulations are amended, or if new unfavorable tax laws, rules or regulations are enacted, including with respect to occupancy, sales, value-added, excise, withholding or revenue-based taxes, unclaimed property or other tax laws applicable to the multinational businesses, the results of these changes could increase our tax liabilities. Possible outcomes include double taxation, multiple levels of taxation, or additional obligations, prospectively or retrospectively, including the potential imposition of interest and penalties. If such costs are passed on to our subscribers, demand for our products and services could decrease, or there could be increased costs to update or expand our technical or administrative infrastructure, or the scope of our business activities could be effectively limited should we decide not to conduct business in particular jurisdictions.

We are subject to federal, state and local income, sales and other taxes in the U.S. and income, withholding, transaction and other taxes in numerous foreign jurisdictions. Evaluating our tax positions and our worldwide provision for taxes is complicated and requires exercising significant judgment. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles, and interpretations. For example, the Inflation Reduction Act (the "IRA") was signed into law on August 16, 2022, and became effective beginning in 2023. The IRA imposes a 15% minimum tax on global adjusted financial statement income for tax years beginning after December 31, 2022, and a 1% excise tax on certain share repurchases occurring after December 31, 2022. We do not currently expect that the IRA will have a material impact on our income tax liability. Furthermore, we may be audited in various jurisdictions, and such jurisdictions may assess additional taxes (including income taxes, sales taxes and value added taxes) against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could differ materially from our historical tax provisions and accruals, which could have an adverse effect on our results of operations or cash flows in the period or periods for which a determination is made. There is also a high level of uncertainty in today's tax environment stemming from both global initiatives put forth by the Organization for Economic Co-operation and Development ("OECD") and unilateral measures being implemented by various countries due to a lack of consensus on these global initiatives. As an example, the OECD has put forth two proposals—Pillar One and Pillar Two—that revise the allocation of revenues to market jurisdictions based on customer jurisdiction rather than physical presence of the provider and ensure a minimal level of taxation, respectively. These measures and corresponding tariffs in response to such measures create additional tax liabilities and uncertainty. As a result, we may have to pay higher taxes in countries where such rules are applicable.

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Tax authorities may successfully assert that we should have collected, or in the future should collect, sales and use, value added or similar taxes, and we could be subject to substantial liabilities with respect to past or future sales, which could materially adversely affect our business, financial condition and results of operations.

We currently collect and remit applicable sales taxes and other applicable transfer taxes in jurisdictions where we, through our employees or economic activity, have a presence and where we have determined, based on applicable legal precedents, that our business activities are classified as taxable. We do not currently collect and remit state and local excise, utility user, or ad valorem taxes, fees or surcharges in jurisdictions where we believe we do not have sufficient "nexus." The application of indirect taxes, such as sales and use, value added, goods and services, business, and gross receipts taxes, to businesses that transact online, such as ours, is a complex and evolving area. There is uncertainty as to what constitutes sufficient nexus for a state or local jurisdiction to levy taxes, fees and surcharges on sales made over the Internet, and there is also uncertainty as to whether our characterization of our traveler accommodations in certain jurisdictions will be accepted by state and local tax authorities. It is possible that we could face indirect tax audits and that one or more states, local jurisdictions or foreign tax authorities could seek to impose additional indirect or other tax collection and record-keeping obligations on us or may determine that such taxes should have, but have not been, paid by us.

There are substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous markets in which we conduct or may conduct business. The application of existing or future indirect tax laws, whether in the U.S. or internationally, or the failure to collect and remit such taxes, could materially adversely affect our business, financial condition and results of operations.

The costs and other risks associated with the Americans with Disabilities Act and similar legislation outside of the U.S. may be substantial.

We are subject to the Americans with Disabilities Act, commonly referred to as the ADA, and similar laws and regulations in certain jurisdictions outside of the U.S. These laws and regulations require public accommodations to meet certain requirements related to access and use by people with disabilities. Our landlords may not have designed, constructed or implemented procedures on their properties to comply fully with the ADA or similar laws, and efforts by them or by us to achieve compliance may be costly, may delay planned openings of newly leased properties and could be disruptive to existing subscribers. Operators of websites or other online tools are also occasionally targeted by complaints that they have failed to make their websites sufficiently accessible. We may be required to expend substantial resources to remedy any noncompliance at our leased properties or in our app or website, or to defend against complaints of noncompliance, even if they lack merit. If we fail to comply with the requirements of the ADA or similar laws, we could be subject to fines, penalties, injunctive action, costly legal proceedings, reputational harm and other business effects that could materially and adversely affect our brand and results of operations.

Failure to comply with consumer protection, marketing and advertising laws, including with regard to direct marketing and Internet marketing practices, could result in fines or place restrictions on our business.

Our business is subject to various laws and regulations governing consumer protection, advertising and marketing. We may encounter governmental and private party investigations and complaints in areas such as the clarity, accuracy and presentation of information on our website. In addition, our marketing activities will be subject to various laws and regulations in the U.S. and internationally that govern online and other direct marketing and advertising practices. Its marketing activities could be restricted, our subscriber relationships and revenues could be adversely affected, and our costs could increase due to changes required in our marketing, listing or booking practices or any investigations, complaints or other adverse developments related to these laws and regulations.

Failure to comply with anti-bribery and anti-corruption laws and anti-money laundering laws, and similar laws, could subject us to penalties and other adverse consequences.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), the U.S. domestic bribery statute contained in 18 U.S.C. § 201 and possibly other anti-bribery and anti-corruption laws and anti-money laundering laws in countries outside of the United States where we conduct our activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, agents, representatives, business partners and third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector.

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We sometimes leverage third parties to sell our products and conduct our business abroad. Inspirato, our employees, agents, representatives, business partners and third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third-party intermediaries even if we do not explicitly authorize such activities. We cannot assure you that all of our employees, agents, representatives, business partners or third-party intermediaries will not take actions in violation of applicable law for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase.

These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with such laws, we cannot assure you that none of our employees, agents, representatives, business partners or third-party intermediaries will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any allegations or violation of the FCPA or other applicable anti-bribery and anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, fines, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions or suspension or debarment from government contracts, all of which may have an adverse effect on our reputation, business, results of operations and prospects. Responding to any investigation or action will likely result in a materially significant diversion of our management's attention and resources and significant defense costs and other professional fees.

We are subject to governmental export and import controls and economic sanctions programs that could impair our ability to compete in international markets or subject us to liability if we violate these controls.

In many cases, our business activities are subject to U.S. and international import and export control laws and regulations including trade and economic sanctions maintained by the Office of Foreign Assets Control. As such, an export license may be required to export or reexport our services to certain countries and end-users, including to certain U.S. embargoed or sanctioned countries, governments and persons and for certain end-uses. If we were to fail to comply with such import or export control laws and regulations, trade and economic sanctions or other similar laws, we could be subject to both civil and criminal penalties, including substantial fines, possible incarceration for employees and managers for willful violations and the possible loss of our export or import privileges. Obtaining the necessary export license for a particular sale or offering may not be possible and may be time-consuming and may result in the delay or loss of sales opportunities. The following developments could result in decreased use of our services by or in our decreased ability to provide our services to existing or potential end-customers with international operations: any change in export or import laws or regulations, economic sanctions or related legislation; shift in the enforcement or scope of existing export, import or sanctions laws or regulations; or change in the countries, governments, persons or technologies targeted by such export, import or sanctions laws or regulations. Any decreased use of our products or services or limitation on our ability to export to or sell our products or services in international markets could adversely affect our business, financial condition and results of operations. At present, we do not have any properties within Eastern Europe or Northern Asia, and have thus, not been affected by those sanctions posed by and/or against the Russian Federation.

[Table of Contents](#)**Risks Related to Ownership of Securities of the Company**

The market price of shares of our Class A Common Stock may be volatile, which could cause the value of your investment to decline.

The market price of our Class A Common Stock may be highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. The securities markets have experienced significant volatility since the COVID-19 pandemic. Market volatility, as well as general economic, market or political conditions, such as the ongoing geopolitical tensions related to Russia's actions in the Ukraine and the current adverse macroeconomic conditions including inflation, fluctuations in energy prices, rising interest rates and reduced consumer confidence, could reduce the market price of shares of our Class A Common Stock regardless of our operating performance. Our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including: (1) variations in quarterly operating results or dividends, if any, to stockholders, (2) additions or departures of key management personnel, (3) publication of research reports about our industry, (4) litigation and government investigations, (5) changes or proposed changes in laws or regulations or differing interpretations or enforcement of laws or regulations affecting our business, (6) adverse market reaction to any indebtedness incurred or securities issued in the future, (7) changes in market valuations of similar companies, (8) adverse publicity or

speculation in the press or investment community, (9) announcements by competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments and (10) economic instability in major markets and geopolitical and recessionary macroeconomic conditions. In response, the market price of shares of our Class A Common Stock could decrease significantly. You may be unable to resell your shares of our Class A Common Stock at or above your purchase price. Following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against such company. Such litigation, if instituted against us, could result in substantial costs and a diversion of management's attention and resources.

Our ability to timely raise capital in the future may be limited, or capital may be unavailable on acceptable terms, if at all. The failure to raise capital when needed could harm our business, operating results and financial condition. Debt or equity issued to raise additional capital may reduce the value of our Class A Common Stock.

We cannot be certain when or if our operations will generate sufficient cash to fund our ongoing operations or the growth of our business. We intend to make investments to support our current business and may require additional funds to respond to business challenges, including the need to develop new features or enhance our software, improve our operating infrastructure or acquire complementary businesses and technologies. Additional financing may not be available on favorable terms, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in our future growth opportunities, which could harm our business, operating results and financial condition. If we incur debt, the debt holders could have rights senior to holders of our Class A Common Stock to make claims on our assets. The terms of any debt could restrict our operations, including our ability to pay dividends on our Class A Common Stock. If we issue additional equity securities in the future, stockholders will experience dilution, and the new equity securities could have rights senior to those of our Class A Common Stock. Because the decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future issuances of debt or equity securities. As a result, stockholders will bear the risk of future issuances of debt or equity securities reducing the value of their Class A Common Stock and diluting their interest.

A small number of stockholders have substantial control over the Company, which may limit other stockholders' ability to influence corporate matters and delay or prevent a third party from acquiring control over the Company.

A small number of stockholders have substantial control over the Company, and this significant concentration of ownership may have a negative impact on the trading price for our Class A Common Stock because investors often perceive disadvantages in owning stock in companies with controlling stockholders. In addition, these stockholders will be able to exercise influence over all matters requiring stockholder approval, including the election of directors and approval of corporate transactions, such as a merger or other sale of the Company or our assets. This concentration of ownership could limit stockholders' ability to influence corporate matters and may have the effect of delaying or preventing a change in control, including a merger, consolidation or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change in control would benefit the other stockholders.

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There can be no assurance that our securities will continue to be listed on Nasdaq or that will be able to comply with the continued listing standards of Nasdaq.

Our Class A Common Stock and Warrants are listed on Nasdaq under the symbols "ISPO" and "ISPOW," respectively. On February 14, 2022, we received written notice from the Staff of the Listing Qualifications Department (the "Staff") of Nasdaq stating that the Staff had determined that we had not complied with the requirements of IM-5101-2 because (i) we had not demonstrated that our Class A Common Stock complied with the minimum 400 Round Lot Holder requirement in Listing Rule 5405(a)(3) and (ii) our Warrants did not qualify for initial listing since the security underlying the Warrant, our Class A Common Stock, did not qualify. On March 9, 2022, we received a letter from the Staff of Nasdaq informing us that we had regained compliance with Nasdaq Listing Rule IM-5101-2 and that we were in compliance with the Nasdaq Global Market's listing requirements and our securities continue to trade on Nasdaq. Even though we were able to regain compliance with the Nasdaq listing standards with respect to our Class A Common Stock and Warrants, we can provide no assurance that we can maintain compliance with those standards. Separately, on November 18, 2022, we received a notice from the Staff notifying us that we were not in compliance with the periodic filing requirements for continued listing set forth in Nasdaq Listing Rule 5250(c)(1) as a result of our failure to file our Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 with the SEC by the required due date. We filed our Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 on December 19, 2022 to regain compliance with Nasdaq Global Market's listing requirements.

If Nasdaq delists the Company's securities from trading on its exchange for failure to meet the listing standards, the Company and our stockholders could face significant negative consequences including:

- limited availability of market quotations for the Company's securities;
- a determination that our Class A Common Stock is a "penny stock" which will require brokers trading in our Class A Common Stock to adhere to more stringent rules;
- possible reduction in the level of trading activity in the secondary trading market for shares of our Class A Common Stock;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

If our operating and financial performance in any given period does not meet the guidance provided to the public or the expectations of investment analysts, the market price of our Class A Common Stock may decline.

We may, but are not obligated to, provide public guidance on our expected operating and financial results for future periods. Any such guidance will consist of forward-looking statements, subject to the risks and uncertainties described in this Annual Report on Form 10-K and in our other public filings and public statements. The ability to provide this public guidance, and the ability to accurately forecast our results of operations, may be impacted by the COVID-19 pandemic. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty, such as the current global economic uncertainty being experienced as a result of the COVID-19 pandemic or the ongoing geopolitical tensions related to Russia's actions in the Ukraine or current adverse macroeconomic conditions including inflation, fluctuations in energy prices, rising interest rates and reduced consumer confidence. If, in the future, our operating or financial results for a particular period do not meet any guidance provided or the expectations of investment analysts, or if we reduce its guidance for future periods, the market price of our Class A Common Stock may decline as well. Even if we do issue public guidance, there can be no assurance that we will continue to do so in the future.

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We are an "emerging growth company." The reduced public company reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company" under SEC rules. As an emerging growth company, we are permitted and plan to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These provisions include: (1) an exemption from compliance with the auditor attestation requirement in the assessment of internal control over financial reporting pursuant to Section 404 of Sarbanes-Oxley, (2) not being required to comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, (3) reduced disclosure obligations regarding executive compensation arrangements in periodic reports, registration statements and proxy statements and (4) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. As a result, the information we provide will be different than the information that is available with respect to other public companies that are not emerging growth companies. If some investors find our Class A Common Stock less attractive as a result, there may be a less active trading market for our Class A Common Stock, and the market price of our Class A Common Stock may be more volatile. We will remain an emerging growth company until the earliest of: (1) the last day of the fiscal year (a) following the fifth anniversary of the closing of Thayer's initial public offering, (b) in which we have total annual gross revenue of at least \$1.235 billion or (c) in which we qualify as a "large accelerated filer", which, in addition to certain other criteria, means the market value of our common equity that is held by non-affiliates exceeds \$700 million as of the end of the prior fiscal year's second fiscal quarter or (2) the date on which we have issued more than \$1 billion in non-convertible debt securities during the prior three-year period.

If securities or industry analysts do not publish research or reports about our business or publish negative reports, the market price of our Class A Common Stock could decline.

The trading market for our Class A Common Stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If regular publication of research reports ceases, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume of our Class A Common Stock to decline. Moreover, if one or more of the analysts who cover Inspirato downgrades our Class A Common Stock or if reporting results do not meet their expectations, the market price of our Class A Common Stock could decline.

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If our security holders exercise their registration rights, it may negatively impact the market price of Class A Common Stock.

In connection with the Closing, we filed a registration statement to register for resale (i) the shares of Class A Common Stock that were issued upon the conversion of shares of Thayer Class B Common Stock in connection with the Business Combination and shares of Class A Common Stock issuable upon exercise of the private placement warrants to purchase Class A Common Stock (the "Private Warrants") held by Thayer Venture Acquisitions Holdings LLC, a Delaware limited liability company (the "Sponsor") and (ii) the shares of Class A Common Stock to be issued to the Inspirato LLC unitholders in the Business Combination. Further, we have provided (i) the Inspirato LLC unitholders with unlimited demand registration rights; (ii) the Inspirato LLC unitholders and the Sponsor with customary underwritten takedown rights (subject to customary priorities, minimums, frequency and quantity limits, cutbacks, deferrals and other terms); and (iii) the Inspirato LLC unitholders and the Sponsor, on a pari passu basis, "piggy back" registration rights with respect to any underwritten offerings by the other stockholders and by the Company. The sale or possibility of sale of these additional securities trading in the public market may negatively impact the market price of our securities.

The Company has no current plans to pay cash dividends on our common stock; as a result, stockholders may not receive any return on investment unless they sell their Class A Common Stock for a price greater than the purchase price.

We have no current plans to pay dividends on our Class A Common Stock. Any future determination to pay dividends will be made at the discretion of our Board, subject to applicable laws. It will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual, legal, tax and regulatory restrictions, general business conditions and other factors that our Board may deem relevant. In addition, the ability to pay cash dividends may be restricted by the terms of debt financing arrangements, as any future debt financing arrangement likely will contain terms restricting or limiting the amount of dividends that may be declared or paid on our Class A Common Stock. As a result, stockholders may not receive any return on an investment in our Class A Common Stock unless they sell their shares for a price greater than that which they paid for them.

The Company may issue additional shares of common stock or other equity securities without your approval, which would dilute ownership interests and may depress the market price of Class A Common Stock.

Pursuant to the 2021 Equity Incentive Plan (the "2021 Plan"), our board of directors or its duly authorized committee is authorized to grant equity awards to our employees, directors, and consultants. Initially, the aggregate number of shares of our Class A Common Stock that may be issued pursuant to equity awards under the 2021 Plan was 15,900,000 shares, plus shares subject to awards that were assumed in the Business Combination that, after the date of stockholder approval of the 2021 Plan, expire or otherwise terminate without having been exercised in full or are forfeited to or repurchased by us (provided that the maximum number of shares that may be added to the 2021 Plan pursuant to awards assumed in the Business Combination is 7,453,734 shares). The number of shares of our Class A Common Stock reserved for issuance under the 2021 Plan will be cumulatively increased on the first day of each fiscal year, beginning with our 2022 fiscal year and ending on the ten year anniversary of the date our board of directors approved the 2021 Plan equal to the least of 19,900,000 shares, 5% of the total number of shares of all classes of our Common Stock outstanding as of the last day of the immediately preceding fiscal year, and a lesser number of shares determined by the administrator of the 2021 Plan. Unless the administrator of the 2021 Plan elects not to increase the number of shares available for future grant each year, our stockholders may experience additional dilution.

We may also issue additional shares of common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances.

The issuance of additional shares or other equity securities of equal or senior rank would have the following effects:

- existing stockholders' proportionate ownership interest in the Company will decrease;
- the amount of cash available per share, including for payment of dividends in the future, may decrease;
- the relative voting strength of each previously outstanding common stock may be diminished; and
- the market price of our Class A Common Stock may decline.

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Provisions in our organizational documents and certain rules imposed by regulatory authorities may delay or prevent an acquisition by a third party that could otherwise be in the interests of stockholders.

Our Certificate of Incorporation and Bylaws contain several provisions that may make it more difficult or expensive for a third party to acquire control of the Company without the approval of our Board. These provisions, which may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that stockholders may consider favorable, include the following:

- the division of our Board into three classes and the election of each class for three-year terms;
- advance notice requirements for stockholder proposals and director nominations;
- provisions limiting stockholders' ability to call special meetings of stockholders, to require special meetings of stockholders to be called and to take action by written consent;
- restrictions on business combinations with interested stockholders;
- in certain cases, the approval of holders representing at least 66 2/3% of the total voting power of the shares entitled to vote generally in the election of directors will be required for stockholders to adopt, amend or repeal the bylaws or amend or repeal certain provisions of the certificate of incorporation;
- no cumulative voting;
- the required approval of holders representing at least 66 2/3% of the total voting power of the shares entitled to vote at an election of the directors to remove directors; and
- the ability of our Board to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used, among other things, to institute a rights plan that would have the effect of significantly diluting the stock ownership of a potential hostile acquirer, likely preventing acquisitions.

These provisions of our Certificate of Incorporation and Bylaws could discourage potential takeover attempts and reduce the price that investors might be willing to pay for shares of our Class A Common Stock in the future, which could reduce the market price of our Class A Common Stock.

The provision of our Certificate of Incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware and the federal district courts of the U.S. for certain types of lawsuits may have the effect of discouraging lawsuits against directors and officers.

Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for: (1) any derivative action or proceeding brought on behalf of the Company, (2) any action asserting a claim of breach of fiduciary duty owed by any director, officer, agent or other employee or stockholder to the Company or its stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law ("DGCL"), our Certificate of Incorporation or Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, (4) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our Certificate of Incorporation or Bylaws or (5) any action asserting a claim governed by the internal affairs doctrine, in each case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein.

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This provision would not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. In addition, to prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the U.S. will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. However, as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, there is

uncertainty as to whether a court would enforce such provision. Our Certificate of Incorporation further provides that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. Investors also cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us, our directors, officers or other employees in a venue other than in the federal district courts of the United States. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our Certificate of Incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and we cannot assure you that the provisions will be enforced by a court in those other jurisdictions. If a court were to find either exclusive-forum provision in our Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could harm our business.

Risks Related to the Warrants

We may amend the terms of the warrants to purchase Class A Common Stock issued in connection with the IPO of Thayer (the "Public Warrants") and the Private Warrants (the Public Warrants and Private Warrants collectively, the "Warrants") in a manner that may be adverse to holders with the approval by the holders of at least a majority of the then-outstanding Public Warrants.

The Warrants were issued in registered form subject to the Assignment, Assumption and Amendment Agreement between the Company and Computershare Trust Company, N.A., as warrant agent, in respect of the Warrant Agreement between Thayer and Continental Stock Transfer & Trust Company (collectively, the "Warrant Agreement"). The Warrant Agreement provides that the terms of the Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision but requires the approval by the holders of at least a majority of the then outstanding Warrants to make any change that adversely affects the interests of the registered holders.

Accordingly, we may amend the terms of the Warrants in a manner adverse to a holder if holders of at least a majority of the then outstanding Warrants approve of such amendment. Although our ability to amend the terms of the Warrants with the consent of at least a majority of the then outstanding Warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the Warrants, convert the Warrants into stock or cash, shorten the exercise period or decrease the number of warrant shares issuable upon exercise of a Warrant.

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We may redeem your unexpired Public Warrants prior to their exercise at a time that is disadvantageous to you, thereby making your Public Warrants worthless.

We have the ability to redeem outstanding Public Warrants (excluding the Private Warrants and any warrants issued to the Sponsor, officers or directors in payment of working capital loans made to us) at any time after they become exercisable and prior to their expiration, at a price of \$0.01 per Warrant, provided that the last reported sales price of our Class A Common Stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for any 20 trading days within a 30 trading-day period commencing at any time after the Warrants become exercisable and ending on the third business day prior to proper notice of such redemption provided that on the date we give notice of redemption and during the entire period thereafter until the time we redeem the Public Warrants, we have an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the Warrants and a current prospectus relating to them is available. If and when the Public Warrants become redeemable by us, we may not exercise our redemption right if it is unable to register or qualify the component securities for sale under all applicable state securities laws. Redemption of the outstanding Warrants could force you (i) to exercise your Public Warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) to sell your Public Warrants at the then-current market price when you might otherwise wish to hold your Public Warrants or (iii) to accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of your Public Warrants.

Risk Related to the Restatement of our Financial Statements

Due to errors in our consolidated financial statements related to material weaknesses in our internal control over financial reporting, we restated our previously issued condensed consolidated financial statements for the quarterly periods ended March 31, 2022 and June 30, 2022, which

resulted in unanticipated costs and may have adversely affected investor confidence, our stock price, our ability to raise capital in the future and our reputation, and has resulted in stockholder litigation and may result in more stockholder litigation or regulatory actions.

As disclosed in our Current Report on Form 8-K, filed with the SEC on November 14, 2022, the Audit Committee concluded, after discussion with management, that our originally filed unaudited condensed consolidated financial statements as of and for the Non-Reliance Periods included in the Quarterly Reports on Form 10-Q filed with the SEC for the Non-Reliance Periods should no longer be relied upon and required restatement. We completed the restatement of our financial statements and filed our Amended Quarterly Reports for the Non-Reliance Periods with the SEC on December 15, 2022.

We incurred unanticipated costs for accounting and legal fees in connection with the restatement of our financial statements for the Non-Reliance Periods, and we were not able to timely file our third quarter Quarterly Report on Form 10-Q. Such restatements may have the effect of eroding investor confidence in our company and our financial reporting and accounting practices and processes and may raise reputational issues for our business. The restatements may negatively impact the trading price of our securities and make it more difficult for us to raise capital on acceptable terms, or at all. In addition, the material weaknesses in our internal control over financial reporting and the related restatements may also result in additional stockholder litigation against us, or adverse regulatory consequences, including investigations, penalties or suspensions by the SEC or Nasdaq. For example, we received a delisting notice from Nasdaq for failure to timely file our third quarter Quarterly Report on Form 10-Q as further described in the risk factor titled "*There can be no assurance that our securities will continue to be listed on Nasdaq or that will be able to comply with the continued listing standards of Nasdaq.*" Further, on February 16, 2023, a class action lawsuit was filed in the U.S. District Court in the District of Colorado captioned *Keith Koch, Individually and on behalf of all others similarly situated v. Inspirato Incorporated, Brent Handler, and R. Webster Neighbor* to recover damages allegedly caused by violations of federal securities law in connection with the restatement of our unaudited condensed consolidated financial statements as of and for the Non-Reliance Periods. Other potential plaintiffs may also file additional lawsuits in connection with the restatement. The outcome of any such litigation is uncertain. The defense or settlement of this litigation and any future additional litigation could be time-consuming and expensive, divert the attention of management away from our business, and, if any litigation is adversely resolved against us, could have a material adverse effect on our financial condition. Any additional regulatory consequences, litigation, claim or dispute, whether successful or not, could subject us to additional costs, divert the attention of our management, or impair our reputation. Each of these consequences could have a material adverse effect on our business, results of operations and financial condition.

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General Risk Factors

We may be subject to liability claims and our insurance may be inadequate to cover our losses.

We are subject to numerous obligations in our contracts with third parties and otherwise. Despite the procedures, systems and internal controls we have implemented to comply with our contracts and avoid or mitigate various risks, we may breach these commitments, whether through a weakness in these procedures, systems and internal controls or because of negligence or the willful act of an employee, contractor or third party. Our insurance policies may be inadequate to compensate us for the potentially significant losses that may result from claims arising from disruptions in our service, cybersecurity incidents, failures or disruptions to our infrastructure, catastrophic events and disasters or otherwise. In addition, such insurance may not be available to us in the future on economically reasonable terms or at all. Further, the insurance may not cover all claims made against us and defending a suit, regardless of its merit, could be costly and divert management's attention.

Our business is subject to the risks of catastrophic events.

The occurrence of any catastrophic event, including an earthquake, fire, named storm, flood, tsunami or other weather event, power loss, telecommunications failure, software or hardware malfunctions, epidemic or pandemic diseases (such as the ongoing COVID-19 pandemic), cyber-attack, war (such as Russia's actions in Ukraine) or terrorist attack, could result in significant disruptions to our business. In addition, acts of terrorism could cause disruptions to the Internet or the economy as a whole. Although we have implemented disaster recovery arrangements, there can be no assurance that these arrangements will appropriately address all potential disaster scenarios. If our systems were to fail or be negatively impacted as a result of a natural disaster or other event, our business would be impaired or we could lose critical data.

Our partners, suppliers and subscribers are also subject to the risk of catastrophic events. In those events, our ability to operate our business, as well as the demand for our offerings, may be impaired as a result of factors outside our control.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

The Company understands the importance of preventing, assessing, identifying, and managing material risks associated with cybersecurity threats. Cybersecurity processes to manage risks from cybersecurity threats have been incorporated as a part of the Company's overall risk assessment process. These cybersecurity processes, technologies, and controls to assess, identify, and manage material risks have been incorporated into our operations.

To manage our material risks from cybersecurity threats and to protect against, detect, and prepare to respond to cybersecurity incidents, and claims we undertake the below listed activities:

- Monitor emerging cybersecurity and data protection laws and implement changes to our processes to comply;
- Conduct periodic customer data handling and use requirement training for our employees;
- Conduct annual cybersecurity management and incident training for employees involved in our systems and processes that handle sensitive data;
- Conduct regular phishing email simulations for all employees;
- Carry cyber liability insurance that provides resources and protection against potential losses arising from a cybersecurity incident; and
- Maintain a Technical Review Committee which evaluates all third-party technology partners, including their security posture and controls, before we engage with them.

Our incident response plan coordinates the activities that we and our cyber liability insurance carrier and associated services e.g., incident response team, breach coach, forensics, etc. take to prepare, respond, and recover from cybersecurity incidents, which include processes to assess severity, investigate, escalate, contain, and remediate an incident, as well as to comply with potentially applicable legal obligations and mitigate brand and reputational damage.

We describe whether and how risks from identified cybersecurity threats have or that are reasonably likely to affect our financial position, results of operations and cash flows, included as part of our Item 1A. Risk Factors of this Annual Report on Form 10-K, which disclosures are incorporated by reference herein.

We have a cross-functional management team to participate in our "Cybersecurity Risk Committee" (the "Committee"), comprised of Legal, Cybersecurity Operations, Risk Management, Finance and Accounting and Information Technology. The Committee is responsible for assessing and managing all aspects of our Cybersecurity Program, including the evaluation of various cybersecurity risks and the continued enhancement of our processes and procedures to manage these risks and respond to any confirmed cyberattacks. The Committee also works with various third-party cybersecurity experts to ensure industry best practices. The Committee reports regularly to the Audit Committee of the Board, covering current and future planned processes in place to prevent, detect, mitigate and remediate any cybersecurity incidents.

Item 2. Properties

We are headquartered in Denver, Colorado, where we have lease commitments for approximately 44,715 square feet. We have taken measures to improve the efficiency standards of our corporate office, including reducing waste, water, and power.

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Item 3. Legal Proceedings

From time to time, we may become involved in litigation or other legal proceedings arising in the ordinary course of our business. We Except as described below, we are not currently a party to any material litigation or legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business operations. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, negative publicity, reputational harm and other factors.

Class Action Complaint Relating to Restatement

On February 16, 2023, a class action lawsuit was filed in the U.S. District Court in the District of Colorado captioned Keith Koch, Individually and on behalf of all others similarly situated v. Inspirato Incorporated, Brent Handler, and R. Webster Neighbor. The complaint alleges violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder against all defendants, and Section 20(a) of the Exchange Act against the individual defendants. The

complaint seeks certification as a class action and an unspecified amount of damages, attorneys' fees, expenses, and other costs. The complaint generally alleges that certain of our prior public statements about our results of operations and financial condition were materially false and misleading because they misrepresented and failed to disclose adverse facts pertaining to the restatement of our unaudited **condensed consolidated financial statements** **Consolidated Financial Statements** as of and for the **Non-Reliance Periods**, three months ended March 31, 2022 and June 30, 2022.

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Item 4. Mine Safety Disclosures.

Not applicable.

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PART II

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

Market Information

Our Class A Common Stock has been listed on the NASDAQ Global Select Market under the symbol "ISPO". There is no public market for our Class B or Class V Common Stock.

Holders of Record

As of **March 1, 2023** **March 8, 2024**, there were approximately **3235** holders of record of our Class A Common Stock, and **39** par value \$0.0001 per share, **35** holders of record of our Class V common stock, par value \$0.0001 per share ("Class V Common Stock") and, **1** holder of record of our **Public Warrants**. **Warrants and no holders of record of our Class B Non-Voting common stock, par value \$0.0001 per share ("Class B Non-Voting Common Stock")**. These numbers do not include "street name" or beneficial holders, whose shares are held of record by banks, brokers, financial institutions, and other nominees.

Dividend Policy

We have not paid any cash dividends on our shares of common stock to date. The payment of cash dividends in the future will be dependent upon our revenue and earnings, if any, capital requirements and general financial condition. The payment of any dividends will be within the discretion of our then board of directors. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors does not anticipate declaring any dividends in the foreseeable future.

Recent Sales of Unregistered Securities and Use of Proceeds

None.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item regarding securities authorized for issuance under equity compensation plans is incorporated herein by reference to Item 12. of Part III of this Annual Report.

Issuer Purchase of Equity Securities

None.

Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act.

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The graph below compares the cumulative total stockholder return on our Class A Common Stock with the cumulative total return on the S&P 500 Index (S&P 500) and the S&P 500 Information Technology Index (S&P 500 IT). The graph assumes \$100 was invested at the market close on **February 10, 2021** **February 11, 2022**, which was the first day our Class A Common Stock began trading (which, prior to the Closing were shares of Class A common stock of Thayer). Data for the S&P 500 Index and S&P 500 Information Technology Index assume reinvestment of dividends. The graph uses the closing market price on **February 10, 2021** **February 11, 2022** of **\$10.34** **\$191.00** per share as the initial value of our Class A Common Stock. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A Common Stock.



Graphic

Item 6. [Reserved]

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

You should read the following discussion and analysis of our financial condition and results of operations together with our audited **consolidated financial statements** **Consolidated Financial Statements** and related notes thereto included elsewhere in this Annual Report on Form 10-K. This section of this Annual Report on Form 10-K generally discusses 2022 and 2023 items and year-to-year comparisons between 2022 and 2023. Discussions of 2021 items and year-to-year comparisons between 2021 and 2022 are not included in this Annual Report on Form 10-K, and can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

This discussion includes both historical information and forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" included elsewhere in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. Unless otherwise indicated or the context otherwise requires, references in this Management's Discussion and Analysis of Financial Condition and Results of Operations section to "Inspirato," "we," "us," "our" and other similar terms refer to **Inspirato LLC** prior to the Business Combination and to **Inspirato Incorporated** and its consolidated subsidiaries after giving effect to the Business Combination.

OVERVIEW

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OVERVIEW

Inspirato Incorporated and its subsidiaries (collectively the "Company", "Inspirato", "we", or "our") is a subscription-based luxury travel company that provides exclusive access to a managed and controlled portfolio of curated vacation options, delivered through an innovative model designed to ensure the service, certainty and value that discerning customers demand. The Inspirato portfolio includes branded luxury vacation homes, accommodations at five-star hotel and resort partners and custom travel experiences.

For travelers, we offer access to a diverse portfolio of curated luxury vacation options that includes 523 approximately 450 private luxury vacation homes available to our subscribers, customers, and accommodations at 350 over 250 luxury hotel and resort partners in more than 225 over 180 destinations around the world as of December 31, 2022 December 31, 2023. Our portfolio also includes *Inspirato Only* experiences, featuring one-of-a-kind luxury safaris, cruises and other experiences and with Inspirato-only member lists along with Bespoke trips, which offers offer custom-designed "bucket list" itineraries. Every Inspirato trip comes with our personalized service envelope — including pre-trip planning, on-site concierge and daily housekeeping — designed to meet the needs of affluent discerning travelers and drive exceptional customer satisfaction.

Our Loyalty Program

In August of 2023, we launched *Inspirato Rewards* ("Rewards"), our member loyalty program that supports our diverse portfolio of curated luxury vacation options for members with at least one active paid member subscription ("Subscription"). *Rewards* is designed to incentivize repeat business by rewarding members with exclusive discounts and benefits based on their activity with us. Members who earn one of the third three *Rewards* statuses may earn, depending on their status, extra savings on *Club* bookings; early access to new property releases, new *Experiences* and year-end festive dates; and complementary nights, among other benefits.

Capital One Ventures Investment and Strategic Partnership

In August of 2023, we entered into the Investment Agreement with an affiliate of Capital One, providing for a \$25.0 million strategic investment by Capital One in the Company through the private placement of an 8% Senior Secured Convertible Note due 2028 (the "Note"). On September 29, 2023, we sold and issued the Note. The total net proceeds from this offering were approximately \$23.1 million, after deducting \$1.9 million of debt issuance costs.

The Note is an unsubordinated secured obligation of the Company. The Note is secured by a first priority security interest in substantially all of Inspirato Incorporated's and its domestic subsidiaries' assets. The Note is fully and unconditionally guaranteed by certain existing and future domestic subsidiaries of the Company. The Note bears interest at a fixed rate of 8% per annum. Interest on the Note is payable quarterly on the last business day of each calendar quarter 2022, we developed two new product offerings: *Inspirato for Good* and *Inspirato for Business*. *Inspirato for Good* is payable at the election of the Company in cash or in kind by increasing the outstanding principal amount of the Note by the amount of interest payable on such interest payment date. The Note will mature on September 29, 2028, subject to earlier conversion, redemption or repurchase.

The Note is currently convertible at a conversion price of \$30 per share, subject to customary anti-dilution adjustments upon certain events, including any dividend of Company securities or other property, stock split, stock combination, reclassification, consolidation, merger or a sale of all or substantially all of the Company's assets. For risks related to the Note with Capital One see "Risk Factors" in Item 1A. of this report.

Additionally, our turnkey solution assisting nonprofits in their fundraising. Through this new platform, we strategic partnership with Capital One is expected to provide us with a long-term partner with nonprofit organizations the ability to sell deliver increased demand for travel services as well as highly-qualified lead generation opportunities for our *Club* and *Pass* subscription offerings, while providing Capital One a highly differentiated and exclusive luxury travel packages (consisting of an *Inspirato Club* subscription and luxury vacation) at live and silent auctions, paddle raises, and other giving channels. *Inspirato* benefit for *Business* represents a new business-to-business channel whereby we sell subscription and travel products directly to businesses seeking to provide luxury accommodations and services to their staff and business partners. We believe both *Inspirato for Good* and *Inspirato for Business* will significantly expand our target addressable market and accelerate growth at a lower customer acquisition cost. its consumers.

Business Combination Reverse Stock Split

On February 11, 2022 September 26, 2023, Thayer and *Inspirato* LLC consummated our stockholders approved a proposal to adopt a series of alternative amendments to our certificate of incorporation to effect the transaction contemplated by the Business Combination Agreement whereby, amongst other

transaction, a subsidiary of Thayer merged with and into Inspirato LLC with Inspirato LLC as the surviving company, resulting in Inspirato LLC becoming a subsidiary of Thayer. Thayer changed its name to "Inspirato Incorporated" upon the Closing. The resulting Company organizational structure is commonly referred to as an UP-C structure Reverse Stock Split (as further described defined in Note 31 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K Consolidated Financial Statements). This organizational structure allows Continuing Inspirato Members to retain their equity ownership directly in Inspirato LLC.

The Business Combination was accounted for as Our Board subsequently approved a final reverse recapitalization in accordance with GAAP, with Inspirato LLC identified as the accounting acquirer stock split ratio of Thayer. Under this method 1-for-20 of accounting, Thayer was treated as the "acquired" company for accounting purposes. This determination is primarily based on the fact that subsequent to the business combination, the unitholders of Inspirato LLC have a majority of the voting power of the combined company, and Inspirato LLC's operations comprise all of the ongoing operations of the Company. Following the Business Combination, Inspirato LLC is managed by an eight-person board of managers designated by Inspirato Incorporated and the Continuing Inspirato Members. Upon the Closing, shares of our Class A Common Stock, were listed on Nasdaq Class B Non-Voting Common Stock and trade under the ticker symbol "ISPO." As Inspirato LLC's management team and business operations comprise Inspirato Incorporated's management and operations, Inspirato Incorporated has and continues to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. We have and will continue to incur additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees and additional internal and external accounting and legal and administrative resources, including increased audit and legal fees.

Prior to the Closing, the units representing equity interests in Inspirato LLC were held by (i) blockers, which were corporations (or entities treated as corporations for U.S. federal tax purposes) that were affiliated with certain institutional investors, and (ii) Continuing Inspirato Members, which consist of entities and individuals, including members of management and other employees of Inspirato LLC or its subsidiaries.

The UP-C organizational structure allowed Continuing Inspirato Members to retain their equity ownership in Inspirato LLC. Each Continuing Inspirato Member also holds a number of shares of Class V Common Stock. The Reverse Stock equal to Split became effective as of October 16, 2023 (the "Effective Time"). Immediately after the number of New Common Units of Inspirato LLC held by such Continuing Inspirato Member, Class V Common Reverse Stock has no economic value but entitles the holder thereof to one (1) vote per share at any meeting of the shareholders of Inspirato Incorporated. The Blocker Shareholders, by contrast, hold their equity Split, each stockholder's percentage ownership in Inspirato Incorporated interest in the form Company and proportional voting power remained unchanged, except for minor changes resulting from the treatment of Class A Common Stock. This structure allows the Continuing Inspirato Members to continue to realize the tax benefits associated with their ownership in an entity that is treated as a partnership for U.S. federal income tax purposes, as well as to provide potential future tax benefits to Inspirato Incorporated (85% of which the Continuing Inspirato Member will benefit from pursuant to the Tax Receivable Agreement), which are expected to arise when the Continuing Inspirato Member ultimately exchange their New Common Units and Inspirato Incorporated Class V Common Stock for Class A Common Stock. fractional shares.

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For accounting purposes, the financial statements of Inspirato Incorporated represent a continuationAs of the consolidated financial statements Effective Time, proportional adjustments were also made to the number of Inspirato LLC with shares of Class A Common Stock issuable pursuant to the Business Combination being treated Company's outstanding warrants, Note, and equity awards, as well as the equivalent number of Inspirato LLC issuing shares authorized and reserved for issuance pursuant to the net assets Company's equity incentive and employee stock purchase plans. The exercise prices, conversion prices and stock price targets of Thayer, accompanied by a recapitalization. The net assets of Thayer outstanding warrants, Note and equity awards were recognized also proportionately adjusted, as of applicable. Accordingly, (i) with respect to the Business Combination at historical cost, with no goodwill or other intangible assets recorded. Operations Company's publicly traded warrants trading under the symbol "ISPOW," each 20 warrants outstanding immediately prior to the Business Combination Reverse Stock Split are presented as those now exercisable for one share of Inspirato LLC and Class A Common Stock at an exercise price of \$230.00 per share, which is 20 times \$11.50, the accumulated deficit of Inspirato LLC has been carried forward after Closing. All periods exercise price per share in effect prior to the Business Combination Effective Time and (ii) with respect to the Note, the conversion price is now \$30 per share, which is 20 times \$1.50, the conversion price in effect prior to the Effective Time. All historical share and per share amounts have been retrospectively adjusted using to reflect the Exchange Ratio Reverse Stock Split for the equivalent number of shares outstanding immediately after the closing to affect the reverse recapitalization. all periods presented.

In connection with the Closing, the Company raised \$90 million of gross proceeds. The Company additionally incurred \$25 million in transaction costs during the year ended December 31, 2022, consisting of banking, legal and other professional fees, of which \$24 million was recorded as a reduction to additional paid-in capital of proceeds and the remaining \$1.1 million was expensed in the consolidated statements of operations and comprehensive loss. The total net cash proceeds to the Company was \$66 million. We intend to use the net proceeds for future capacity expansion, general corporate purposes and to meet our working capital needs.

Key Business Metrics

We review a number of operating and financial metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and business plans, and make strategic decisions.

Active Subscriptions and Active Subscribers

We define Active Subscriptions as Subscriptions that are paid in full, as well as those for which we expect payment for renewal. We use Active Subscriptions to assess the adoption of our subscription offerings, which is a key factor in assessing our penetration of the market in which we operate and a key driver of revenue. We define Active Subscriptions as legacy Inspirato Club, Inspirato Pass, Inspirato Select, and Inspirato Club subscriptions as of the measurement date that are paid in full, as well as those for which we expect payment for renewal. Active Subscribers are subscribers who Members can have one or more Active Subscription(s). As Subscriptions. The following table shows our approximate total number of December 31, 2021 and December 31, 2022, we had 13,802 and 14,607 Active Subscribers, respectively.

At December 31, 2021, we had 14,875 Active Subscriptions which consisted as of 10,464 legacy Inspirato Club subscriptions, 2,987 Inspirato Pass subscriptions, December 31, 2022 and 1,424 Inspirato Club subscriptions. At December 31, 2022, 2023:

	December 31,	
	2022	2023
Legacy	9,400	7,900
Pass	3,600	2,500
Club	3,100	3,400
Total Active Subscriptions	16,100	13,800

Legacy Subscriptions, an offering we had 16,051 Active Subscriptions which consisted of 9,369 legacy Inspirato Club subscriptions, 3,569 Inspirato Pass subscriptions, 45 Inspirato Select subscriptions, and 3,068 new Inspirato Club subscriptions.

Legacy Inspirato Club subscriptions no longer sell, had substantial enrollment fees and have annual dues that are lower than annualized dues for new Inspirato Club subscriptions. Inspirato Subscriptions, Club and Inspirato Pass subscriptions Subscriptions are available as through monthly, semi-annual, annual, and multi-year contracts. The majority of our subscriptions Subscriptions are annual contracts including approximately half of the new Inspirato Club and Inspirato Pass subscriptions. Beginning in June 2022, Inspirato Select subscriptions became available in annual and or multi-year contracts. Inspirato Select memberships consist of club dues and sharable vacations purchasable in predetermined bundle sizes.

Subscription revenue contributed approximately 42% is comprised of enrollment fees and recurring dues, net of discounts and travel incentives provided to members. We typically bill upfront for Club and Pass Subscriptions and subscription payments are non-refundable. Our subscription agreements typically auto-renew after the initial term. Our agreements are generally cancellable by providing 30 days' notice. Amounts that have been billed are initially recorded as deferred revenue until the revenue is recognized. Revenue is recognized ratably over the related contractual term, generally beginning on the date that our total revenue for the year ended December 31, 2022, platform is made available to a member.

Annual Recurring Revenue

We believe that Annual Recurring Revenue ("ARR") is a key metric to measure our business performance because it is driven Our subscription revenue and operating results are impacted by our ability to acquire Active Subscriptions attract and to maintain members including through our relationship with existing subscribers. ARR represents the amount of revenue that we expect to recur annually, enables measurement of the progress of our business initiatives and serves as an indicator of future growth. ARR should be viewed independently of revenue and deferred revenue and is not intended to be a substitute for, or combined with, any of these items. Rewards program.

ARR consists of contributions from our subscription Average Daily Rates and Total Occupancy

Average daily rate ("ADR") is defined as the total paid travel revenue, streams divided by total paid nights in leased residences or hotel rooms and suites. ADR does not include travel revenue or enrollment fees. We calculate ARR Pass nights utilized. Occupancy is defined as all paid, Pass, IFG, IFB, employee and complimentary nights in all at-risk properties divided by the total number of Active Subscriptions at-risk nights available. Net-rate hotel partners are excluded from Hotel Occupancy as these are dependent on the hotel having capacity for Inspirato requests.

We monitor (i) paid nights delivered as a percentage of total nights delivered, (ii) ADR and (iii) Occupancy for our residences and leased hotels as we bear the end of a period multiplied by financial responsibility in these properties and can more closely control both the then-current annualized subscription rate, without regard nightly rates and costs as compared to any potential impact from promotions our net-rate hotel partners. Average rates at our hotel partners are typically lower than our residences, as our residences are typically larger and discounts that may be offered from time to time, for each applicable subscription type at the end of the period for which ARR is being calculated. The majority of current Active Subscriptions are legacy Inspirato Club subscriptions. ARR is not

a forecast of subscription revenue as subscription revenue includes enrollment fees to accommodate more guests than hotel rooms and Active Subscriptions at the date used in calculating ARR may or may not be renewed by our subscribers in the future, but we believe suites.

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The combination of ADR and Occupancy provides us insights regarding how effective we are utilizing our at-risk properties. Below we have summarized our travel operating statistics:

	Year ended December 31,		
	2021	2022	2023
Residences			
Paid Nights Delivered	61,100	67,800	61,400
Total Nights Delivered	94,800	114,900	111,600
Occupancy	88 %	81 %	72 %
ADR	\$ 1,557	\$ 1,825	\$ 1,825
Hotels			
Paid Nights Delivered (1)	29,300	38,900	41,900
Total Nights Delivered (1)	48,200	72,700	73,400
Occupancy (2)	79 %	79 %	72 %
ADR (2)	\$ 962	\$ 970	\$ 935
Total			
Paid Nights Delivered (1)	90,500	106,600	103,300
Total Nights Delivered (1)	143,000	187,600	185,000
Occupancy (2)	85 %	80 %	72 %
ADR (2)	\$ 1,364	\$ 1,513	\$ 1,464

(1) Includes net-rate hotel nights.

(2) Excludes net-rate hotel nights as we purchase individual nights but do not have a total number of nights obligation.

Travel revenue is generally recognized when travel occurs. Amounts that have been billed are initially recorded as deferred revenue until recognized when travel occurs. We derive our travel revenue by charging a useful measure. In addition, revenues nightly rate for stays at our portfolio of residence and hotels. For residence and hotel trips, a service charge is also included. Travel revenue also includes amounts collected from certain legacy fees when a trip is cancelled. A portion of travel revenue comes from customers who do not have Subscriptions; these customers include IFG and IFB customers as well as individuals who receive trial subscriptions may be higher or lower than our then-current annualized subscription rate under promotions with partners, such as a result Exclusive Resorts. We also earn revenue from *Inspirato Only* experiences and *Bespoke* trips.

Our travel revenue and operating results are impacted by the number of previously offered or contractual renewal rates. Contracts related trips that we are able to deliver to our *Inspirato* members as well as the rates we charge for *Good* stays. Our revenue management team establishes nightly rates to optimize desired occupancy and *Inspirato for Business* offerings are excluded from our ARR calculation. Our ARR was \$91 million, \$135 million and \$161 million at December 31, 2020, 2021 and 2022, respectively.

Before the launch of *Inspirato Pass* and the new *Inspirato Club* subscriptions, approximately 15% of our subscription revenue was from enrollment fees. Since the launch of those products in late 2019 and 2020 enrollment fee revenue as a percentage of subscription revenue has declined to under 1% in both the years ended December 31, 2021 and 2022. As the amount of our subscription revenue that comes from enrollment fees has declined, the difference between ARR and subscription revenue has decreased. Our subscription revenue as a percentage of total revenue decreased from approximately 55% for the year ended December 31, 2020, to 43% for the year ended December 31, 2021, to 42% for the year ended December 31, 2022. This was in part due to increased nightly travel from 2020 to 2022. ARR does not have a standardized meaning and therefore may not be comparable to similarly titled measures presented by other companies in the luxury travel industry or that have subscription-based models.

Key Other Factors Affecting Our Performance and Trends and Uncertainties

We believe that the growth and future success of our business depend on many factors, including those from the Key Business Factors discussed above. While each of these factors presents significant opportunities for our business, they also pose important challenges that we have to successfully address in order to continue to grow our business and further improve our results of operations.

COVID-19 Pandemic Cost and Expense Management

Since early 2020, the COVID-19 pandemic severely restricted the level of economic activity around the world and had an unprecedented effect on the global hospitality and travel industries. The COVID-19 pandemic had a materially adverse impact on our results of operations and financial condition for the years ended December 31, 2020 and 2021. Revenues declined as a result of reduced travel and management undertook cost reduction methods in response. No impairments were recorded during the periods presented. Revenue includes costs directly related to the COVID-19 pandemic. While COVID-19 continues to impact the world, our members as well as depreciation and amortization related to leasehold improvements and equipment at residences. These direct costs include payments for properties we lease, operating and maintenance costs of those properties, including on-site service personnel costs, costs paid to our hotel partners for member stays, and booking costs from *Inspirato Only* through December 31, 2022 experiences and Bespoke trips. We generally expect cost of revenue to vary as restrictions were lifted across travel destinations, revenues recovered a percentage of revenue from period to pre-pandemic levels. COVID-19 may continue to materially adversely impact our business operations, results of operations and liquidity in the near term. While our revenue has been gradually improving since the third quarter of 2020, the extent of the recovery is uncertain and will be largely dependent on the resurgence of cases relating to the spread of new variants. Our rapid management of expenses, together with our existing cash position, and the Paycheck Protection Program ("PPP") loan helped us prudently manage our business through the effects of the pandemic during 2020 and allowed us to invest in the business in 2021 and 2022 as travel restrictions eased and travel demands increased. The PPP Loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and was administered by the Small Business Administration (SBA).

Through the course of 2021 and 2022, both subscriber demand for travel and our occupancy rates increased compared to the pre-pandemic levels of 2019. Our subscriber counts also returned to pre-pandemic levels. During the height of the pandemic, while travel restrictions were at their tightest, we took measures to maintain our subscriber base. Once restrictions eased, we experienced an increase in travel demand we believe was the result of a shift in consumer prioritization of safety, and a resulting change in the way people travel, with *Inspirato* well positioned to benefit from these shifts. The post-pandemic recovery in the economy and in the travel industry has increased our subscription and travel revenue as a result of pent-up travel demand. The trends in recovery continue to vary by region due to a variety of factors and the extent and duration of the impact of the COVID-19 pandemic over the longer term remain uncertain and dependent on future developments that cannot be accurately predicted at this time, including the impact of these and other factors on travel behavior in general, and on our business in particular.

Subscribers and Subscriptions

Our subscription revenue and operating results are impacted by our ability to attract and maintain subscribers. Increasing our subscriber base increases our revenues, gross margin and Adjusted EBTIDA. We are continually working on improving our subscription offerings and the trips available on our *Inspirato* Pass list to make our subscription products more appealing to current and potential subscribers.

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Travel

Our travel revenue and operating results are impacted by the number of trips that we are able to earn. We expect cost of revenue to deliver to decrease in the near-term as we reduce our subscribers and members as well as the rates we charge for stays. Our revenue management team establishes nightly rates to achieve desired occupancy and revenue.

Cost and Expense Management portfolio of properties.

Our operating results are impacted by our ability to manage these costs and expenses and achieve a balance between making appropriate investments to retain and grow subscribers while members and driving increased profitability. We are working on finding more opportunities to enhance gross margin and operate more efficiently, including reducing costs by bringing in additional housekeeping, concierge, property management, operational and other services in-house above what is already in-house. Additionally, we portfolio optimization

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actions. We conducted a 12% workforce reduction in January of 2023 and a further 6% workforce reduction in July of 2023 in order to further manage costs. For more information, see the risk factor titles “Actions that we are taking to review and optimize our business in alignment with our strategic priorities may not be as effective as anticipated.” in this Annual Report on Form 10-K. We believe these opportunities will increase as our business grows and as we increase the number of properties in certain areas and thus, lower the cost of revenue.

Macroeconomic and Geopolitical Conditions

The travel industry is volatile and affected by economic cycles and trends. Travel is typically discretionary for subscribers and customers and may be affected by negative trends in the economy. Adverse macroeconomic and geopolitical conditions have impacted our business and may impact us in future periods. These conditions include but are not limited to In recent periods, we have been affected by, among other things, the Russian invasion of Ukraine, the war between Israel and Hamas, inflation, labor shortages, fluctuations in fuel prices, changes in governmental regulations, safety concerns, foreign currency fluctuations, and rising interest rates and reduced consumer confidence resulting in lower consumer spending.

Seasonality

Our travel revenues are seasonal, reflecting typical travel behavior patterns of travelers over the course of the calendar year. In a typical year, the first, third, and fourth quarters have higher travel revenues than the second quarter. Our subscription services are seasonal to the extent that interest from potential new subscribers members tends to also follow travel revenue, however revenue. However, revenues from existing subscribers members are not impacted by seasonality.

Our key metrics, results, including total revenues, Adjusted EBITDA and Free Cash Flow (as defined below), are also impacted by the timing of holidays and other events. Holidays and other events generally increase the rates we are able to charge for travel which results in higher gross margin. The majority of our costs are relatively fixed across quarters.

Key Components

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Results of operations

The following table sets forth our Consolidated Statements of Operations for the years ended December 31, 2022 and 2023 (in thousands, other than percentages):

	Year ended December 31,		Percent	
			Amount of increase (decrease)	change favorable (unfavorable)
	2022	2023		
Revenue	\$ 345,530	\$ 329,100	\$ (16,430)	(5)%
Cost of revenue	228,401	233,942	5,541	(2)%
Asset impairments	925	40,844	39,919	n/m
Gross margin	\$ 116,204	\$ 54,314	\$ (61,890)	(53)%
Gross margin percent	34%	17%	(17)pp	(51)%
General and administrative (1)	\$ 65,807	\$ 72,117	\$ 6,310	(10)%
Sales and marketing (1)	39,368	32,884	(6,484)	16 %
Operations (1)	42,372	28,125	(14,247)	34 %
Technology and development (1)	14,219	11,330	(2,889)	20 %
Depreciation and amortization	3,191	3,773	582	(18)%

Interest, net	188	1,133	945	(503)%
(Gain) loss on fair value instruments	1,696	(2,368)	(4,064)	240 %
Other (income) expense, net	(355)	457	812	(229)%
Loss and comprehensive loss before income taxes	(50,282)	(93,138)	(42,856)	(85)%
Income tax expense	799	721	(78)	10 %
Net loss and comprehensive loss	\$ (51,081)	\$ (93,859)	\$ (42,778)	(84)%

n/m - non-meaningful

pp - percentage point

(1) Note the balances presented for cost of revenue, general and administrative, sales and marketing, operations and technology and development for the year ended December 31, 2022 have been adjusted to reflect the current year's presentation of the allocation of stock-based compensation. This change impacted gross margin for the year ended December 31, 2022. This change did not impact the loss before income taxes but, rather, was a reclassification between the financial statement line items. See the reclassification of prior year presentation footnote within Note 2 – Significant Accounting Policies in the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for more information.

Comparison of the years ended December 31, 2022 and 2023:

Revenue. Total revenue decreased \$16.4 million from \$345.5 million for the year ended December 31, 2022 to \$329.1 million for the year ended December 31, 2023, a decrease of 5%. Disaggregated revenue for the years ended December 31, 2022 and 2023 is as follows (in thousands, other than percentages):

	Year ended December 31,		Amount of increase (decrease)	Percent change favorable (unfavorable)
	2022	2023		
Travel	\$ 198,925	\$ 190,271	\$ (8,654)	(4)%
Subscription	145,651	137,606	(8,045)	(6)%
Rewards and other revenue	954	1,223	269	28 %
Total	\$ 345,530	\$ 329,100	\$ (16,430)	(5)%

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We derive our travel revenue from our travel operations, including per trip, nightly and service fees charged to our subscribers, guests per trip, our experiences, and Bespoke travel. A portion of travel revenue comes from guests who are not Active Subscribers. These guests include individuals who receive trial subscriptions under promotions with partners, including Wheels Up, Exclusive Resorts and others. Travel revenue related to stays in our residences is higher than travel revenue related to stays at our hotel partners because our residences generally have higher average nightly rates, as residences are typically larger and accommodate more guests than hotel rooms. In decreased by \$8.7 million from \$198.9 million for the year ended December 31, 2020, we delivered 56,000 nights in our residences and 28,400 nights in hotel rooms. In December 31, 2022 to \$190.3 million for the year ended December 31, 2021 December 31, 2023, we a decrease of 4%, primarily as a result of a 3% decrease in paid

nights delivered 95,994 resulting in a \$6.2 million decrease to travel revenue as well as a 1% decrease in the ADR recognized for those paid nights resulting in our residences and 47,198 nights in hotel rooms. Additionally, in a \$2.5 million decrease to travel revenue.

Subscription revenue decreased by \$8.0 million from \$145.7 million for the year ended December 31, 2022 to \$137.6 million for the year ended December 31, 2023, a decrease of 6%, primarily as a result of decreases in *Pass* and *Legacy* Subscription revenue of \$10.8 million and \$3.6 million, respectively, partially offset by increases in *IFG/IFB* and *Club* Subscription revenue of \$5.6 million and \$1.3 million, respectively. The *Pass* and *Legacy* Subscription revenue decreases were driven primarily by a 31% and 16%, respectively, decrease in the number of Subscriptions, each of which was partially offset by an increase in the revenue recognized per Subscription. The number of *Legacy* Subscriptions will remain flat or decrease in future periods as we delivered 114,927 nights no longer offer *Legacy* Subscriptions. The *Club* Subscription revenue increase is primarily from a 10% increase in the number of Subscriptions partially offset by a decrease in the recognized revenue per Subscription. The \$5.6 million increase in Subscription revenue from *IFG/IFB* are from the launch of the program in the third quarter of 2022 as compared to the full year of the program in 2023.

Rewards and other revenue increased by \$0.3 million. The increase was primarily the result of estimated usage and breakage related to *Rewards*, our residences and 73,084 nights member loyalty program, which was launched in hotel rooms. Travel revenue is generally recognized when travel occurs and amounts billed are initially recorded as deferred revenue until recognized when travel occurs. August of 2023.

Cost of revenue revenue.

Cost of revenue includes costs directly related increased \$5.5 from \$228.4 million for the year ended December 31, 2022 to delivering travel to our subscribers and guests as well as depreciation and amortization related to leasehold improvements and equipment at residences. These costs include payments \$233.9 million for properties we the year ended December 31, 2023, an increase of 2%. This increase was primarily a result of net increases in lease operating and maintenance costs of those properties, including on-site service personnel costs \$7.5 million due to an increase in the number of property leases entered into prior to 2023 for which lease terms commenced during 2023, partially offset by decreases in booking fees of \$5.9 million during the year ended December 31, 2023 as well as costs paid compared to our hotel partners for subscriber stays. We expect our the year ended December 31, 2022. Additionally, depreciation expense included in cost of revenue will continue increased \$3.9 million from \$2.2 million to increase \$6.1 million.

Asset impairments. Asset impairments increased \$39.9 million from \$0.9 million for the foreseeable year ended December 31, 2022 to \$40.8 million for the year ended December 31, 2023. During the year ended December 31, 2023, we identified 63 leases for which the right-of-use assets and related property and equipment had net carrying values that exceeded their estimated fair value as determined by their estimated discounted future due cash flows. Most of these leases were related to inflation, escalation clauses one group of underperforming properties in leases, increased operating costs a single geographic location. Based on this information, we recorded right-of-use asset impairments of \$40.5 million and property plant and equipment impairments of \$0.3 million for the addition of properties. Cost of revenue may vary as a percentage of revenue from period to period based on the number of properties that we have under lease, and the mix of subscription and travel revenue that we earn.

Gross margin

Our gross margin may fluctuate from period to period based on the number and type of subscribers, types of trips taken and nightly rates charged. We generally expect our gross margin to increase or decrease in both the near term and long term with increases or decreases in subscriber counts, nightly rates and occupancy rates.year ended December 31, 2023.

General and administrative administrative.

General and administrative expenses include costs related increased \$6.3 million from \$65.8 million for the year ended December 31, 2022 to our overall operations, including executive management, finance and accounting, legal, people operations and corporate information services. \$72.1 million for the year ended December 31, 2023, an increase of 10%. General and administrative expenses also include all equity-based headcount decreased due to the reductions in workforce in 2023 but the related cost savings were offset by severance charges of \$2.9 million which were not incurred in the prior year. Equity-based compensation costs related to all employees. We expect to continue to incur additional included in general and administrative increased \$3.4 million from \$6.2 million for the year ended December 31, 2022 to \$9.6 million for the year ended December 31, 2023 due the acceleration of equity awards upon the departure of certain members of the executive management team and incremental equity grants. The remainder of the increase from the year ended December 31, 2022 to December 31, 2023 was due to increased professional service fees and compliance costs including increases in corporate insurance premiums.

Sales and marketing. Sales and marketing expenses decreased \$6.5 million from \$39.4 million for the year ended December 31, 2022 to \$32.9 million for the year ended December 31, 2023, a decrease of 16%, primarily due to reduced spending on marketing of \$8.3 million as part of our cost savings initiatives. This was partially offset by a net increase for salaries within sales and marketing of \$1.1 million from the transfer of employees from operations to sales in May of 2023 which was partially offset by the reductions in workforce for 2023 as well. Additionally, equity-based

compensation included in sales and marketing increased \$0.7 million from \$0.8 million for the year ended December 31, 2022 to \$1.5 million for the year ended December 31, 2023 as additional awards were issued during the year ended December 31, 2023.

Operations. Operations expenses decreased \$14.2 million from \$42.4 million for the year ended December 31, 2022 to \$28.1 million for the year ended December 31, 2023, a decrease of 34%, primarily due to a decrease in operations staff as a result of operating as a public company, including expenses to comply with the rules and regulations of the SEC and stock exchange, reductions in workforce during 2023, as well as higher expenses for corporate insurance, director and officer insurance, investor relations and professional services. Overall, we expect general and administrative costs will vary the transfer of employees from period to period as a percentage of sales in May of revenue for the foreseeable future. 2023.

Sales and marketing expenses include costs related to the sales and marketing of our products, including personnel related costs, as well as costs paid for advertising and lead generation. We expect sales and marketing expense will decline as a percentage of revenue for the foreseeable future.

Operations

Operations expenses include costs related to providing, acquiring and overall management of our properties as well as providing subscriber services. These costs include the cost of personnel working in our subscriber services teams, real estate development teams and the cost of subscriber benefits including lounges and events. We expect operations to increase on an absolute dollar basis for the foreseeable future to the extent that we continue to expand our property offerings.

Depreciation and amortization

Depreciation and amortization expense primarily consist of depreciation of property and equipment including furniture and fixtures, as well as amortization of capitalized internal-use software development costs.

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Technology and development

Technology and development expenses include costs related to the development of our technology that supports our products, including website and app development and ongoing maintenance. These costs include the costs of personnel working on our development teams. We expect technology and development costs to increase on an absolute dollar basis for the foreseeable future to the extent that we continue to develop and expand our product offerings.

Interest, net

Interest consists primarily of interest expense incurred on our revolving credit facility (the "Revolver") net of interest income earned on cash holdings.

Warrant fair value losses (gains)

Warrant fair value gains or losses consist of the periodic change in the fair value of warrant liabilities. The fair value of the liability is evaluated at the end of each period and the gain or loss flows is recognized.

Results of operations

The following table sets forth our consolidated results of operations for the years ended December 31, 2020, 2021, and 2022:

For the year ended December 31,				Amount of	Percent change	Amount of	Percent change
				increase	favorable	increase	favorable
	2020	2021	2022	(decrease)	(unfavorable)	(decrease)	(unfavorable)
(in thousands, except percentages)							

Revenue	\$ 165,590	\$ 234,747	\$ 345,530	\$ 69,157	42 %	\$ 110,783	47 %
Cost of revenue	100,599	152,747	229,287	52,148	(52)%	76,540	(50)%
Gross margin	64,991	82,000	116,243	17,009	26 %	34,243	42 %
Gross margin percent	39 %	35 %	34 %	(4) pp	(11)%	(1) pp	(4)%
General and administrative (including equity-based compensation of \$2,790, \$3,258 and \$8,802 in 2020, 2021 and 2022, respectively)	25,940	50,477	68,383	24,537	(95)%	17,906	(35)%
Sales and marketing	14,764	27,821	38,540	13,057	(88)%	10,719	(39)%
Operations	18,814	26,814	41,267	8,000	(43)%	14,453	(54)%
Technology and development	2,787	4,914	13,615	2,127	(76)%	8,701	(177)%
Depreciation and amortization	2,898	2,619	3,191	(279)	10 %	572	(22)%
Interest, net	542	635	188	93	(17)%	(447)	70 %
Warrant fair value (gains) losses	(214)	456	1,696	670	(313)%	1,240	(272)%
Gain on forgiveness of debt	—	(9,518)	—	(9,518)	n/m	9,518	(100)%
Other income, net	—	—	(355)	—	n/m	(355)	n/m
Loss and comprehensive loss before income taxes	(540)	(22,218)	(50,282)	(21,678)	n/m %	(28,064)	(126)%
Income tax expense	—	—	799	—	n/m	799	n/m
Net loss and comprehensive loss	\$ (540)	\$ (22,218)	\$ (51,081)	\$ (21,678)	n/m %	(28,863)	(130)%

n/m - non-meaningful

pp - percentage point

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Comparison of the years ended December 31, 2021 and 2022:

Revenue. Total revenue increased \$111 million from \$235 million for the year ended December 31, 2021 to \$346 million for the year ended December 31, 2022, an increase of 47%, primarily in response to the increase in demand for travel in 2022 over the same period in 2021 as a result of easing travel restrictions from the COVID-19 pandemic, an increase in subscriber counts and bookings, as well as in response to increased marketing initiatives.

Subscription revenue increased by \$46 million from \$100 million for the year ended December 31, 2021 to \$146 million for the year ended December 31, 2022, an increase of 46%, primarily as a result of continued growth of the subscriber base and the continued growth of the **Inspirato Pass** and new **Inspirato Club** subscriptions which were launched in 2019. These new subscription products have a significantly lower enrollment fee than prior subscription products, which has contributed to an increase in overall subscription sales. Also, the new subscription products have higher per subscriber annual revenues than legacy products. We had 14,875 and 16,051 Active Subscriptions at December 31, 2021 and 2022, respectively.

Travel revenue increased by \$65 million, from \$134 million for the year ended December 31, 2021 to \$199 million for the year ended December 31, 2022, an increase of 48%, primarily due to loosening of COVID-19 related travel restrictions driving an increase in travel demand and an increase in subscriber count.

Cost of revenue. Cost of revenue increased \$77 million from \$153 million for the year ended December 31, 2021 to \$229 million for the year ended December 31, 2022, an increase of 50%. This increase was primarily a result of higher direct travel costs resulting from increased travel. Lease payments on properties also increased due to the addition of new properties. Additionally, we incurred \$0.9 million in asset impairment costs related to our leased portfolio. Our gross margin increased \$34 million from \$82 million for the year ended December 31, 2021 to \$116 million for the year ended December 31, 2022. The gross margin percentage decreased from 35% for the year ended December 31, 2021 to 34% for the year ended

December 31, 2022 due largely to an increase in expenses related to additional properties in our vacation portfolio that outpaced growth in our subscriber base and an increased volume of nightly travel stays.

General and administrative. General and administrative expenses excluding equity-based compensation increased \$12 million from \$47 million for the year ended December 31, 2021 to \$60 million for the year ended December 31, 2022, an increase of 26%. General and administrative employees were 152 and 147 at December 31, 2021 and 2022, respectively. Overall, our average headcount and costs increased to accommodate growth within the business due to increased subscriber base, software system upgrades and costs incurred as a result of operating as a publicly traded company. Our equity-based compensation increased \$5.5 million from \$3.3 million for the year ended December 31, 2021 to \$8.8 million for the year ended December 31, 2022, an increase of 170%, as a result of new grants made in the second quarter of 2022 for which expense began to be recognized during the year ended December 31, 2022.

Transaction costs included in general and administrative. The Company incurred \$25 million in transaction costs related to the Business Combination during the year ended December 31, 2022, consisting of banking, legal and other professional fees, of which \$24 million was recorded as a reduction to additional paid-in capital and the remaining \$1.1 million was expensed within general and administrative expenses.

Sales and marketing. Sales and marketing expenses increased \$11 million from \$28 million for the year ended December 31, 2021 to \$39 million for the year ended December 31, 2022, an increase of 39%, due to increased spending on television advertising, digital advertising, paid search advertising, and social media advertising as well as the hiring of additional sales and marketing team members. Sales and marketing employees were 156 and 189 at December 31, 2021 and 2022, respectively.

Operations. Operations expenses increased \$14 million from \$27 million for the year ended December 31, 2021 to \$41 million for the year ended December 31, 2022, an increase of 54%, primarily due to an increase in operations staff required to service our growing customer base and increase in demand for travel. Operations employees were 303 and 470 at December 31, 2021 and 2022, respectively.

Technology and development. Technology and development expenses increased \$8.7 million decreased \$2.9 million from \$4.9 million \$14.2 million for the year ended December 31, 2021 December 31, 2022 to \$14 million \$11.3 million for the year ended December 31, 2022, an increase December 31, 2023, a decrease of 177% 20%, primarily due to increased

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investments \$1.6 million as a result of the reductions in product development and strategic growth initiatives. Technology and development employees were 55 and 98 at December 31, 2021 and 2022, respectively workforce during 2023. Additionally, we reduced software spend for the year ended December 31, 2023 by \$1.3 million as compared to the year ended December 31, 2022.

Depreciation and amortization. Depreciation and amortization expenses increased \$0.6 million from \$2.6 million for the year ended December 31, 2021 to \$3.2 million for the year ended December 31, 2022 to \$3.8 million for the year ended December 31, 2023, an increase of 22% 18%, primarily due to recent property and equipment purchases continued investment in conjunction with furnishing a growing leased property portfolio over the year ended December 31, 2022. upkeep of our lease portfolio.

Interest, expense, net. Interest expense, decreased 55% net increased \$0.9 from \$0.6 million for the year ended December 31, 2021 to \$0.2 million for the year ended December 31, 2022 to \$1.1 million for the year ended December 31, 2023, primarily due to debt issuance costs and interest expense of \$2.4 million incurred in relation to the Company's pay-off of its Revolver early Note. The increase in the third quarter of 2022. Additionally, the decrease interest expense was in part due to partially offset by an increase in interest income from \$4 thousand for the year ended December 31, 2021 to \$100 thousand for the year ended December 31, 2022, of \$1.3 million primarily due to the Company's receipt of interest in relation to on our cash investments.

Change in (Gain) loss on fair value of common stock warrant liability, instruments. Warrant Gains and losses on fair value instruments changed from losses increased from \$0.5 \$1.7 million for the year ended December 31, 2021 December 31, 2022 to gains of \$2.4 million for the year ended December 31, 2023, a net change of \$4.1 million. Warrant fair value loss was \$1.7 million for the year ended December 31, 2022, an increase of 272%. See Note 13 - Warrants in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K and a \$0.8 million gain for more information.

Gain on forgiveness of debt. During the year ended December 31, 2020 December 31, 2023, we received a PPP loan in the amount of \$2.5 million. The fair value gain recognized on the amount of \$9.4 million with a maturity date of April 2022. We submitted a request for forgiveness of the entire loan balance in September 2020, and in June 2021, we received notice from the SBA that the loan was forgiven and the SBA repaid the lender on our behalf. We recorded a gain on forgiveness of \$9.5 million in June 2021, representing the principal amount of the loan and accrued interest through the forgiveness date.

Other income. During \$1.6 million during the year ended December 31, 2022, we recorded non-operating income related to a one-time payment of \$0.6 million. This amount was offset by miscellaneous non-operating expenses incurred December 31, 2023 and there were no debt fair value adjustments during 2022, the year ended December 31, 2022.

Income tax expense. Our Income tax expense decreased \$0.1 million from \$0.8 million for the year ended December 31, 2022 to \$0.7 million for the year ended December 31, 2023, primarily due to reduced foreign income tax expense consists of an estimate \$0.1 million for foreign taxes based on enacted rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities and changes in the tax law. year ended December 31, 2023. We continue to maintain a valuation allowance against the full value of our net deferred tax assets because we believe it is more likely than not that the recoverability of these deferred tax assets will not be realized. For periods prior to the Business Combination, Spirato LLC was treated as a partnership for U.S. federal income tax purposes and as such did not record income tax expense.

Comparison of the years ended December 31, 2020 and 2021:

Revenue. Total revenue increased \$69 million from \$166 million for the year ended December 31, 2020 to \$235 million for the year ended December 31, 2021, an increase of 42% primarily due to an increase in demand for travel following the COVID-19 pandemic outbreak, the loosening of COVID-19 pandemic travel restrictions, new Spirato product offerings, and an increase in active subscriptions.

Subscription revenue increased by \$8 million from \$92 million for the year ended December 31, 2020 to \$100 million for the year ended December 31, 2021, an increase of 9%, as a result of launching the Spirato Pass subscription product in late 2019 and the new Spirato Club subscription product in 2020. These new subscription products have a significantly lower enrollment fee than prior subscription products and this resulted in an increase in overall subscription sales. Also, the new subscription products have higher per subscriber annual revenues than legacy products. At December 31, 2020, we had 12,631 compared to 14,875 Active Subscriptions at December 31, 2021. In addition, we offered more discounts to subscribers in the year ended December 31, 2020 to retain members during the pandemic than in the year ended December 31, 2021.

Travel revenue increased by \$60 million from \$74 million in the year ended December 31, 2020 to \$134 million for the year ended December 31, 2021, an increase of 81%, primarily due to loosening of travel restrictions and increase in travel demand.

Cost of revenue. Cost of revenue increased \$52 million from \$101 million in the year ended December 31, 2020 to \$153 million in the year ended December 31, 2021, an increase of 52%. This increase was primarily a result of higher direct travel costs resulting from increased travel as a result of higher travel demand and loosened travel restrictions. Lease payments on properties we lease also increased year over year. Many of our lease agreements include force majeure clauses which enabled us to not make payments on those leases when the related properties were not in use due to the COVID-19 pandemic. The exercise of force majeure clauses was

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largely isolated to the year ended December 31, 2020. Our gross margin decreased from 39% in the year ended December 31, 2020 to 35% in the year ended December 31, 2021 due largely to the force majeure exercises in the year ended December 31, 2020 and the subsequent increase in lease payments in the year ended December 31, 2021.

General and administrative. General and administrative expenses excluding equity-based compensation increased \$24 million from \$23 million for the year ended December 31, 2020 to \$47 million for the year ended December 31, 2021, an increase of 104%. General and administrative employees were 108 and 152 at December 31, 2020 and 2021, respectively. Overall our headcount and costs increased to accommodate increased travel demand and to prepare for becoming a publicly traded company. Our equity-based compensation increased \$0.5 million from \$2.8 million for the year ended December 31, 2020 to \$3.3 million for the year ended December 31, 2021, an increase of 17%, as a result of new grants made in the 2021 for which expense was recognized during the year ended December 31, 2021.

Sales and marketing. Sales and marketing expenses increased \$13 million from \$15 million in the year ended December 31, 2020 to \$28 million in the year ended December 31, 2021, an increase of 88%, due to an increase in travel demand, higher subscription activity and increased marketing

efforts. Sales and marketing employees were 72 and 156 at December 31, 2020 and 2021, respectively.

Operations. Operations expenses increased \$8.0 million from \$19 million for the year ended December 31, 2020 to \$27 million for the year ended December 31, 2021, an increase of 43%. This was due to the increase in travel demand and indirect travel related costs returning to pre-pandemic levels. Operations employees were 282 and 303 at December 31, 2020 and 2021, respectively.

Technology and development. Technology and development expenses increased \$2.1 million from \$2.8 million for the year ended December 31, 2020 to \$4.9 million for the year ended December 31, 2021, an increase of 76%, due largely to increased investment in our information technology infrastructure, which was driven by an overall increase in travel demand.

Depreciation and amortization. Depreciation and amortization expenses decreased \$0.3 million from \$2.9 million for the year ended December 31, 2020 to \$2.6 million for the years ended December 31, 2021, a decrease of 10%. The decrease was primarily due to a slowing of furniture purchases during the COVID-19 pandemic and reduction in capitalized costs year over year.

Interest expense, net. Interest expense increased \$0.1 million from \$0.5 million in the year ended December 31, 2020 to \$0.6 million in the year ended December 31, 2021, an increase of 17%, due to interest incurred on the PPP loan and slightly higher borrowings against the Company's line of credit.

Gain on forgiveness of debt. See *Gain on forgiveness of debt* discussion, above, at comparison of the year ended December 31, 2021 and 2022.

Liquidity and Capital Resources

Overview

As of December 31, 2023, we had \$36.6 million of cash and cash equivalents and \$5.7 million of restricted cash. We believe our cash and cash equivalents on hand will be sufficient to meet our projected working capital and capital expenditure requirements for a period of at least the next twelve months.

Our principal sources of liquidity have historically consisted of our operations cash flow from financing activities as well as operating activities, primarily from subscription Subscription and travel revenue as well as our financing activities, including borrowings under our Revolver. In connection revenue. On September 29, 2023, we sold and issued the Note maturing September 29, 2028 with the closing of the Business Combination, we raised \$90 million of gross proceeds. Additionally, we incurred \$25 million in transaction costs during the year ended December 31, 2022, consisting of banking, legal and other professional fees, of which \$24 million was recorded as a reduction to additional paid-in capital and the remaining \$1.1 million was expensed. The total net cash proceeds to us were \$66 million. On April 7, 2022, we issued 490,197 shares of Class A Common Stock to the Sponsor for net proceeds of \$5.0 million approximately \$23.1 million. We intend to use the net proceeds received from the Business Combination to fund our operating cash needs and for continued investments are in our growth strategies.

As of December 31, 2022, we had \$80 million of cash and cash equivalents, \$1.7 million of restricted cash and no amounts drawn compliance with all covenants under the Revolver. Note. For additional information on the Note, refer to "Overview—Capital One Ventures Strategic Partnership and Investment" above.

In July of 2022, we repaid all amounts drawn on the Revolver. The Company was not in compliance with the covenants on the Revolver at December 31, 2022 and had not been in compliance since May 2022.our revolving credit facility. In March of 2023, the Company terminated the Revolver. facility.

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Since inception, we We have consistently generally maintained a working capital deficit, in which our current liabilities exceed our current assets, primarily due to our significant deferred revenue balance. In addition, we also have significant deferred revenue related to travel and Subscriptions that is are paid in advance but not yet taken. taken or consumed. Our cash needs vary from period to period primarily based on the timing of travel and sales promotions.

Our future capital requirements will depend on many factors including our rate of subscriber member and revenue growth, travel bookings, addition change in the number of new residences and properties, other initiatives including the timing and extent success of spending on

residences and other growth initiatives and overall economic conditions. Providing incentives or promotions for booking travel can and has historically increased our liquidity.

We believe our cash and cash equivalents on hand will be sufficient to meet our projected working capital and capital expenditure requirements for a period of at least the next 12 months.

The following table sets forth general presents summarized information derived from our consolidated statements Consolidated Statements of cash flows: Cash Flows for the years ended December 31, 2022 and 2023 (in thousands):

	For the year ended December 31,			Year ended December 31,	
	2020	2021	2022	2022	2023
	(in thousands)				
Net cash provided by (used in) operating activities	\$ 11,579	\$ 28,755	\$ (45,689)	\$ (45,689)	\$ (51,393)
Net cash used in operating activities					
Net cash used in investing activities	(3,892)	(4,016)	(14,270)	(14,270)	(12,124)
Net cash provided by (used in) financing activities	16,550	(8,787)	58,945		
Net increase (decrease) in cash and cash equivalents	\$ 24,237	\$ 15,952	\$ (1,014)		
Net cash provided by financing activities				58,945	23,844
Net decrease in cash and cash equivalents				Net decrease in cash and cash equivalents \$ (1,014)	\$ (39,673)

We may seek additional equity or debt financing in the future. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies, our competitive position could weaken, and our business, financial condition and results of operations could be adversely affected. As of December 31, 2022 and as of the date of this filing, the Company had no deposits with Silicon Valley Bank, Signature Bank or Silvergate Bank.

Cash Flows

Comparison of the years ended December 31, 2021 December 31, 2022 and 2022 2023

Cash flows provided by (used in) used in operating activities. Cash flow from used in operating activities decreased increased from providing \$29 million \$45.7 million in 2021 2022 to using \$46 million \$51.4 million in 2022, 2023. This decrease increase was primarily due to the changes in current assets and liabilities which provided \$53 million in 2021 compared to using \$10 million in 2022. This was primarily the result driven by a net loss of \$93.9 million, decreases of \$13.6 million in deferred revenue, and accounts payable, in addition to a change in net decrease between lease liability as a result and amortization of payments on lease agreements. Additional reasons for the decrease include an increased focus on obtaining longer term memberships over the past year, resulting right-of-use assets of \$2.2 million, and decreases in an increase in payments other working capital items of deposits. \$7.0 million, partially offset by asset impairments totaling \$40.8 million, equity-based compensation of \$13.7 million, and depreciation and amortization of \$10.6 million.

Cash flows used in investing activities. Cash used in investing activities decreased from \$14.3 million in 2022 to \$12.1 million in 2023. The decrease was \$4.0 million in 2021 driven by lower expenditures for property and \$14 million in 2022. We incurred equipment of \$2.5 million partially offset by higher expenditures for leasehold improvements as the number related to ongoing internal software development projects of net new added properties to our lease portfolio increased from 93 added during the year ended December 31, 2021 to 134 added during the year ended December 31, 2022 \$0.4 million.

Cash flows (used in) provided by financing activities. Cash flow from provided by financing activities increased decreased from using \$8.8 million \$58.9 million in 2021 2022 to providing \$59 million \$23.8 million in 2022, 2023. The primary reason for decrease was primarily due to the increase was \$90 million in proceeds received as a result of the Business Combination, one-time reverse recapitalization during 2022 and was partially offset by \$24 million used the proceeds from the Note in the payment of costs and repayment of debt related to the Business Combination. 2023.

Cash flows provided by operating activities. Cash flow from operating activities increased from \$12 million in 2020 to \$29 million in 2021. This increase was primarily due to the changes in current assets and liabilities which provided \$5 million in 2020 compared to providing \$53 million in 2021. This was primarily the result of a significant increase in deferred revenue and higher accounts payable balances. Increased travel demand and investment in our business operations drove an increase for both categories.

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Use of Cash and Contractual Obligations

We expect to meet our cash requirements for the next twelve months through use of our available cash and cash equivalents and cash flows from operating activities. We expect to meet our long-term cash requirements with cash flows from operating and financing activities, including, but not limited to potential future issuances of debt or equity. Our primary uses of cash are for operating expenses, lease payments and capital expenditures.

Our future commitments consist of obligations under the Note (including principal and coupon interest) and operating leases, primarily for vacation properties and our corporate headquarters. The leases may require us to pay taxes, insurance, utilities and maintenance costs. We have been undergoing a lease optimization process whereby we have renegotiated certain leases and terminated certain leases, depending on the individual lease situation. See Note 9 – Leases in our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Future minimum annual commitments under these operating leases as of December 31, 2023 are as follows (in thousands):

Years ending	December 31,
2024	\$ 79,749
2025	64,655
2026	47,853
2027	35,770
2028	27,477
2029 and thereafter	70,703
Total minimum lease payments	\$ 326,207

As of December 31, 2023, the Company was party to 21 leases that had not yet commenced. Future payments under these leases were \$28.1 million at December 31, 2023.

The \$25 million Note is an unsubordinated secured obligation of the Company. The Note bears interest at a fixed rate of 8% per annum. Interest on the Note is payable quarterly on the last business day of each calendar quarter following the issuance of the Note and is payable at the election of the Company in cash resulting from changes or in assets and liabilities was partially offset kind by a \$30 million decrease in net income excluding depreciation, amortization, warrant fair value adjustments, equity-based compensation, and gain increasing the outstanding principal amount of the Note by the amount of interest payable on forgiveness such interest payment date. The Note will mature on September 29, 2028, subject to earlier conversion, redemption or repurchase.

Our revolving credit facility had no amounts drawn as of debt.

Cash flows used in investing activities. Cash used in investing activities was approximately \$4 million in both 2020 and 2021. While we incurred less costs for internally developed software in 2021, this was largely offset by higher expenditures for leasehold improvements as new properties were added to our lease portfolio.

Cash flows (used in) provided by financing activities December 31, 2022. The loan Company was not in compliance with the covenants under the facility at December 31, 2022 and had a balance not been in compliance since May of \$13 million outstanding on December 31, 2021 compared to \$14 million outstanding at December 31, 2020. We redeemed \$7.7 million 2022. The Company repaid all amounts borrowed under the facility in preferred July of 2022 and common units terminated the facility in March of 2023.

Non-GAAP Financial Metrics

In addition to our results determined in accordance with GAAP, we use Adjusted Net Loss, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts,

to evaluate the effectiveness of our business strategies and to communicate with our board of directors Board concerning our business and financial performance. We believe that these non-GAAP financial measures provide useful information to investors about our business and financial performance, enhance their overall understanding of our past performance and future prospects, and allow for greater transparency with respect to metrics used by our management in their financial and operational decision making. We are presenting these non-GAAP financial measures to assist investors in seeing our business and financial performance through the eyes of management, and because we believe that these non-GAAP financial measures provide an additional tool for investors to use in comparing results of operations of our business over multiple periods with other companies in our industry.

There are limitations related to the use of these non-GAAP financial measures, including that they exclude significant expenses that are required by GAAP to be recorded in our financial measures. Other companies may calculate non-GAAP financial measures differently or may use other measures to calculate their financial performance, and therefore, our non-GAAP financial measures may not be directly comparable to similarly titled measures of other companies. Thus, these non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, measures of financial performance prepared in accordance with GAAP and should not be considered as an alternative to any measures derived in accordance with GAAP.

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We compensate for these limitations by providing provide a reconciliation of Adjusted Net Loss, Adjusted EBITDA, Adjusted EBTIDA Margin and Free Cash Flow to their respective related GAAP financial measures. We encourage investors and others to review our business, results of operations, and financial information in its entirety, not to rely on any single financial measure, and to view Adjusted Net Loss, Adjusted EBITDA, Adjusted EBTIDA Margin and Free Cash Flow in conjunction with their respective related GAAP financial measures.

Adjusted Net Loss

We define Adjusted Net Loss is a non-GAAP financial measure that we define as net income (loss) before gain on forgiveness of debt loss and warrant comprehensive loss less fair value gains and losses. losses on financial instruments and asset impairments.

The above items are excluded from Adjusted Net Loss because our management believes that they are not indicative of our core operating performance and do not reflect the underlying economics of our business. The following table presents a reconciliation of our net loss and comprehensive loss, the closest GAAP measure, to Adjusted Net Loss (in thousands):

	Year ended December 31,	
	2022	2023
Net loss and comprehensive loss	\$ (51,081)	\$ (93,859)
Asset impairments	925	40,844
(Gain) loss on fair value instruments	1,696	(2,368)
Adjusted Net Loss	\$ (48,460)	\$ (55,383)

Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA as net loss and comprehensive loss less interest, income taxes, depreciation and amortization, equity-based compensation expense, fair value gains and losses on financial instruments, asset impairments and public company readiness expenses. We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of total revenue for the same period.

The above items are excluded from our Adjusted Net Loss EBITDA measure because our management believes that these costs and expenses they are not indicative of our core operating performance and do not reflect the underlying economics of our business. The following table represents a reconciliation of our net loss and comprehensive loss, the closest GAAP measure, to Adjusted Net Loss:

	For the year ended December 31,		
	2020	2021	2022
	(in thousands)		
Net loss and comprehensive loss	\$ (540)	\$ (22,218)	\$ (51,081)
Warrant fair value (gains) losses	(214)	456	1,696
Gain on forgiveness of debt	—	(9,518)	—

Adjusted Net Loss	\$ (754)	\$ (31,280)	\$ (49,385)
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Adjusted EBITDA and Adjusted EBITDA Margin(in thousands, other than percentages):

Adjusted EBITDA is a non-GAAP financial measure that we define as net income (loss) before interest expense, interest income, taxes, depreciation and amortization, equity-based compensation expense, warrant fair value gains and losses, asset impairment, public company readiness expenses and gain on forgiveness of debt.

The above items are excluded from our Adjusted EBITDA measure because management believes that these costs and expenses are not indicative of our core operating performance and do not reflect the underlying economics of our business. The following table represents a reconciliation of our net loss to Adjusted EBITDA:

	For the year ended December 31,			Year ended December 31,	
	2020	2021	2022	2022	2023
	(in thousands)				
Net loss and comprehensive loss	\$ (540)	\$ (22,218)	\$ (51,081)	\$ (51,081)	\$ (93,859)
Interest, net				188	1,133
Income tax expense				799	721
Depreciation and amortization				5,436	10,553
Equity-based compensation				8,802	13,652
(Gain) loss on fair value instruments				1,696	(2,368)
Asset impairments				925	40,844
Public company readiness costs	—	7,511	1,092	1,092	—
Equity-based compensation	2,790	3,258	8,802		
Depreciation and amortization	4,632	4,275	5,436		
Interest, net	542	635	188		
Warrant fair value (gains) losses	(214)	456	1,696		
Asset impairment	—	—	925		
Gain on forgiveness of debt	—	(9,518)	—		
Income taxes	—	—	799		
Adjusted EBITDA	\$ 7,210	\$ (15,601)	\$ (32,143)	\$ (32,143)	\$ (29,324)
Adjusted EBITDA Margin (1)	4.4 %	(6.6)%	(9.3)%	(9.3)%	(8.9)%

(1) We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of total revenue for the same period.

(1) We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of total revenue for the same period.

Free Cash Flow

We define Free Cash Flow as net cash provided by (used in) operating activities less purchases of property and equipment and additions to capitalized development of internal-use software. We believe that Free Cash Flow is a meaningful indicator of liquidity that provides information to our management and investors about the amount of cash generated from operations, after purchases of property and equipment and additions to capitalized development of internal-use software, that can be used for strategic initiatives. Our Free Cash Flow is impacted by the timing of bookings because we collect travel revenue between the time of booking and 30 days before a stay or experience occurs. The following table presents the components of Free Cash Flow for the years ended December 31, 2020, 2021 and 2022.

	For the year ended December 31,		
	2020	2021	2022

	(in thousands)		
Net cash provided by (used in) operating activities	\$ 11,579	\$ 28,755	\$ (45,689)
Development of internal-use software	(2,274)	(1,052)	(5,420)
Purchase of property and equipment	(1,618)	(2,964)	(8,850)
Free Cash Flow (Deficit)	\$ 7,687	\$ 24,739	\$ (59,959)

Lease Obligations

We have obligations under operating leases, primarily for vacation properties and our corporate headquarters. The leases may require us to pay taxes, insurance, utilities and maintenance costs. See Note 11 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. **initiatives, if any.**

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Future minimum annual commitments under these **The following table presents a reconciliation of our net cash used in operating leases are as follows: activities, the closest GAAP measure, to Free Cash Flow (in thousands):**

Year Ending December 31,	Operating Leases (in thousands)
2023	\$ 87,822
2024	62,361
2025	49,777
2026	41,455
2027	27,901
Thereafter	64,274
Total minimum lease payments	\$ 333,590

	Year ended December 31,	
	2022	2023
Net cash used in operating activities	\$ (45,689)	\$ (51,393)
Development of internal-use software	(5,420)	(5,819)
Purchase of property and equipment	(8,850)	(6,305)
Free Cash Flow	\$ (59,959)	\$ (63,517)

As of December 31, 2022, the Company was party to 57 leases that had not yet commenced. Future payments under these leases were \$118 million at December 31, 2022.

Our Revolver had a balance of \$13 million and \$0 million as of December 31, 2021 and December 31, 2022, respectively. The Company was not in compliance with the covenants on the Revolver at December 31, 2022 and had not been in compliance since May 2022. The Company repaid the Revolver in full in July 2022 and has not subsequently drawn on the Revolver. In March 2023 the Company terminated the Revolver.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our **consolidated financial statements, Consolidated Financial Statements**, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosures of contingent assets and liabilities at the date of our **consolidated financial statements, Consolidated Financial Statements**. We evaluate our estimates and assumptions on an ongoing basis. The estimates and assumptions used by management are based on historical experience and other factors, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, impacting our reported results of operations and financial condition. **We believe that of our significant accounting policies, which are described in Note 2 to our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-**

K, the following accounting estimates involve a greater degree of judgment and complexity. Accordingly, these are the estimates we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition, results of operations and cash flows.

Revenue Recognition - Loyalty Program

The Company recognizes revenue from monthly or annual subscription fees over time. The Company has determined that enrollment fees for subscriptions that are not substantive do not. In August of 2023, we implemented a member loyalty program, Rewards. Rewards members accumulate rewards based on their activity with us. Members who earn one of the three Rewards statuses may be entitled to, depending on their status, extra savings on Club bookings; early access to new property releases, new Experiences and year-end festive dates; and complementary nights, among other benefits, which provide them with a material right to customers. These enrollment fees are recognized upon receipt. Legacy free or discounted goods or services in the future. As of December 31, 2023, our total Rewards deferred revenue was \$10.7 million.

When members spend with Inspirato, Club subscriptions included substantive upfront enrollment fees. These enrollment fees may have entitled us to defer a portion of the subscribermembers' total spend to reduced annual dues, travel or other perks. The Rewards, representing the deferred revenue value of those services, estimated based on their stand-alone the program's separate performance obligation. To determine the amount of deferral necessary from members' spend, we determine the standalone selling price is deferred and recognized when those services are provided. The remaining revenue is recognized on a straight-line basis over the expected average life of these subscription types. The average estimated life of these subscriptions is five years. The option to renew is considered a material right of the customer and is treated herein as an additional identified performance obligation.

The calculation of the expected average life of subscriptions with substantive upfront enrollment fees is a critical estimate in the recognition of revenue associated with enrollment fees. The calculation includes certain management judgments and projections regarding the estimated period that customers are expected obligations related to remain subscribers and continue to benefit from these subscriptions along with annual renewal rates for these subscriptions. Management relies on multiple metrics to determine the average customer life. These include historical average renewal and attrition rates, expected future renewal rates and other qualitative measures obtained through market research. The Company reviews its estimates and assumptions with regard to the average customer lifeRewards based on the Company's projections aggregate estimated value of usage of individual benefits within the program in relation to total member spend. Revenues related to Rewards are then recognized over time based upon historical travel patterns and historical experience on an annual basis. The expectedmembers' average life, which includes an estimate of subscriptions with substantive upfront enrollment fees was five years.

Revenue from travel is recognized when performance obligations are met, generally overRewards benefits that will expire or will not be used during the benefit period of the stay.

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Rewards material rights (up to 30 months). These inputs towards the Rewards deferral require us to forecast future spend for our Table members, usage of Contents each of the earned performance obligations and the standalone value of each of the identified performance obligations which, especially in the first year of the program, as there is limited historical information, require management's estimation. Any changes in the assumptions outlined above would impact the allocation of consideration received from our members and the resulting timing of when revenues from each of the specific performance obligations would be recognized.

For the year ended December 31, 2023, holding other factors constant, a 10% change in our estimated future spend for each member would have resulted in a change to Rewards revenue of approximately \$1.1 million, or less than a one percent change in revenue for the year ended December 31, 2023.

Goodwill Intangible and Tangible Asset Impairment Assessment

Goodwill is not amortized, but rather is assessed annually for impairment in the fourth quarter and when events and circumstances indicate that the fair value of a reporting unit with goodwill has been reduced below its carrying value. We have determined that we have one reporting unit. The impairment test requires that we first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, we then perform a quantitative impairment test. Otherwise, the quantitative impairment test is not required. Under the quantitative impairment test, we would compare the estimated fair value of each reporting unit to its carrying value. We determined based on For the qualitative assessments that it is year ended December 31, 2023, we

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could not more likely than not conclude qualitatively that the fair value of our reporting unit goodwill is less greater than its carrying value therefore no and, as such, we utilized a quantitative impairment tests were performed at December 31, 2021 or 2022, test and determined that no goodwill impairment charges were recognized necessary.

For our other finite-lived, long-term assets, our property, plant and equipment and operating lease right-of-use ("ROU") assets, an impairment assessment is necessary when facts and circumstances indicate that the carrying values of such assets may not be recoverable. Long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities which, for us, is generally at a property level. When evaluating a selected property for impairment, we first compare the carrying value of the asset to the asset's estimated future undiscounted cash flows. If the estimated undiscounted future cash flows associated with each asset are less than the carrying value of the asset, we determine if we have an impairment loss by comparing the carrying value of the asset to the asset's estimated fair value and recognize an impairment charge when the asset's carrying value exceeds its estimated fair value. The adjusted carrying amount of the asset becomes its new cost basis and is amortized over the asset's remaining useful life. We utilized a quantitative test for the year ended December 31, 2023 and determined that an impairment of the Company's ROU assets was necessary and a \$40.5 million impairment charge was recorded.

Our impairment calculations, when utilized, contain uncertainties because they require management to make assumptions and to apply judgment to estimate future cash flows and asset fair values. Key assumptions used in estimating future cash flows and asset fair values include projected revenue growth and operating expenses, as well as forecasting asset useful lives and, when utilizing a discounted cash flow, selecting an appropriate discount rate. For the Company's properties, estimates of revenue growth and operating expenses are based on internal projections and consider the property's historical performance, the local market economics and the business environment impacting the property's performance. The fair value of a property's ROU asset is estimated using the property's expected future net cash flows excluding the property's lease payments. When a discount rate is utilized, the discount rate is selected based on what we believe a buyer would assume when determining the purchase price of the property. These estimates are subjective and our ability to realize future cash flows and asset fair values is affected by factors such as ongoing maintenance and improvement of the assets, changes in economic conditions and changes in operating performance.

If actual forecasted income varies materially from those utilized in the years ended December 31, 2020, 2021 impairment assessments above, the amount of calculated impairment could be more or less depending on the direction of the adjustments necessary. There can be no assurance that the projections utilized will not materially change in the future given the inherent difficulty in forecasting future revenues and 2022 costs, especially at the specific property-level when utilized; however, the estimates utilized were the best available at the time the financial statements were issued.

Equity-based compensation Valuation of Note

We account for equity-based payments for all transactions in which an entity exchanges its equity instruments for goods or services, which generally requires us. As we have elected to measure the cost of employee services received in exchange for an award of equity instruments in earnings based carry our Note at fair value on a quarterly basis, we calculate the fair value of our Note, adjust its valuation on the Consolidated Balance Sheets and vesting provisions record the complementary fair value adjustment to (gain) loss on fair value instruments within our Consolidated Statements of Operations. As of December 31, 2023, the fair value of the award note was \$23.9 million and, as the Note was signed on August 7, 2023, there was no value of the note as of December 31, 2022. As a result of the fair value adjustment, we recorded a gain of \$1.6 million to (gain) loss on fair value instruments within our Consolidated Statements of Operations for the year ended December 31, 2023.

In calculating the fair value of the Note, we utilize a binomial lattice model where we consider both the debt and stock features of the Note. In reviewing the debt features of the Note, we considered our scheduled coupon and principal payments and compared them to those of instruments currently outstanding in the market of companies with similar credit ratings as well as the risk-free rate. In considering the stock features of the Note, we considered the value and volatility of our own stock, in addition to considering volatility of similar instruments in the marketplace as well as the conversion feature of the Note which is discounted at the risk-free rate. These inputs to the binomial lattice model are subjective and our ability to properly assess these inputs could have a material impact on the date of grant. Forfeitures are accounted for as they occur by reversing the expense previously recognized in the period ultimate valuation of the forfeiture. Note.

If our calculated fair value of our note differs materially from the actual fair value, the Company could have a materially different fair value of our Note on our Consolidated Balance Sheets with an equal offset against (gain) loss on fair value instruments within the Company's Consolidated Statements of Operations for the year ended December 31, 2023.

[Table of Contents](#)[Incremental Borrowing Rate](#)

Direct costs incurred in On a quarterly basis we calculate our incremental borrowing rate ("IBR") as none of our leases provide an implicit rate of return. The Company's IBR is utilized as the development of internal-use software products are capitalized once discount rate when calculating our initial lease liabilities, modifications to our lease liabilities and complementary right-of-use assets leases greater than one year.

The IBR is calculated for leases based on their term length and risk profile. The Company considers both the preliminary project stage is completed, management has committed to funding risk-free rate as well as the project and completion and use associated debt rates for companies with a similar credit profile as ours as well as the term of the software complementary note of each rate. We also consider company-specific risk factors such as our asset risks, foreign currency risks and locational risks when assessing the IBR for its intended purpose is probable. We cease capitalization one of development costs once our managed and controlled vacation homes.

If our actual IBR varies materially from those utilized, the software has been substantially completed and is ready Company could have materially different balances for its intended use. Software development costs are amortized over their estimated useful lives of three years.

[Income Taxes](#)

We utilize the asset and liability method in accounting for income taxes. Under this method, deferred tax capitalized ROU assets and complementary lease liabilities are recorded based on for the estimated future tax effects of temporary differences between the financial reporting and tax bases of existing assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax expense or benefit is the result of changes in the deferred tax asset and liability. We recognize the effect on deferred income taxes of a change in tax rates in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the net amount that we believe is more-likely-than-not to be realized.

We make estimates, assumptions and judgments to determine our provision for income taxes, deferred tax assets, liabilities and any valuation allowance recorded against deferred tax assets. We consider all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing tax planning strategies in assessing the need for a valuation allowance. We assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent it believes that recovery is not likely, it establishes a valuation allowance.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. Interest and penalties related to unrecognized tax benefits which, as of the date of this report, have not been material, are recognized within provision for income taxes, year ended December 31, 2023.

[Recently Adopted Accounting Pronouncements](#)

For further information on recently adopted accounting pronouncements, see Note 2(h) - Leases to 2 within our consolidated financial statements [Consolidated Financial Statements](#) included elsewhere in this Annual Report on Form 10-K.

[Table of Contents](#)[Item 7A. Quantitative and Qualitative Disclosures about Market Risk](#)

Our principal market risks are our exposure to interest rates and foreign currency risks.

Interest Rate Risk

We are exposed to interest rate risk primarily related to our outstanding debt. Changes in interest rates affect the interest earned on its total cash and cash equivalents as well as interest paid on its debt.

We have not been exposed to, nor anticipate exposure to, material risks due to changes in interest rates. A hypothetical 100 basis points point increase or decrease in interest rates would not have had a material impact on our consolidated financial statements Consolidated Financial Statements as of December 31, 2022 December 31, 2023. Our revolving credit facility was terminated in March of 2023.

As of December 31, 2023, there was \$25.0 million aggregate principal amount of the Note outstanding. We do not have a balance drawn on elected to carry the Revolver Note at December 31, 2022 fair value. The fair value of the Note changes when the market price of our stock fluctuates or interest rates change.

Foreign Currency Risk

We are exposed to foreign currency risk, mainly related to non-lease operating expenditures that we incur in foreign countries. Many of our leases, which are the most significant component of operating costs in foreign countries, are denominated in U.S. dollars and thus do not result in foreign currency risk. In the year ended December 31, 2022 December 31, 2023, our operating expenditures included approximately \$19 million denominated in foreign currencies were approximately \$27.1 million, primarily in Mexican Pesos and Euros. A hypothetical 100 basis points 10% increase or decrease in the value of the U.S. dollar relative to the Mexican Peso and Euro would not have had a material \$2.7 million impact on to our consolidated financial statements Consolidated Financial Statements for the year ended December 31, 2022 December 31, 2023.

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Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors

Inspirato Incorporated
Denver, Colorado

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Inspirato Incorporated (the "Company") as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, the related consolidated statements of operations and comprehensive loss, equity (deficit), and cash flows for each of the three years in the period ended **December 31, 2022** **December 31, 2023**, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at **December 31, 2022** **December 31, 2023** and **2021, 2022**, and the results of its operations and its cash flows for each of the three years in the period ended **December 31, 2022** **December 31, 2023**, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP P.C.

We have served as the Company's auditor since 2021.

Denver, Colorado
March **15, 2023** **12, 2024**

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INSPIRATO INCORPORATED
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

	December 31, 2021		December 31, 2022		December 31, 2023	

Assets				
Current assets				
Cash and cash equivalents	\$ 80,233	\$ 80,278	\$ 80,278	\$ 36,566
Restricted cash	2,720	1,661	1,661	5,700
Accounts receivable, net	2,389	3,140	3,140	3,306
Accounts receivable, net – related parties	386	663	663	842
Prepaid subscriber travel	17,183	19,915		
Prepaid member travel			19,915	20,547
Prepaid expenses	11,101	10,922	10,922	6,135
Other current assets	762	302	302	1,744
Total current assets	114,774	116,881	116,881	74,840
Property & equipment, net	8,695	18,298		
Property and equipment, net			18,298	19,504
Goodwill	21,233	21,233	21,233	21,233
Right-of-use assets	—	271,702	271,702	209,702
Other noncurrent assets	1,068	2,253	2,253	5,448
Total assets	\$ 145,770	\$ 430,367	\$ 430,367	\$ 330,727
Liabilities				
Current liabilities				
Accounts payable	\$ 33,140	\$ 30,611		
Accrued liabilities	6,035	5,475		
Deferred revenue, current	176,813	167,733		
Deferred rent, current	457	—		
Debt	13,267	—		
Lease liabilities, current	—	74,299		
Accounts payable and accrued liabilities			\$ 36,086	\$ 22,748
Deferred revenue			167,733	160,493
Lease liabilities			74,299	61,953
Total current liabilities	229,712	278,118	278,118	245,194
Deferred revenue, noncurrent	14,450	18,321	18,321	17,026
Deferred rent, noncurrent	7,468	—		
Lease liabilities, noncurrent	—	208,159	208,159	196,875
Convertible note				23,854
Warrants	547	759	759	48
Other noncurrent liabilities			—	2,428
Total liabilities	252,177	505,357	505,357	485,425
Commitments and contingencies (Note 12)				
Commitments and contingencies (Note 16)				
Temporary equity (Note 3)				
Series A-1; 222 authorized and 217 issued and outstanding at December 31, 2021; none at December 31, 2022	12,809	—		
Series A-2; 130 authorized, issued, and outstanding at December 31, 2021; none at December 31, 2022	5,489	—		
Series B; 193 authorized, issued, and outstanding at December 31, 2021; none at December 31, 2022	19,860	—		
Series B-1; 128 authorized and 124 issued and outstanding at December 31, 2021; none at December 31, 2022	15,282	—		
Series D; 158 authorized, issued, and outstanding at December 31, 2021; none at December 31, 2022	20,125	—		
Series E; 132 authorized and 96 issued and outstanding at December 31, 2021; none at December 31, 2022	9,719	—		
Total temporary equity	83,284	—	—	—
Equity				
Series C; 491 authorized, issued, and outstanding at December 31, 2021; none at December 31, 2022 (Note 3)	21,477	—		

Common units 4,470 authorized; 1,149 issued and outstanding at December 31, 2021; none at December 31, 2022	—	—	
(Note 3)	—	—	
Class A common stock, par value \$0.0001 per share, 1,000,000 shares authorized, 62,716 shares issued and outstanding as of December 31, 2022	—	6	
Class V common stock, \$0.0001 par value, 500,000 shares authorized, 61,360 shares issued and outstanding as of December 31, 2022	—	6	
Equity (Deficit)			
Class A common stock, par value \$0.0001 per share, 50,000 shares authorized, 3,136 and 3,537 shares issued and outstanding as of December 31, 2022 and December 31, 2023, respectively	6	7	
Class B common stock, par value \$0.0001 per share, 5,000 shares authorized, no shares issued or outstanding as of December 31, 2023	—	—	
Class V common stock, \$0.0001 par value, 25,000 shares authorized, 3,068 and 2,907 shares issued and outstanding as of December 31, 2022 and December 31, 2023, respectively	6	6	
Preferred stock, par value \$0.0001 per share, 5,000 shares authorized, no shares issued or outstanding as of December 31, 2022 and December 31, 2023	—	—	
Additional paid-in capital	—	245,652	245,652
Accumulated deficit	(211,168)	(233,931)	(233,931)
Total equity excluding noncontrolling interest	(189,691)	11,733	
Noncontrolling interests (Note 16)	—	(86,723)	
Total equity	(189,691)	(74,990)	
Total liabilities, temporary equity, and equity	<u>\$ 145,770</u>	<u>\$ 430,367</u>	
Total equity (deficit) excluding noncontrolling interest		11,733	(30,242)
Noncontrolling interests		(86,723)	(124,456)
Total equity (deficit)		(74,990)	(154,698)
Total liabilities and equity (deficit)	<u>\$ 430,367</u>	<u>\$ 330,727</u>	

The accompanying notes are an integral part of these Consolidated Financial Statements.

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INSPIRATO INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except per share amounts)

Revenue	December 31,		
	2020		
	\$ 165,590	\$ 234,747	\$ 345,530

Cost of revenue (including depreciation of \$1,734, \$1,656 and \$2,245 in 2020, 2021 and 2022 respectively)	100,599	152,747	229,287
Gross margin	64,991	82,000	116,243
General and administrative (including equity-based compensation of \$2,790, \$3,258 and \$8,802 in 2020, 2021 and 2022, respectively)	25,940	50,477	68,383
Sales and marketing	14,764	27,821	38,540
Operations	18,814	26,814	41,267
Technology and development	2,787	4,914	13,615
Depreciation and amortization	2,898	2,619	3,191
Interest, net	542	635	188
Warrant fair value (gains) losses	(214)	456	1,696
Gain on forgiveness of debt	—	(9,518)	—
Other income, net	—	—	(355)
Loss and comprehensive loss before income taxes	(540)	(22,218)	(50,282)
Income tax expense	—	—	799
Net loss and comprehensive loss	(540)	(22,218)	(51,081)
Net loss and comprehensive loss attributable to noncontrolling interests (Note 16)	—	—	27,024
Net loss and comprehensive loss attributable to Spirato Incorporated	\$ (540)	\$ (22,218)	\$ (24,057)
 Basic and diluted weighted average common units and Class A shares outstanding	105,543	105,513	52,310
Basic and diluted net loss attributable to Spirato Incorporated per common unit and Class A share, respectively	\$ (0.01)	\$ (0.21)	\$ (0.46)
Year Ended December 31,			
	2021	2022	2023
Revenue	\$ 234,747	\$ 345,530	\$ 329,100
Cost of revenue (including depreciation of \$1,656, \$2,245 and \$6,090 in 2021, 2022 and 2023, respectively)	152,747	228,401	233,942
Asset impairments	—	925	40,844
Gross margin	82,000	116,204	54,314
General and administrative (including depreciation of \$0, \$0 and \$690 in 2021, 2022 and 2023, respectively)	49,786	65,807	72,117
Sales and marketing	28,011	39,368	32,884
Operations	27,303	42,372	28,125
Technology and development	4,926	14,219	11,330
Depreciation and amortization	2,619	3,191	3,773
Interest, net	635	188	1,133
(Gain) loss on fair value instruments	456	1,696	(2,368)
Gain on forgiveness of debt	(9,518)	—	—
Other (income) expense, net	—	(355)	457
Loss and comprehensive loss before income taxes	(22,218)	(50,282)	(93,138)
Income tax expense	—	799	721
Net loss and comprehensive loss	(22,218)	(51,081)	(93,859)
Net loss and comprehensive loss attributable to noncontrolling interests	—	27,024	42,104
Net loss and comprehensive loss attributable to Spirato Incorporated	\$ (22,218)	\$ (24,057)	\$ (51,755)
 Loss Attributable to Spirato Incorporated per Class A Share			
Basic and diluted weighted average Class A shares outstanding	5,276	2,616	3,380
Basic and diluted net loss attributable to Spirato Incorporated per Class A share	\$ (4.21)	\$ (9.20)	\$ (15.31)

The accompanying notes are an integral part of these Consolidated Financial Statements.

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INSPIRATO INCORPORATED
CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(in thousands)

	Additional										Common Units			Class A Common Stock			
	Common Units		Series C		Class A Common Stock		Class V Common Stock		Paid-in	Accumulated	Noncontrolling	Total	Common Units	Shares	Value	Shares	Value
	Units	Value	Units	Value	Shares	Value	Shares	Value	Capital	Deficit	Interests		Units	Value	Shares	Value	Shares
Balance at January 1,																	
2020 (as previously reported)	1,166	\$ —	491	\$ 21,477	—	\$ —	—	\$ —	—	\$ (186,932)	\$ —	—	\$ (165,455)				
Reverse recapitalization, net																	
(Note 3)	104,377	—	(491)	(21,477)	—	—	—	—	21,477	—	—	—	—				
Balance at January 1,																	
2020, after effect of reverse																	
recapitalization	105,543	—	—	—	—	—	—	—	21,477	(186,932)	—	—	(165,455)				
Consolidated net loss	—	—	—	—	—	—	—	—	—	(540)	—	—	(540)				
Balance—																	
January 1, 2021														5,277	\$ —	—	\$ —
Net loss and comprehensive loss														—	—	—	—
Equity-based compensation	—	—	—	—	—	—	—	—	2,790	—	—	—	2,790	—	—	—	—
Balance at December 31, 2020	105,543	\$ —	—	\$ —	—	\$ —	—	\$ —	\$ 24,267	\$ (187,472)	\$ —	—	\$ (163,205)				
Consolidated net loss	—	—	—	—	—	—	—	—	—	(22,218)	—	—	(22,218)				
Equity-based compensation	—	—	—	—	—	—	—	—	3,258	—	—	—	3,258				
Redeemed units	(712)	—	—	—	—	—	—	—	(7,258)	—	—	—	(7,258)				

Issuance of common units upon exercise of stock option awards, net of shares withheld for income taxes	27	—	—	—	—	—	—	(148)	—	—	(148)
Redeemed units								(36)	—	—	—
Issuance of common units upon exercise of unit option awards, net of shares withheld for income taxes								(36)	—	—	—
Distributions	—	—	—	—	—	—	—	(120)	—	—	(120)
Balance at December 31, 2021	104,858	\$ —	—	\$ —	—	\$ —	—	\$ 19,999	\$ (209,690)	\$ —	\$ (189,691)
Consolidated net loss	—	—	—	—	—	—	—	(24,057)	(27,024)	(51,081)	
Balance—December 31, 2021								5,242	—	—	—
Net loss and comprehensive loss								—	—	—	—
Equity-based compensation	—	—	—	—	—	—	—	8,802	—	—	8,802
Issuance of common stock	—	—	—	—	490	—	—	5,000	—	—	5,000
Issuance of common stock and common stock warrants upon the reverse recapitalization, net of issuance costs	(104,858)	—	—	—	46,832	4	69,781	7	206,253	—	(64,656)
Issuance of common stock upon exercise of warrants	—	—	—	—	5,079	1	—	—	9,330	—	9,331
Issuance of common stock upon exercise of stock option awards, net of shares withheld for income taxes	—	—	—	—	1,894	—	—	—	1,225	—	1,225
Issuance of Class A shares upon conversion of Class V shares					8,421	1	(8,421)	(1)	(4,957)	4,957	—
Distributions	—	—	—	—	—	—	—	—	(184)	—	(184)
Balance at December 31, 2022	—	\$ —	—	\$ —	62,716	\$ 6	61,360	\$ 6	\$ 245,652	\$ (233,931)	\$ (86,723)
Balance—December 31, 2022					3,136	6	3,000	—	—	—	—

Cumulative effect of change in accounting principle	—	—	—	—
Net loss and comprehensive loss	—	—	—	—
Equity-based compensation	—	—	—	—
Issuance of common stock upon exercise of unit option awards, net of shares withheld for income taxes	—	—	36	—
Issuance of common stock through employee stock purchase plan	—	—	30	—
Issuance of common stock upon vesting of restricted stock units, net of shares withheld for income taxes	—	—	174	—
Issuance of Class A shares upon conversion of Class V shares	—	—	161	1 (1)
Balance—December 31, 2023	—	\$ —	3,537	\$ 7 2,9

The accompanying notes are an integral part of these Consolidated Financial Statements.

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INSPIRATO INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31,			Year Ended December 31,		
	2020	2021	2022	2021	2022	2023
Cash flows from operating activities:						
Consolidated net loss	\$ (540)	\$ (22,218)	\$ (51,081)			
Adjustments to reconcile consolidated net loss to net cash provided by (used in) operating activities						
Net loss				\$ (22,218)	\$ (51,081)	\$ (93,859)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:						
Depreciation and amortization	4,632	4,275	5,436	4,275	5,436	10,553
Note financing costs included in interest expense, net				—	—	1,859
Loss on disposal of fixed assets	—	—	207	—	207	685
Warrant fair value losses	(214)	456	1,696			
(Gain) loss on fair value instruments				456	1,696	(2,368)
Gain on forgiveness of debt				(9,518)	—	—
Asset impairments				—	925	40,844
Equity-based compensation	2,790	3,258	8,802	3,258	8,802	13,652
Gain on forgiveness of debt	—	(9,518)	—			
Asset impairment	—	—	925			
Amortization of right-of-use asset	—	—	88,098			
Changes in operating assets and liabilities, net of reverse recapitalization:						
Amortization of right-of-use assets				—	88,098	87,623
Changes in operating assets and liabilities:						
Accounts receivable, net	7,782	589	(751)	589	(751)	(370)
Accounts receivable, net – related parties	216	118	(277)	118	(277)	(179)
Prepaid member travel	2,355	(5,379)	930	(5,379)	930	432
Prepaid expenses	348	(4,990)	(4,577)	(4,990)	(4,577)	1,421
Other assets	7	191	(725)	191	(725)	(1,955)
Accounts payable	(5,907)	17,085	(3,518)			
Accrued liabilities	(963)	2,957	(560)			
Lease liability	—	—	(85,085)			
Accounts payable and accrued liabilities				20,042	(4,078)	(6,123)
Deferred revenue	765	42,301	(5,209)	42,301	(5,209)	(13,614)
Lease liabilities				—	(85,085)	(89,775)
Deferred rent	308	(370)	—	(370)	—	—
Other liabilities				—	—	(219)
Net cash provided by (used in) operating activities	11,579	28,755	(45,689)	28,755	(45,689)	(51,393)
Cash flows from investing activities:						
Development of internal-use software	(2,274)	(1,052)	(5,420)	(1,052)	(5,420)	(5,819)
Purchase of property and equipment	(1,618)	(2,964)	(8,850)	(2,964)	(8,850)	(6,305)
Net cash used in investing activities	(3,892)	(4,016)	(14,270)	(4,016)	(14,270)	(12,124)
Cash flows from financing activities:						
Rewards of debt	(21,000)	(765)	(27,267)	(765)	(27,267)	—
Proceeds from debt	37,550	—	14,000	—	14,000	25,000
Payments of financing costs for Note				—	—	(1,859)
Common unit redemptions	—	(7,258)	—	(7,258)	—	—
Preferred unit redemptions	—	(496)	—	(496)	—	—
Proceeds from reverse recapitalization (Note 3)	—	—	90,070			
Payments of reverse recapitalization costs (Note 3)	—	—	(23,899)			
Proceeds from reverse recapitalization				—	90,070	—
Payments of reverse recapitalization costs				—	(23,899)	—
Proceeds from issuance of Class A common stock	—	—	5,000	—	5,000	105

Payments of employee taxes for unit option exercises	—	(148)	(669)			
Proceeds from unit option exercises	—	—	1,894			
Payments of employee taxes for share based awards				(148)	(669)	(178)
Proceeds from option exercises				—	1,894	776
Distributions	—	(120)	(184)	(120)	(184)	—
Net cash provided by (used in) financing activities	16,550	(8,787)	58,945	(8,787)	58,945	23,844
Net increase (decrease) in cash, cash equivalents, and restricted cash	24,237	15,952	(1,014)			
Cash, cash equivalents, and restricted cash – beginning of year	42,764	67,001	82,953			
Cash, cash equivalents, and restricted cash – end of year	\$ 67,001	\$ 82,953	\$ 81,939			
Supplemental cash flow information:						
Cash paid for interest	\$ 584	\$ 609	\$ 288			
Cash paid for income taxes	—	—	81			
Significant noncash transactions:						
Gain on forgiveness of debt	—	9,518	—			
Conversion of Class V to Class A stock	—	—	4,957			
Conversion of preferred stock in connection with reverse recapitalization	—	—	104,761			
Warrants acquired at fair value	—	—	9,874			
Warrants exercised	—	—	8,390			
Fixed assets purchased but unpaid, included in accounts payable at period end	—	—	989			
Operating lease right-of-use assets exchanged for lease obligations	—	—	355,214			
Conversion of deferred rent and prepaid rent to right-of-use assets	—	—	6,831			
Net increase (decrease) in cash, cash equivalents and restricted cash		15,952	(1,014)	(39,673)		
Cash, cash equivalents and restricted cash – beginning of year		67,001	82,953	81,939		
Cash, cash equivalents and restricted cash – end of year		\$ 82,953	\$ 81,939	\$ 42,266		

The accompanying notes are an integral part of these Consolidated Financial Statements.

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INSPIRATO INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Nature of Business

Inspirato Incorporated and its subsidiaries (the "Company", also referred to as "Inspirato") is a subscription-based luxury travel company that provides unique solutions for (i) affluent exclusive access to a managed and controlled portfolio of curated vacation options, delivered through an innovative model designed to ensure the service, certainty and value that discerning customers demand. The Inspirato portfolio includes branded luxury vacation homes, accommodations at five-star hotel and resort partners and custom travel experiences.

For travelers, seeking superior the Company offers access to a diverse portfolio of curated luxury vacation options that includes approximately 450 private luxury vacation homes available to the Company's customers and accommodations at over 250 luxury hotel and resort partners in the Company's over 180 destinations around the world as of December 31, 2023. The Company's portfolio also includes *Inspirato Only* experiences, featuring one-of-a-kind luxury safaris, cruises and other experiences with *Inspirato*-only member lists along with *Bespoke* trips, which offer custom-designed "bucket list" itineraries. Every *Inspirato* trip comes with the Company's personalized service envelope — including pre-trip planning, on-site concierge and certainty across a wide variety daily housekeeping — designed to meet the needs of discerning travelers and experiences and (ii) hospitality suppliers who want to solve pain points that include monetizing excess inventory and efficiently outsourcing the hassle involved in managing rental properties, drive exceptional customer satisfaction.

Inspirato Incorporated The Company was initially incorporated in Delaware on July 31, 2020 as Thayer Venture Acquisitions Ventures Acquisition Corporation ("Thayer"), a special purpose acquisition company ("SPAC") for the purpose of effecting a merger with one or more operating businesses. On February 11, 2022 (the "Closing Date"), Thayer the Company and *Inspirato* LLC consummated the transaction contemplated in the Business Combination Agreement dated June 30, 2021 and as amended September 15, 2021 (the (together the "Business Combination Agreement") whereby amongst other transactions, a subsidiary of Thayer the Company merged within with and into *Inspirato* LLC with *Inspirato* LLC as the surviving company, (the "Business Combination"), resulting in *Inspirato* LLC becoming a subsidiary of Thayer. Thayer the Company. The Company changed its name to "Inspirato Incorporated" upon closing of the Business Combination (the "Closing").

The Business Combination was accounted for as a reverse recapitalization whereby *Inspirato* LLC acquired Thayer for accounting purposes. As such, the consolidated financial statements Consolidated Financial Statements presented herein represent the operating results assets and liabilities of *Inspirato* LLC before and after the Business Combination. See For additional information see Note 3 – Reverse Recapitalization.

As of December 31, 2022 December 31, 2023, the Company's only subsidiary is **Inspirato LLC** and **LLC**. **Inspirato LLC** had 28 generally has subsidiaries of which 16 are wholly owned domestic limited liability companies and one was a branch. The remaining 12 and in the branch, which are owned through direct domestic subsidiaries, are as follows: (i) a wholly owned Mexican company with a foreign designation equivalent to a limited liability company (S.R.L.); (ii) a wholly owned Turks and Caicos Islands limited company; (iii) a wholly owned Cayman Islands exempted company; (iv) a wholly owned Costa Rican limited liability company; (v) a wholly owned Italian S.R.L.; (vi) a wholly owned Canadian unlimited liability company; (vii) a wholly owned Dominican Republic branch of a wholly owned domestic liability company; (viii) a wholly owned U.S. Virgin Islands limited liability company; (ix) a wholly owned Puerto Rican limited liability company; (x) a wholly owned Grenadian limited liability company; (xi) a wholly owned British Virgin Islands designated company; (xii) a wholly owned Anguillan non-public company; and (xiii) a second wholly owned Mexican company with a foreign designation equivalent to a limited liability company (S.R.L.). **jurisdictions where the Company has rental properties located.** These entities typically lease local properties.

Since early 2020, Reverse Stock Split

On September 26, 2023, the COVID-19 pandemic has severely restricted Company's stockholders approved a proposal to adopt a series of alternative amendments to the level Company's certificate of economic activity around incorporation to effect a reverse stock split (as defined below). The Company's Board subsequently approved a final reverse stock split ratio of 1-for-20 of the world Company's Class A common stock, par value \$0.0001 per share ("Class A Common Stock"), Class B Non-Voting common stock, par value \$0.0001 per share ("Class B Non-Voting Common Stock") and is continuing Class V common stock, par value \$0.0001 per share ("Class V Common Stock") (collectively, the "Reverse Stock Split"). The Reverse Stock Split became effective as of October 16, 2023 (the "Effective Time"). No fractional shares of Common Stock were issued in connection with the Reverse Stock Split, and stockholders who would otherwise have received a fractional share of Common Stock pursuant to have an the Reverse Stock Split received cash in lieu of the fractional share, with reference to the closing trading price of the Company's Class A Common Stock on the trading day immediately preceding the Effective Time (as adjusted to give effect to the reverse stock split), without interest.

The reverse stock split had no effect on the global hospitality par value of the Company's Common Stock. The total number of shares of Class A Common Stock that the Company is authorized to issue was reduced from 1,000,000,000 to 50,000,000, the total number of shares of Class B Non-Voting Common Stock that the Company is authorized to issue was reduced from 100,000,000 to 5,000,000, the total number of shares of Class V Common Stock that the Company is authorized to issue was reduced from 500,000,000 to 25,000,000 and travel industries. The global spread the total number of COVID-19 has been shares of Preferred Stock, par value \$0.0001 per share ("Preferred Stock") that the Company is authorized to issue was reduced from 100,000,000 to 5,000,000. Immediately after the Reverse Stock Split, each stockholder's percentage ownership interest in the Company and continues proportional voting power remained unchanged, except for minor changes resulting from the treatment of fractional shares.

As of the Effective Time, proportional adjustments were also made to be a complex and evolving situation. The COVID-19 pandemic had a materially adverse impact on the number of shares of Class A Common Stock issuable pursuant to the Company's results outstanding warrants, Note (as defined below) and equity awards, as well as the number of operations shares

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authorized and financial condition during years ended December 31, 2020 and 2021. Revenues declined as a result of reduced travel and management undertook cost reduction methods in response. No impairments were recorded during the periods presented directly related reserved for issuance pursuant to the COVID-19 pandemic. While COVID-19 continues Company's equity incentive and employee stock purchase plans. The exercise prices, conversion prices and stock price targets of outstanding warrants, Note and equity awards were also proportionately adjusted, as applicable. All historical share and per share amounts have been adjusted to impact reflect the world, through December 31, 2022 as restrictions were lifted across travel destinations, revenues recovered to pre-pandemic levels. Management cannot estimate the length or impacts of the COVID-19 outbreak on the Company's future operations, financial position and cash flows, particularly if there are significant impacts that occur in the future. Reverse Stock Split for all periods presented.

(2) Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements have been Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements 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.

For the year ended December 31, 2021, the Consolidated Financial Statements present the consolidated results of operations, comprehensive loss, cash flows and changes in equity of **Inspirato LLC**.

(b) Reclassification of Prior Year Presentation

Reclassifications of previously reported amounts have been made to conform to the current year's presentation where accounts payable and accrued liabilities, which had been previously reported separately, have been combined within the Consolidated Balance Sheets and Consolidated Statements of Cash Flows. This reclassification did not impact previously reported amounts on the Company's audited Consolidated Statements of Operations or Consolidated Statements of Equity.

To conform with the current year's presentation where equity-based compensation reported is allocated between the applicable financial statement line items within the Consolidated Statements of Operations, the Company reclassified \$0.7 million and \$2.6 million of equity-based compensation expense for the years ended December 31, 2021 and 2022, respectively, out of general and administrative and into cost of revenue, sales and marketing, operations, and technology and development. This adjustment did not impact the Company's gross margin or net loss presented within the Consolidated Statements of Operations for the year ended December 31, 2021. This adjustment impacted gross margin presented within the Consolidated Statements of Operations for the year ended December 31, 2022. This adjustment did not impact previously reported amounts on the Company's audited Consolidated Balance Sheets, Consolidated Statements of Equity or Consolidated Statements of Cash Flows. See the table below for a reconciliation of previously reported balances to the adjusted balances for this year's presentation within the Consolidated Statements of Operations (in thousands):

	Previously Reported		Adjustment		Adjusted Presentation	
	For the year		For the year		For the year	
	ended December 31, 2021	2022	ended December 31, 2021	2022	ended December 31, 2021	2022
Cost of revenue	\$ 152,747	\$ 228,362	\$ —	\$ 39	\$ 152,747	\$ 228,401
General and administrative	\$ 50,477	\$ 68,383	\$ (691)	\$ (2,576)	\$ 49,786	\$ 65,807
Sales and marketing	\$ 27,821	\$ 38,540	\$ 190	\$ 828	\$ 28,011	\$ 39,368
Operations	\$ 26,814	\$ 41,267	\$ 489	\$ 1,105	\$ 27,303	\$ 42,372
Technology and development	\$ 4,914	\$ 13,615	\$ 12	\$ 604	\$ 4,926	\$ 14,219

To conform with the current year's presentation where asset impairments are separately stated from cost of revenue within the Consolidated Statements of Operations, the Company reclassified the \$0.9 million asset impairment out of cost of revenue during the year ended December 31, 2022, resulting in a change in cost of revenue from \$229.3 million to \$228.4 million, and into asset impairment. No adjustment was necessary for the year ended December 31, 2021 as there were no asset impairments. This adjustment did not impact the Company's gross margin or net loss presented for the year ended December 31, 2022 nor did it impact previously reported amounts on the Company's audited Consolidated Balance Sheets, Consolidated Statements of Equity or Consolidated Statements of Cash Flows.

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For the years ended December 31, 2020 and 2021, these consolidated financial statements present the consolidated results of operations, comprehensive income (loss), cash flows and changes in equity of **Inspirato LLC**. The consolidated balance sheet as of December 31, 2021 presents the financial condition of **Inspirato LLC** and its wholly owned subsidiaries. All intercompany balances and transactions of **Inspirato LLC** have been eliminated.

The Business Combination was accounted for as a reverse recapitalization and the consolidated financial statements presented herein for periods subsequent to the Closing Date are for **Inspirato Incorporated** and its subsidiaries, including **Inspirato LLC**. **Inspirato LLC** was the accounting acquirer of **Thayer** and the consolidated financial statements for all periods prior to February 11, 2022 are those of **Inspirato LLC**. See Note 3 – Reverse Recapitalization for more information.

In accordance with Accounting Standards Codification ("ASC") Topic 805, "Business Combinations" the historical equity of Inspirato LLC has been recast in all periods up to the Closing Date, to reflect the number of shares of Inspirato Incorporated's Class A Common Stock (as defined below) and Class V Common Stock (as defined below) issued to Inspirato LLC Holders in connection with the Business Combination. The Company recast the units outstanding related to the historical Inspirato LLC preferred units and common units (the "Historical Inspirato LLC Equity") prior to the Business Combination, reflecting the exchange ratio of 1-for-37.2275, pursuant to the Business Combination Agreement. The consolidated financial statements and related notes thereto give effect to the conversion for all periods presented. The consolidated financial statements do not necessarily represent the capital structure of Inspirato Incorporated had the Business Combination occurred in prior periods.

(b) Principles of Consolidation

For the period of February 11, 2022 through December 31, 2022, the consolidated financial statements comprise the accounts of the Company and its consolidated subsidiaries, including Inspirato LLC. In determining the accounting of Inspirato Incorporated's interest in Inspirato LLC after the Business Combination, management concluded Inspirato LLC was not a variable interest entity as defined by ASC Topic 810, "Consolidation," and as such, Inspirato LLC was evaluated under the voting interest model. As Inspirato Incorporated has the right to appoint a majority (four of the seven) managers of Inspirato LLC, Inspirato Incorporated controls Inspirato LLC, and therefore, the financial results of Inspirato LLC and its subsidiaries, after the Closing on February 11, 2022, are consolidated with and into Inspirato Incorporated's financial statements.

For the days and periods prior to Business Combination, the consolidated financial statements of the Company comprise the accounts of Inspirato LLC and its wholly owned subsidiaries. All intercompany accounts and transactions among Inspirato LLC and its consolidated subsidiaries were eliminated. For periods after the Business Combination, all intercompany accounts and transactions among the Company and its consolidated subsidiaries have been eliminated.

(c) Use of Estimates

The preparation of **consolidated financial statements** **Consolidated Financial Statements** in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the **consolidated financial statements** **Consolidated Financial Statements** and the **reported amounts of revenue and expenses during the reporting period**, **accompanying notes**. Changes in facts and circumstances or discovery of new information may result in revised estimates, and actual results could differ from those estimates.

The consolidated financial statements include amounts that are based on management's best estimates and judgments. The most significant estimates relate to valuation and estimated economic lives of capitalized software and long-lived assets, contingencies, allowance accounts, expected length of certain subscription types, and fair value measurements related to stock-based compensation.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less. Cash balances held in banks exceed the federal depository insurance limit. The Company's cash is only insured up to the federal depository insurance limit. A significant portion of the Company's cash balances are held at a single banking **institution** and the Company has not experienced any losses as a result of this concentration.

Amounts in transit from credit card processors are also considered cash equivalents because as they are both short term and highly liquid in nature and are typically converted generally settle to cash within three two to five days of the sales transaction.

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(e) Restricted Cash

The Company classifies deposits as required to be maintained by its credit card and ACH processors as restricted cash.

(f) Accounts Receivable

Accounts receivables from customers are recorded at the original invoiced amounts, net of an allowance a reserve for doubtful accounts, credit losses. The allowance reserve for doubtful accounts credit losses is estimated based on historical experience, collectivity, aging of receivables,

economic macroeconomic trends and other factors that may affect impact the Company's ability to collect from customers, against those receivables. As of both December 31, 2022 and 2023, the Company's reserve for credit losses was not significant at December 31, 2021 and 2022, \$0.8 million.

(g) Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives ranging from three to five years. years to depreciation and amortization within the Consolidated Statements of Operations. The cost of leasehold improvements is depreciated over the lesser of the remaining term of the associated leases or the estimated useful lives of the assets to cost of revenue within the Consolidated Statements of Operations. Capitalized purchased software costs are depreciated over three years to general and administrative within the Company's Consolidated Statements of Operations. Costs of maintenance and repairs are charged to their respective expense line item within the Consolidated Statements of Operations when incurred.

Direct costs incurred in the development of internal-use software are capitalized once the preliminary project stage is completed, management has committed to funding the project, and completion and use of the software for its intended purpose is probable. The Company ceases capitalization of development costs once the software has been substantially completed and is ready for its intended use. Software development costs are amortized over their estimated useful lives of three years. years within depreciation and amortization on the Consolidated Statements of Operations.

The cost of leasehold improvements is depreciated. Company's cloud computing arrangements include software licenses purchased from external vendors. Implementation costs incurred during the application development stage and other costs meeting certain criteria are capitalized. These assets are included in other noncurrent assets on the Company's Consolidated Balance Sheets and amortized on a straight-line basis over the lesser of the length of the related leases or the estimated their assessed useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred. lives.

The carrying amounts of our the Company's long-lived assets, including lease right-of-use assets, are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than we the Company had originally estimated. The recoverability of these assets is measured by comparing the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over their remaining lives. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. If the useful life is shorter than originally estimated, the remaining carrying value is amortized over the new shorter useful life.

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There were no property and equipment impairments during the years ended December 31, 2021 and 2022 and there were \$0.3 million in property and equipment impairments during the year ended December 31, 2023, which were recorded to asset impairments was no impairment within the Company's Consolidated Statements of any long-lived assets in the three years ended December 31, 2022. Operations.

(h) Leases

The Company is party to operating lease agreements for its vacation homes, certain hotels and corporate offices. In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02 ("ASC 842"), Leases, to require lessees to recognize all leases, with certain exceptions, on the balance sheet, while recognition on the statement of operations remains similar to legacy lease accounting. Subsequently, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases, ASU No. 2018-11, Targeted Improvements, ASU No. 2018-20, Narrow-Scope Improvements for Lessors, and ASU 2019-01, Codification Improvements, to clarify and amend the guidance in ASU No. 2016-02. ASC 842 eliminates real estate-specific provisions and modifies certain aspects of lessor accounting.

The Company adopted ASC 842 as of January 1, 2022 using the modified retrospective approach ("adoption of the new lease standard"). This approach allows entities to either apply the new lease standard to the beginning of the earliest period presented or only to the consolidated financial statements in the period of adoption without restating prior periods. The Company elected to apply the new guidance at the date of adoption without restating prior periods. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Company to carry forward the historical determination of contracts as leases and lease classification and not reassess initial direct costs for historical lease arrangements. The Company also elected the practical expedient to not separate lease and non-lease components for all of our current classes of leases.

Operating lease assets are included within right-of-use ("ROU") assets and the corresponding operating lease liabilities are included within **current lease liabilities** and **other lease liabilities**, **noncurrent liabilities** on the Company's **consolidated balance sheet as of December 31, 2022**.

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Consolidated Balance Sheets. The Company has elected not to present short-term leases on the **consolidated balance sheet** **Consolidated Balance Sheets** as these leases have a lease term of 12 months or less at lease inception and do not contain purchase options or renewal terms that the Company is reasonably certain to exercise. All other right-of-use assets and lease liabilities are recognized based on the present value of lease payments over the lease term at the later of ASC 842 adoption date or lease commencement date. Because **most** **none** of the Company's leases **do not** provide an implicit rate of return, the Company used the Company's incremental borrowing rate based on the information available at adoption date or lease commencement date in determining the present value of lease payments.

Adoption of the new lease standard on January 1, 2022 had a material impact on the Company's consolidated financial statements. The most significant impacts related to the (i) recording ROU assets of \$202 million and (ii) recording lease liabilities of \$209 million, as of January 1, 2022 on the **consolidated balance sheets**. The Company also **reclassified** **prepaid expenses** **elected the practical expedient to not separate lease and non-lease components for all of \$1.1 million and deferred rent balances (including tenant improvement allowances and other liability balances) of \$7.9 million** relating to the Company's existing lease arrangements as **current classes** of December 31, 2021, into the ROU asset balance as of January 1, 2022. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The adoption of the new lease standard did not materially impact the Company's **consolidated statement of operations and consolidated statement of cash flows and had no impact on our debt covenants. leases.**

During the **year** **years** ended **December 31, 2022** **December 31, 2021, 2022 and 2023**, the Company recognized \$0.0 million, \$0.9 million and \$40.5 million of impairment expense within the Company's **Consolidated Statements of Operations** related to **properties** ROU assets with carrying values in excess of their recoverable values. The **expense was recorded in cost** **recoverability of revenue in these ROU assets is assessed by comparing the accompanying consolidated statements carrying amount of operations and comprehensive loss.**

The cumulative effect of the changes made each asset to the Company's **consolidated balance sheet as of January 1, 2022 for future net undiscounted cash flows** the adoption of the new lease standard was as follows:

	Balances at December 31,		Adjustments from Adoption of New Lease Standard	Balances at January 1,	
	2021	(in thousands)		2022	
Assets					
Prepaid expenses	\$ 11,101	\$ (1,094)	\$ 10,007		
Operating lease ROU assets	—	201,728	201,728		
Liabilities					
Current lease liabilities	\$ —	\$ 63,415	\$ 63,415		
Other current liabilities	457	(457)	—		
Noncurrent lease liabilities	—	145,144	145,144		
Other noncurrent liabilities	7,468	(7,468)	—		

asset is expected to generate over its remaining life.

(i) Equity-Based Compensation

The Company accounts for equity-based compensation for all transactions in which an entity exchanges its equity instruments for goods or services, which generally require the Company to measure the cost of employee services received in exchange for an award of equity instruments in earnings based on the fair value and vesting provisions of the award on the date of grant. Historical data by participant groupings is used to estimate option forfeitures and record unit-based compensation expense only for those option awards that are expected to vest. The Company accounts for Restricted Stock Option forfeitures as they occur. Compensation cost is recognized on a straight-line basis over the requisite service period.

(j) Goodwill

Goodwill arose from the acquisition of certain assets of Portico Club, LLC ("Portico") on December 16, 2013.

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Goodwill was recorded based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Goodwill is not amortized, but rather is assessed annually for impairment in the fourth quarter on December 1 and when events and circumstances indicate that the fair value of a reporting unit with goodwill has been reduced below its carrying value. The Company has determined that the Company has one reporting unit. The test for impairment requires that the Company first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, the Company then performs a quantitative impairment test. Otherwise, the quantitative impairment test is not required. The Company performs an annual impairment review of goodwill at December 1 and when a triggering event occurs between December 1 and December 31, 2020, performed its annual impairment tests. Under the quantitative impairment test, the Company would compare the estimated fair value of each reporting unit to its carrying value. The Company qualitative assessment and determined based on the qualitative assessments that assessment that it is not more likely than not that the fair value of the Company's reporting unit is less than its carrying value, therefore no quantitative impairment tests were performed at December 31, 2021 or 2022 and as such, determined that no goodwill impairment charges were necessary. No goodwill impairment charges were recognized in during the years ended December 31, 2020 December 31, 2021, 2021 and 2022, 2022 or 2023.

(k) (j) Revenue

The Company's revenue is reported net of discounts and incentives as a reduction of the transaction price. Some of the Company's contracts with customers members contain multiple performance obligations. For customer member contracts that include multiple performance obligations, the Company accounts for individual performance obligations as if they are distinct. The transaction price is then allocated to each performance obligation based on its standalone selling price. The Company generally determines the standalone selling price based on the prices charged to customers members.

Subscription Revenue

The Company's contracts with customers grants members grant access to book the Company's residences and other privileges that vary based on the type of subscription. active paid member subscription ("Subscription"). The Company's predominant subscription offerings include *Inspirato Club* and *Inspirato Pass* subscriptions. Subscriptions. *Inspirato Club* subscriptions Subscriptions grant access to the Company's portfolio. In addition to *Inspirato Club* subscription Subscription benefits, *Inspirato Pass* subscriptions Subscriptions include the ability to book certain stays without paying additional nightly rates, taxes or fees. Subscriptions generally include an enrollment fee and monthly, semi-annual, annual, or annual multi-year fees, for which customers can prepay up to several years at once, are generally paid upfront and are recorded as deferred revenue on the Consolidated Balance Sheets. The Company has an unconditional right to these fees in its contracts with customers members for a subscription Subscription as the Company provides the right to book to its customers members. Thus, the Company recognizes Subscription fee revenue over the respective contract period.

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New Legacy subscriptions are no longer sold, however, members who purchased a legacy subscription paid a substantial upfront payment to join the club and, on an ongoing basis, are charged dues which allow members continued access to the Company's portfolio, similar to *Inspirato Club* members. Legacy dues are recognized to revenue within the Company's Consolidated Statements of Operations. The initial upfront Legacy payments made were deferred and are recognized to revenue over 5 years, the expected Legacy customer's time within the club, within the Company's Consolidated Statements of Operations. From those payments, \$4.2 million and \$1.0 million remain within deferred revenue on the Consolidated Balance Sheets as of December 31, 2022 and 2023, respectively.

Additional Subscription revenue is generated from monthly or annual fees over *Inspirato for Good* ("IFG") and *Inspirato for Business* ("IFB"). IFG is a platform where the Company works with nonprofit organizations to auction travel packages during the nonprofit's events. IFB represents the

Company's business-to-business channel which caters towards the incentive travel market for other companies with a ready-to-use travel solution to reward and retain their related time period. Certain legacy *Inspirato Club* subscriptions included substantive upfront enrollment fees. These enrollment fees may have entitled the subscriber employees and business partners. *IFG* and *IFB* contracts include both subscription and travel performance obligations which are allocated to reduced dues, travel or other perks. The value of those services, estimated each performance obligation based on their stand-alone standalone selling price, were deferred prices and are recognized when those services are provided. The remaining to revenue is recognized on a straight-line basis over the expected average life of these subscription types. The option to renew is considered a material right of the customer and is treated herein as an additional performance obligation.

The calculation of the expected average life of legacy *Inspirato Club* subscriptions with substantive upfront enrollment fees is a critical estimate in the recognition of revenue associated with enrollment fees. The calculation includes certain management judgments and projections regarding the estimated period that customers are expected to remain subscribers and continue to benefit from these subscriptions along with annual renewal rates for these subscriptions. Management relies on multiple metrics to determine the average customer life. These include historical average renewal and attrition rates, expected future renewal rates, and other qualitative measures obtained through market research. The Company reviews its estimates and assumptions with regard to the average customer life based on within the Company's projections and historical experience on an annual basis. For the years ended December 31, 2020, 2021 and 2022, the expected average life Consolidated Statements of legacy *Inspirato Club* subscriptions with substantive upfront enrollment fees was five years. Operations as each performance obligation is satisfied.

Contracts are cancellable at the end of the monthly or annual their contract term. The Company has determined that enrollment fees for subscriptions Subscriptions do not provide a material right to a customer member and thus, these enrollment fees are recognized upon receipt.

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In instances where the timing of revenue recognition differs from the timing of invoicing, we have the Company has determined our the Company's contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, such as invoicing at the beginning of a subscription term with revenue recognized ratably over the contract period, and not to receive financing from our customers. Any potential financing fees are considered insignificant in the context of our contracts component.

Travel Revenue

When a trip is purchased, the Company records the cash received as deferred revenue on the Consolidated Balance Sheets. Travel related fees for trips are revenue is recognized when performance obligations are met over to revenue within the period Company's Consolidated Statements of the stay.

The Company offers certain discounts for paying in advance or Operations as promotions. These promotions are recognized when performance obligations are met over the period of the stay. Revenue related to cancellation fees and other fees is recognized to revenue within the Company's Consolidated Statements of Operations as the associated obligations to members are satisfied or extinguished.

The Company is required to collect certain taxes from customers on behalf of government agencies and remit these back to the applicable governmental entity on a periodic basis. These taxes are not recognized as revenue. Rather, the Company records a liability within accounts payable and accrued liabilities on the Consolidated Balance Sheets upon collection from the customer and reduces the liability when payments are remitted to the applicable governmental agency.

Loyalty Program

In August of 2023, the Company implemented a member loyalty program called *Inspirato Rewards* ("Rewards"). Rewards members accumulate rewards based on their expiration activity with *Inspirato*. Members who earn one of the three Rewards statuses may be entitled to, depending on their status, extra savings on *Inspirato Club* bookings; early access to new property releases, new Experiences and year-end festive dates; and complementary nights, among other benefits, which provide them with a material right to free or discounted goods or services in the future.

The Company defers a portion of member spend, which represents the value of the program's separate performance obligation, to Rewards within deferred revenue on the Company's Consolidated Balance Sheets. The Company determines the standalone selling price of these performance

obligations related to **Rewards** based on the aggregate estimated value of usage of individual benefits within the program in relation to total member spend. The Company's estimates of usage and value of the program are updated on a regular basis to incorporate recent member trends and projections. Revenues related to **Rewards** are recognized over time based upon historical travel patterns and members' average life, which includes an estimate of **Rewards** benefits that will expire or will not be used during the benefit period of the **Rewards** material rights (up to 30 months). As **Rewards** revenue is recognized, the deferred revenue related to **Rewards** is reduced and is recognized to revenue within in the Consolidated Statements of Operations.

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Deferred Revenue

The As a result of the timing difference from when a member purchases a product, the Company records any unrecognized portion of travel revenue, prepaid enrollment fees and Subscription dues, and travel credits to be delivered as deferred revenue on the Company's Consolidated Balance Sheets until applicable performance obligations are met.

Additionally, members may purchase travel credits or obtain them upon cancelling a trip in certain situations. Travel credits can be applied towards future services, including Subscription and travel. Travel credits are recorded as deferred revenue on the Company's Consolidated Balance Sheets until either the satisfaction of the purchased performance obligations for or the expiration of the credits occurs which is generally 3 years.

(k) Cost of revenue

Cost of revenue includes costs directly related to delivering travel to the Company's members as well as depreciation and amortization related to leasehold improvements and equipment at residences. These direct costs include payments for properties the Company leases, operating and maintenance costs of those properties, including on-site service personnel costs, costs paid to the Company's hotel partners for member stays, and booking costs from *Inspirato Only* experiences and Bespoke trips.

(l) Advertising Costs

The Company incurs advertising expense including television and radio advertising and online advertising expense expenses to promote our the Company's brand. We expense The Company expenses the production costs associated with advertisements in the period in which the advertisement first takes place. We expense place and expenses the costs of communicating placing the advertisement (e.g., television airtime) as incurred each time the advertisement is shown. Advertising expenses are included within sales and marketing expense in within the accompanying consolidated statements Company's Consolidated Statements of operations and comprehensive loss Operations and totaled \$2.1 million, \$8.5 million, and \$8.0 million and \$7.1 million for the years ended December 31, 2021, 31,2020,2021, 2022, and 2022, 2023, respectively.

(m) Earnings (Loss) Per Share

Basic earnings (loss) per share ("EPS") is computed by dividing net earnings or loss attributable to *Inspirato Incorporated* Class A common stock ("Class A Common Stock"), as applicable, by the weighted average number of shares of Class A Common Stock outstanding during the period. Diluted EPS is computed after adjusting the basic EPS computation for the effect of potentially dilutive securities outstanding during the period. The effect of non-vested equity-based compensation awards, if dilutive, is computed using the treasury stock method.

(n) Segment Information Equity-Based Compensation

The Company provides hospitality accounts for equity-based compensation for all transactions in which an entity exchanges its equity instruments for goods or services, in the U.S. and in foreign countries with customers in North America and assets around the world. The Company is managed by a U.S. based management team and measures and evaluates financial and operational performance as a single enterprise. Services are sold from the U.S. and not differentiated based upon purchase location. Information is reported to the chief operating decision maker and the executive team on an aggregated world-wide basis, and strategic and financial decisions are determined centrally. Management has concluded that which generally require the Company operates as single segment.

(o) Fair Value Measures

Fair value is the price that the Company estimates would be paid for employee services received to sell in exchange for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is used to prioritize inputs to valuation techniques used to estimate fair value. An asset or liability subject to the fair value requirements is categorized within the hierarchy based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The highest priority (Level 1) is given to unadjusted quoted market prices in active markets for identical assets or liabilities, and the lowest priority (Level 3) is given to unobservable inputs. Level 2 inputs are data, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

The carrying values on the consolidated balance sheet of the Company's cash and cash equivalents, restricted cash, accounts receivable, prepaids, other current assets, accounts payable, accrued liabilities, deferred rent, deferred revenue, other liabilities, and debt approximate fair values due to their short- term maturities. The Company uses certain fair valuation techniques in performing its annual goodwill impairment test described below and in determining the value of warrants. These techniques generally use Level 3 inputs.

(p) Distinguishment of Liabilities from Equity

The Company has applied ASC 480, Distinguishing Liabilities from Equity, to classify as liability or equity certain redeemable and/or convertible instruments, including the Company's preferred units. The Company determines the liability classification if the financial instrument is mandatorily redeemable, or if the financial instrument, other than outstanding shares, embodies a conditional obligation that the Company must or may settle by issuing a variable number of its equity shares.

If the Company determines that a financial instrument should not be classified as a liability, it then determines whether the financial instrument should be presented between the liability section and the equity section of the balance sheet as temporary equity. The Company determines financial instruments as temporary equity if the redemption of the preferred units or other financial instrument is outside the control of the Company. Otherwise, the Company accounts for the financial instrument as permanent equity.

Initial Measurement

The provisions Company records temporary equity or permanent equity upon issuance at the fair value, or cash received.

Temporary Equity

At each balance sheet date, the Company evaluates award on the classification date of its redeemable instruments. If an instrument is: (i) redeemable, or (ii) redemption compensation cost is probable, or (iii) will become redeemable, or (iv) its redemption is outside recognized on a straight-line basis over the control of the Company, the Company records the instruments at its redemption value. If the instrument is not redeemable and it is probable that it will become redeemable, it is recorded at its fair value. The resulting increases or decreases in the carrying value of redeemable instruments are recognized in the requisite service period, with forfeitures accounted for as adjustments to additional paid-in capital as they occur.

(q) Noncontrolling Interests

Noncontrolling interests represent the economic interest of **Inspirato LLC** not owned by **Inspirato Incorporated**. These noncontrolling interests arose from the Business Combination. Noncontrolling interests were initially recorded as the relative proportion of the net assets of **Inspirato LLC** at the time of the Business Combination. This amount is subsequently adjusted for the proportionate share of earnings or losses attributable to the noncontrolling interests, any dividends or distributions paid to the noncontrolling interests and any changes to **Inspirato Incorporated's** ownership of **Inspirato LLC**.

As of December 31, 2022, **Inspirato Incorporated** directly owned 47% of the interest in **Inspirato LLC** and the noncontrolling interest was 53%. The noncontrolling interest relates to the economic interests in **Inspirato LLC** held directly by owners of our **Inspirato**

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Incorporated Class V common stock ("Class V Common Stock") in the form of New Common Units (as defined below) as a result of Business Combination. See Note 3 - Reverse Recapitalization.

(r) (n) Income Taxes

For periods prior to the Business Combination, **Inspirato LLC** was treated as a partnership for U.S. federal income tax purposes. As a partnership, **Inspirato LLC** is **itself** generally not subject to U.S. federal income tax under current U.S. tax laws, and any taxable income or loss is passed through and included in the taxable income or loss of its members, including **Inspirato Incorporated**. **Inspirato Incorporated** is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its distributive share of the items of the net taxable income or loss and any related tax credits of **Inspirato LLC**.

Subsequent to the Business Combination, **Inspirato Incorporated** holds an interest in **Inspirato LLC**, which continues to be treated as a partnership for U.S. federal income tax purposes. **Inspirato LLC** is also subject to taxes in foreign jurisdictions in which it operates.

Inspirato Incorporated is subject to income taxes predominately in the U.S. taxes. The Company provides accounts for income taxes and the related accounts under the asset and liability method. Income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. The relevant tax laws are often complex and may be subject to different interpretations.

Deferred income taxes arise from temporary differences between the financial statement carrying amount and the tax basis of assets and liabilities and are measured using the enacted tax rates expected to be in effect during the year in which the basis difference reverses. In evaluating the ability to recover its deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence. If based upon all available positive and negative evidence, it is more likely than not that the deferred tax assets will not be realized, a valuation allowance is established. The valuation allowance may be reversed in a

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subsequent reporting period if the Company determines that it is more likely than not that all or part of the deferred tax asset will become realizable.

The Company's interpretations of tax laws are subject to review and examination by various taxing authorities and jurisdictions where the Company operates, and disputes may occur regarding its view on a tax position. These disputes over interpretations with the various tax authorities may be settled by audit, administrative appeals or adjudication in the court systems of the tax jurisdictions in which the Company operates. The Company regularly reviews whether it may be assessed additional income taxes as a result of the resolution of these matters, and the Company records additional reserves as appropriate. In addition, the Company may revise its estimate of income taxes due to changes in income tax laws, legal interpretations and business strategies. The Company recognizes the financial statement effects of uncertain income tax positions when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The Company records interest and penalties related to uncertain income tax positions in income tax expense. For additional information see Note 710 – Income Taxes.

(s) Warrant Liabilities (o) Noncontrolling Interests

Noncontrolling interests represent the economic interest of **Inspirato LLC** not owned by **Inspirato Incorporated**. These noncontrolling interests arose from the Business Combination. Noncontrolling interests were initially recorded as the relative proportion of the ownership interest to the net assets of **Inspirato LLC** at the time of the Business Combination. This amount is subsequently adjusted for the proportionate share of earnings or losses attributable to the noncontrolling interests, any dividends or distributions paid to the noncontrolling interests and any changes to **Inspirato Incorporated**'s ownership of **Inspirato LLC**.

As of December 31, 2023, **Inspirato Incorporated** directly owned 54.9% of the interest in **Inspirato LLC** and the noncontrolling interest was 45.1%. The noncontrolling interest relates to the economic interests in **Inspirato LLC** held directly by owners of the Company's **Inspirato Incorporated** Class V common stock ("Class V Common Stock") in the form of New Common Units (as defined below) as a result of the Business Combination. See Note 3 - Reverse Recapitalization.

(p) Derivative Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and FASB ASC Topic 815, "Derivatives and Hedging" ("ASC 815"). The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. In accordance with ASC Topic 825-10 "Financial Instruments," offering costs attributable to the issuance of the derivative warrant liabilities have been allocated based on their relative fair value of total proceeds and are recognized in the consolidated statement of operations as incurred.

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The Warrants Company's outstanding warrants are recognized as derivative liabilities. Accordingly, the Company recognizes the Warrants warrants as liabilities at fair value subject to re-measurement at each balance sheet date until exercised and any change in fair value is recognized in (gain) loss on fair value instruments within the Company's consolidated statement Consolidated Statements of operations. The fair value of the Warrants as of December 31, 2022 is based on observable listed prices for such Warrants. As the transfer of Private Warrants to anyone who is a permitted transferee would result in the Private Warrants having substantially the same terms as the Public Warrants, the Company determined that the fair value of each Private Warrant was equivalent to that of each Public Warrant. The determination of the fair value of the Warrant liability may be subject to change as more current information becomes available and accordingly the actual results could differ significantly. Derivative Warrant liabilities are classified as non-current liabilities as their liquidation is not reasonably expected to require the use of current assets or require the creation of current liabilities. On March 14, 2022, all 7.2 million Private Warrants were exercised on a cashless basis into 5.1 million shares of Class A Common Stock. Operations.

(t) (q) Segment Information

The Company provides hospitality services in both the U.S. as well as other foreign jurisdictions and has both members and assets around the world. The Company is managed by a U.S. based management team and measures and evaluates financial and operational performance as a single enterprise. Services are sold from the U.S. and not differentiated based upon purchase location and information is reported to the chief operating decision maker and the executive team on an aggregated world-wide basis. The Company operates as a single segment.

(r) Recently Issued Adopted Accounting Pronouncements

In June 2016, On January 1, 2023, the FASB issued ASU No. Company adopted Accounting Standards Update 2016-13 *Financial Instruments—Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The ASU includes changes to the accounting and measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. The Company adopted ASU 2016-13 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023 are presented under ASU 2016-13 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded increases to both accumulated deficit and non-controlling interests of \$0.1 million as of January 1, 2023 for the cumulative effect of adopting ASU 2016-13.

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In August of 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). This guidance removes from GAAP separation models for convertible debt that require the convertible debt to be separated into a debt and equity component, unless the conversion feature is required to be bifurcated and accounted for as a derivative or the debt is issued at a substantial premium. As a result, after adopting the guidance, entities will no longer separately present such embedded conversion features in equity, and will instead account for the convertible debt wholly as debt. The

guidance also requires use of the "if-converted" method when calculating the dilutive impact of convertible debt on earnings per share, which is consistent with the Company's accounts receivable current accounting treatment. For smaller reporting companies, as defined by the SEC, the guidance is effective for financial statements issued for fiscal years beginning after December 15, 2023, and held-to-maturity debt securities, by requiring interim periods within those fiscal years, with early adoption permitted. In connection with the issuance of the Note (see Note 8), the Company adopted ASU 2020-06 and elected to recognize an allowance for all expected losses over follow the life fair value option under the modified retrospective approach. There was no other impact of the financial asset at origination, adoption for the Company.

(s) Recently Issued Accounting Pronouncements Not Yet Adopted

In December of 2023, the FASB issued Accounting Standards Update No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). This guidance requires disclosure of specific categories in the rate reconciliation and provide additional information for reconciling items that meet a specified quantitative threshold. The guidance is different from effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the current practice where an allowance is not recognized until the losses are considered probable. The ASU also changes the way credit losses are recognized for available-for-sale debt securities. Credit losses are recognized through the recording impact of an allowance rather than as a write-down of the carrying value. The guidance is effective for the Company beginning January 1, 2023. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the earliest period presented. A prospective transition approach is required for debt securities for which another-than-temporary impairment had been recognized before the effective date. We do not anticipate this standard to have a material impact on the Company's consolidated financial statements. Consolidated Financial Statements.

In November of 2023, the FASB issued Accounting Standards Update No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). This guidance provides new segment disclosure requirements for entities with a single reportable segment and modifies certain reportable segment disclosure requirements. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this guidance on the Company's Consolidated Financial Statements.

(3) Reverse Recapitalization

On February 11, 2022, Inspirato LLC and Thayer consummated the Business Combination, resulting in Inspirato LLC becoming a subsidiary of Thayer. The resulting Company organizational structure is commonly referred to as an umbrella partnership corporation (or "UP-C") structure. This organizational structure allows certain Continuing Inspirato Members (as defined below), to retain their equity ownership directly in Inspirato LLC.

The Business Combination was accounted for as a reverse recapitalization in accordance with GAAP; management determined Inspirato LLC was not a variable interest entity (see Note 2), and as result, identified Inspirato LLC as the accounting acquirer of the Business Combination in accordance ASC Topic 805. Thayer was treated as the "acquired" company for accounting purposes. This determination is primarily based on the fact that subsequent to the Business Combination, the Continuing Inspirato Members have a majority of the voting power of the Company, and Inspirato LLC's operations comprise all of the ongoing operations of the Company. Following the Business Combination, Inspirato LLC is managed by a seven-person board of managers designated by Inspirato Incorporated and the holders of the noncontrolling interests in Inspirato LLC, who also hold noneconomic voting interests in Inspirato Incorporated through their ownership of Class V Common Stock of Inspirato Incorporated ("Continuing Inspirato Members"), to retain their equity ownership directly in Inspirato LLC.

In connection with the Business Combination among other things, (i) Thayer changed its name to "Inspirato Incorporated", (ii) each was accounted for as a reverse recapitalization in accordance with GAAP and resulted in Inspirato Incorporated owning 41.2% of the then issued and outstanding Class A and Class B common stock of Thayer, converted automatically, on a one-for-one basis, into a share of Class A Common Stock of Inspirato Incorporated, (iii) each of the then issued and outstanding warrants of Thayer converted automatically into a redeemable warrant to purchase one share of Class A Common Stock, and (iv) each of the then issued and outstanding units of Thayer that had not been previously separated into Inspirato LLC at the underlying Thayer Class A Common Stock Closing and Thayer public warrant upon the request of the holder thereof, were cancelled and entitled the holder thereof to one share Continuing Inspirato Members owning a noncontrolling interest of Inspirato Class A Common Stock and one-half of one Inspirato Public Warrant LLC.

As a result of the Business Combination, each outstanding unit of Inspirato LLC was cancelled and each unitholder received either (i) a number of shares of Class A Common Stock equal to 37.2275 (the "Exchange Ratio") for each unit of Inspirato LLC owned and certain rights under a tax receivable agreement (the "Tax Receivable Agreement") or (ii) a number of new common units of Inspirato LLC ("New Common Units") equal to the Exchange Ratio, an equal number of shares of Class V Common Stock, which have no economic value, but each share of which entitles the holder thereof to one vote, per share, and certain rights under the Tax Receivable Agreement. This exchange resulted in Inspirato Incorporated owning 41.2% of the issued and outstanding units of Inspirato LLC at the Closing and the Continuing Inspirato Members owning a noncontrolling interest of Inspirato LLC. In addition, options to purchase Inspirato LLC units were converted into options to purchase shares of Class A Common Stock at the Exchange Ratio.

Accordingly, the financial statements reflect the continuation of the financial statements Ratio and outstanding warrants of Inspirato LLC with the Business Combination being treated as the equivalent of Inspirato LLC issuing stock for the net assets of Thayer, accompanied by a recapitalization. The net assets of Thayer were recognized as of the Business Combination at historical cost, with no goodwill or other intangible assets recorded. Operations prior ultimately converted into warrants to the Business Combination are presented as those of Inspirato LLC and the accumulated deficit of Inspirato LLC has been carried forward after the Closing.

In accordance with ASC Topic 805, all periods prior to the Business Combination have been retrospectively adjusted using the Exchange Ratio for the equivalent number of shares outstanding immediately after the Business Combination to give effect to the reverse recapitalization. After giving effect to the Business Combination and the redemption of Inspirato LLC units as described above, the number of common stock issued and outstanding immediately following the consummation of the Business Combination was 47 million of purchase Class A Common Stock and 70 million of Class V Common Stock. (the "Public Warrants").

In connection with the Closing, the Company raised \$90 million of gross proceeds including \$88 million from the issuance of 8.8 million 440,000 shares of Class A Common Stock to a number of accredited investors pursuant to a separate subscription agreement entered into on June 30, 2021 and, as amended. The Company incurred \$25 million in transaction costs during the year ended December 31, 2022, consisting of banking, legal and other professional fees, of which \$24 million was recorded as a reduction to additional paid-in capital and the remaining \$1.1 million was expensed in the consolidated statement Consolidated Statements of operations and comprehensive loss. Operations. The total net cash proceeds to the Company as a result of the Business Combination was \$66 million.

On April 7, 2022, the Company issued 490,197 shares⁵⁷

[Table of Class A Common Stock to the Sponsor for net proceeds of \\$5.0 million.](#) [Contents](#)

During the year ended December 31, 2022, the Company issued 8,421,190 shares of Class A Common Stock in exchange for the same number of New Common Units, resulting also in the cancellation of the same number of shares of Class V Common Stock.

(4) Revenue

Revenues are as follows: follows (in thousands):

	Year Ended December 31,			Year Ended December 31,		
	2020	2021	2022	2021	2022	2023
	(in thousands)					
Travel	\$ 73,660	\$ 134,373	\$ 198,925	\$ 134,373	\$ 198,925	\$ 190,271
Subscription	91,548	100,024	145,651	100,024	145,651	137,606
Other	382	350	954			

Rewards and other revenue				350	954	1,223
Total	\$ 165,590	\$ 234,747	\$ 345,530	\$234,747	\$345,530	\$329,100

The Company recognizes assets and liabilities associated with its contracts with its members. Contract assets include commissions paid to the Company's sales staff for contracts with initial terms greater than one year; these costs are capitalized and amortized over the life of the contract. At December 31, 2023, the balance of capitalized commissions was \$1.9 million, of which \$1.1 million is included within other current assets and \$0.8 million is included within other noncurrent assets on the Company's Consolidated Balance Sheets. During the year ended December 31, 2023, the Company recognized \$0.6 million of amortization expense related to these contract assets, of which \$0.4 million was recognized in cost of revenue and \$0.2 million was recognized in sales and marketing within the Company's Consolidated Statements of Operations. No amortization expense was recognized during the years ended December 31, 2021 and 2022. Contract liabilities include deferred revenue as discussed below.

Assets and liabilities related to contracts with customers members are as follows: follows (in thousands):

	December 31,		December 31,	
	2021		2022	
	(in thousands)			
Assets:				
Accounts receivable, net	\$ 2,389	\$ 3,140	\$ 3,140	\$ 3,306
Prepaid member travel			\$ 19,915	\$ 20,547
Other current assets			\$ —	\$ 1,053
Other noncurrent assets			\$ —	\$ 845
Liabilities:				
Deferred revenue, current and noncurrent	\$ 191,263	\$ 186,054	\$ 167,733	\$ 160,493
Deferred revenue, current			\$ 18,321	\$ 17,026
Deferred revenue, noncurrent				

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As of December 31, 2022, deferred Deferred revenue is expected to be recognized as follows: comprised of the following (in thousands):

<u>Years Ending December 31</u>	Amount
	(in thousands)
2023	\$ 167,733
2024	10,303
2025	4,424
2026	2,151
2027	792
Thereafter	650
Total	\$ 186,054

	December 31,	
	2022	2023
Travel	\$ 86,931	\$ 81,613
Subscriptions	77,081	66,367
Travel credits	22,042	18,852
Rewards	—	10,687
Total	186,054	177,519
Less: Deferred revenue, noncurrent	18,321	17,026
Deferred revenue, current	\$ 167,733	\$ 160,493

As of December 31, 2023, approximately \$148.6 million of December 31, 2021, revenue was recognized that was included in the balance of deferred revenue was \$191 million as of December 31, 2022. Significant movements in the deferred revenue balance during the period year ended December 31, 2023 consisted of increases due to payments received prior to transfer of control of the underlying performance obligations to the customer, which were offset by decreases due to revenue recognized in the period. There were additional changes in the deferred revenue balance related to vacation cancellations and rescheduling that took place during 2021 which as performance obligations were ultimately completed during the year ended December 31, 2022, satisfied. During the year ended December 31, 2022, approximately \$168 million of revenue was recognized that was included in the balance of deferred revenue as of December 31, 2021.

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million

The Rewards program included member spend for all of 2023 resulting in the recognition of deferred revenue attributed to Rewards of \$6.8 million upon the launch of the program in August of 2023.

As of December 31, 2023, deferred revenue is expected to be recognized in the following years (in thousands):

<u>Year ended</u>	December 31,
2024	\$ 160,493
2025	11,789
2026	2,999
2027	1,310
2028 and thereafter	928
Total	\$ 177,519

of revenue was recognized that was included in the balance of deferred revenue as of December 31, 2021.

(5) Prepaid Expenses and Prepaid Subscriber

(5) Prepaid Expenses and Prepaid Member Travel

Prepaid expenses

Prepaid expenses are as follows: follows (in thousands):

	December 31, 2021	December 31, 2022	December 31, 2022	December 31, 2023
	(in thousands)			
Software			\$ 3,601	\$ 2,899
Insurance			1,581	1,873
Property operations	\$ 5,136	\$ 4,299	4,299	720
Software	2,979	3,601		
Rent	1,094	—		
Operating supplies	1,372	1,441	1,441	643
Insurance	520	1,581		
Total	\$ 11,101	\$ 10,922	\$ 10,922	\$ 6,135

Prepaid Subscriber Member Travel

Prepaid subscriber member travel of \$17 million \$19.9 million and \$20 million \$20.5 million at December 31, 2021 December 31, 2022 and 2022, 2023, respectively, include deposits for future member travel.

(6) Property and Equipment, Net

Property and equipment, net are as follows: follows (in thousands, other than years):

	Useful Life (years)	December 31,	
		2022	2023
Residence leasehold improvements	3	\$ 15,302	\$ 21,372
Internal-use software	3	13,559	16,510
Corporate office leasehold improvements	3	5,156	5,323
Furniture, fixtures and equipment	5	1,208	1,214
Computer equipment	3	1,436	1,114
Residence vehicles	5	806	689
Total cost		37,467	46,222
Accumulated depreciation and amortization		(19,169)	(26,718)
Property and equipment, net		\$ 18,298	\$ 19,504

	Useful life (years)	December 31,	
		2021	2022
		(in thousands)	
Residence leasehold improvements	3	\$ 8,322	\$ 15,302
Internal-use software	3	7,947	13,559
Corporate office leasehold improvements	3	5,156	5,156
Computer equipment	3	1,265	1,436
Furniture, fixtures, and equipment	5	1,354	1,208
Residence vehicles	5	315	806
Total cost		24,359	37,467
Accumulated depreciation and amortization		15,664	19,169
Property and equipment, net		\$ 8,695	\$ 18,298

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(7) Accounts Payable and Accrued Liabilities

The following table presents the components of accounts payable and accrued liabilities (in thousands):

	December 31,	
	2022	2023
Trade creditors	\$ 21,356	\$ 11,644
Occupancy taxes payable	7,231	6,823
Compensation accruals	5,475	3,786
Income and other taxes payable	2,024	495
Accounts payable and accrued liabilities	\$ 36,086	\$ 22,748

(8) Debt

Convertible Note

On August 7, 2023, the Company entered into an investment agreement (the "Investment Agreement") with Oakstone Ventures, Inc. (the "Purchaser"), an affiliate of Capital One Services, LLC ("Capital One"), relating to the sale and issuance to the Purchaser of an 8% Senior Secured Convertible Note due 2028 in a principal amount of \$25.0 million (the "Note"). On September 29, 2023, the Company issued the Note pursuant to the Investment Agreement. The total net proceeds from this offering were \$23.1 million, after deducting \$1.9 million of debt issuance costs.

The Note is an unsubordinated secured obligation of the Company. The Note is secured by a first priority security interest in substantially all of Inspirato Incorporated's and its domestic subsidiaries' assets. The Note is fully and unconditionally guaranteed by certain existing and future domestic subsidiaries of the Company. The Note bears interest at a fixed rate of 8% per annum. Interest on the Note is payable quarterly on the last business day of each calendar quarter following the issuance of the Note and is payable at the election of the Company in cash or in kind by increasing the outstanding principal amount of the Note by the amount of interest payable on such interest payment date. The Note will mature on September 29, 2028, subject to earlier conversion, redemption or repurchase. As of December 31, 2023, the outstanding amount of the Note was \$25.5 million.

The conversion price of the Note is \$30 per share, which has been adjusted for the September 26, 2023 reverse stock split, and continues to be subject to customary adjustments upon additional certain extraordinary events, including any dividend of Company securities or other property, stock split, stock combination, reclassification, consolidation, merger or a sale of all or substantially all of the Company's assets.

The Note is convertible at the option of the holder into shares of Class A Common Stock. However, to the extent that the conversion of the Note would result in any holder subject to certain regulations under the Bank Holding Company Act of 1956 (the "BHC Act") owning or controlling greater than 4.99% of the voting power of any "class" of "voting securities" of the Company for purposes of the BHC Act (the "Voting Threshold"), then the Note would first convert into Class A Common Stock up to the Voting Threshold, and the excess would convert into shares of the Company's Class B Non-Voting Common Stock, which are generally identical to the Class A Common Stock except that the Class B Non-Voting Common Stock is not entitled to vote on any matters submitted to the Company's stockholders other than certain enumerated actions or as otherwise required by law. To the extent that the conversion of the Note would result in any holder subject to certain regulations under the BHC Act owning or controlling greater than 24.99% of the sum of the number of issued and outstanding shares of Class A Common Stock and Class B Non-Voting Common Stock (the "Ownership Threshold"), then the Note would convert into the maximum number of Class A Common Stock and Class B Non-Voting Common Stock allowable by the Voting Threshold and the Ownership Threshold, and the excess would remain outstanding and become convertible only when conversion would not cause the holder to exceed the Voting Threshold and Ownership Threshold. The Note is convertible in whole or in part at the option of the Purchaser at any time subject to restrictions as dictated by the BHC Act.

On or after the three-year anniversary of the Closing, the Note will be redeemable (subject to certain terms and conditions) by the Company in whole (but not in part) at a redemption price equal to the fair market value of the Class A Common Stock issuable upon conversion of the then-outstanding principal amount of the Note.

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Upon a change of control of the Company, the termination of the commercial agreement between Inspirato LLC and an affiliate of the Purchaser executed pursuant to the Investment Agreement ("Commercial Agreement") by the Company or the termination of the Commercial Agreement by Capital One due to the Company's material breach, the Purchaser may require the Company to repurchase all or any part of its Note at a cash price equal to the greater of (i) 1.5 times the then-outstanding principal amount and accrued and unpaid interest thereon or (ii) the then-fair market value of the shares issuable upon conversion of the portion of the Note to be repurchased. Upon an Event of Default, the Purchaser may declare the principal of, and all accrued and unpaid interest under, to be due and payable on the Note immediately. The Note also includes a minimum liquidity threshold of \$10 million.

The Note and the documents governing the security interest granted to secure the Note include customary affirmative and negative covenants. The affirmative covenants include, among other things, payment of principal and interest when due, delivery of compliance certificates and notices, maintenance of existence and guarantee obligations. The negative covenants include, among other things, limitations on mergers, consolidations, acquisitions, the incurrence of liens (subject to certain exceptions) and the sale, lease or transfer of all or substantially all of the Company's assets.

The Company has elected to carry the Note at fair value, with changes in its value recognized as fair value gains or losses on the Consolidated Statement of Operations. Fair value gains of \$1.6 million for the year ended December 31, 2023 were recorded in (gain) loss on fair value instruments within the Company's Consolidated Statement of Operations. Debt issuance costs of \$1.9 million were immediately recorded in interest, net on the Consolidated Statement of Operations during the year ended December 31, 2023.

Loan Facility

In October of 2020, the Company obtained a revolving line of credit that was scheduled to mature October of 2023 and was terminated in March of 2023. The facility had a limit of \$14 million. Interest rates associated with the facility adjusted based on the prime rate and outstanding balance. The interest rate was 8.50% as of December 31, 2022. Interest expense related to the facility for the years ended December 31, 2021 and 2022 totaled \$0.6 million and \$0.3 million, respectively. There was no interest expense related to the facility for the year ended December 31, 2023.

Interest, Net

As a result of each facility above, the Company incurred \$0.6 million, \$0.3 million and \$2.4 million in interest expense during the years ended December 31, 2021, 2022 and 2023, respectively, which was offset by interest income from the Company's banking relationship of \$0.0 million, \$0.1 million and \$1.3 million, respectively. This resulted in a net interest expense of \$0.6 million, \$0.2 million and \$1.1 million for the years ended December 31, 2021, 2022 and 2023, respectively, which has been recognized to interest, net within the Company's Consolidated Statements of Operations.

Paycheck Protection Program

During the year ended December 31, 2020, the Company received a Paycheck Protection Program ("PPP") loan in the amount of \$9.4 million with a maturity date of April of 2022. The loan was an interest only loan with the full balance due upon maturity. The PPP program was created under the Coronavirus Aid, Relief, and Economic Security Act and was administered by the Small Business Administration ("SBA"). The Company submitted a request for forgiveness of the entire loan balance in September of 2020, and in June of 2021, the Company received notice from the SBA that the loan has been forgiven and the SBA repaid the lender on the Company's behalf. The Company recorded a gain on forgiveness of debt of \$9.5 million in June of 2021, representing the principal amount of the loan and accrued interest through the forgiveness date.

The SBA has the ability to review the Company's loan file until June of 2027, six years after the date the loan was forgiven and repaid in full. The results of any review could result in the SBA requesting additional documentation to support the Company's initial eligibility for the loan and request for loan forgiveness, with the potential for the SBA to pursue legal remedies at its discretion.

(9) Leases

The Company enters into operating leases primarily for standalone homes, luxury condos and hotel rooms and suites. As of December 31, 2023, active leases have remaining initial terms ranging from 1 to 19 years, and generally contain extension options at the approval of both parties. The Company has not generally included these renewal periods in the lease term as it is not reasonably certain that the renewal option will be exercised. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Variable lease expense includes expenses incurred as a result of the lease agreement which are not considered

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known expenses at lease inception and are recognized as incurred. Variable expenses can include, but are not limited to, revenue shares, owner buyback adjustments and usage-based agreements. Operating lease expense and variable lease expense are included in cost of revenue within the Consolidated Statements of Operations.

The following table details the composition of operating lease expense (in thousands):

	Year Ended December 31,		
	2021	2022	2023
Operating lease expense	\$ 62,772	\$ 82,901	\$ 85,305
Variable lease expense	\$ 3,797	\$ 1,555	\$ 908

The maturities of the Company's operating lease liabilities as of December 31, 2023 are as follows (in thousands):

<u>Years ending</u>	December
	31,

2024	\$ 79,749
2025	64,655
2026	47,853
2027	35,770
2028	27,477
Thereafter	70,703
Total minimum lease payments	326,207
Less: interest expense	(67,379)
Present value of lease obligations	258,828
Less: current lease obligations	(61,953)
Long-term lease obligations	\$ 196,875

As of December 31, 2023, the Company was party to 21 leases that had not yet commenced. Future payments under these leases were \$28.1 million at December 31, 2023.

The following table presents additional information about the Company's operating lease obligations:

	December 31,	
	2022	2023
Weighted-average remaining lease term (in years)	5.6	5.6
Weighted-average discount rate	5.13 %	8.23 %

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 year ended December 31, 2023, the Company reviewed cash flow forecasts of leases against the carrying value of their right-of-use assets. The Company determined that the right-of-use assets for 63 leases had net carrying values that exceeded their estimated undiscounted future cash flows. These leases were primarily related to one group of underperforming properties in a single geographic location. The Company then estimated the fair value of the asset groups based on their cash flows discounted at a rate commensurate with the risk involved and based on assumptions representative of market participants. The carrying values of the asset groups exceeded their fair values and, as a result, the Company recorded right-of-use asset impairments of \$40.5 million for the year ended December 31, 2023 to asset impairments within the Consolidated Statement of Operations.

(10) Income Taxes

Prior to the Business Combination, **Inspirato LLC** was treated as a pass-through entity for U.S. federal income tax purposes and, as such, was generally not subject to U.S. federal income tax at the entity level. Rather, the tax liability with respect to its taxable income was passed through to its unit holders. Therefore, no provision or liability for federal income tax has been included in the Company's Consolidated Financial Statements prior to the Closing Date.

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[\(7\) Income Taxes](#)

Prior to the Business Combination, **Inspirato LLC**, was treated as a pass-through entity for U.S. federal income tax purposes, Domestic and as such, was generally not subject to U.S. federal income tax at the entity level. Rather, the tax liability with respect to its taxable income was passed through to its unit holders. Therefore, no provision or liability for federal income tax has been included in our consolidated financial statements prior to the Closing Date.

The components of income (loss) foreign loss and comprehensive loss before income tax are as follows: taxes consists of the following (in thousands):

	For the year ended December 31,			Year Ended December 31,		
	2020	2021	2022	2021	2022	2023
	(in thousands)					
Domestic	\$ (2,936)	\$ (24,299)	\$ (53,885)	\$ (24,299)	\$ (53,885)	\$ (94,843)
Foreign	2,396	2,081	3,603	2,081	3,603	1,705
Loss before income tax expense	\$ (540)	\$ (22,218)	\$ (50,282)			
Loss and comprehensive loss before income taxes				\$ (22,218)	\$ (50,282)	\$ (93,138)

Major components

Income tax expense attributable to operations is comprised of income tax provision (benefit) are as follows: the following (in thousands):

	For the year ended December 31,			Year Ended December 31,		
	2020	2021	2022	2021	2022	2023
	(in thousands)					
Current:						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	29
Foreign	-	-	799	-	799	692
Total current	\$ -	\$ -	\$ 799	\$ -	\$ 799	\$ 721
Deferred:						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	-
Foreign	-	-	-	-	-	-
Total deferred	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total income tax expense	\$ -	\$ -	\$ 799	\$ -	\$ 799	\$ 721
Income tax expense				\$ -	\$ 799	\$ 721

The Company's income tax provision rate differs from the amounts computed by applying the U.S. federal income tax rate of 21% to pretax loss and comprehensive loss before income taxes as a result of the following:

	For the year ended December 31,			Year Ended Dec	
	2020	2021	2022	2021	2022
	(in thousands)				
U.S. federal tax (expense) benefit at statutory rate	0.0%	0.0%	21.0%	0.0%	21.0%
State tax, net of federal benefit	0.0%	0.0%	0.8%	0.0%	0.8%
Foreign rate differential	0.0%	0.0%	(1.6)%	0.0%	(1.6)%
				Net impact of noncontrolling interest and non-partnership operations on partnership outside basis	
Net impact of noncontrolling interest and non-partnership operations on partnership outside basis	0.0%	0.0%	(11.2)%		
Other				0.0%	0.0%
Change in valuation allowance	0.0%	0.0%	(10.6)%	0.0%	(10.6)%
Total income tax expense	0.0%	0.0%	(1.6)%	0.0%	(1.6)%
Effective income tax rate				0.0%	(1.6)%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for income tax purposes.

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The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liabilities are set forth below: as follows (in thousands):

	For the year ended December 31,		December 31,	
	2021		2022	
	(in thousands)			
Deferred tax assets:				
Net operating loss carryforwards	\$	-	\$ 24,501	\$ 24,501 \$ 34,306
Net operating loss				
Investment in Inspirato LLC		-	7,514	7,514 20,232
Start-up Costs		-	1,161	
Total Deferred tax assets	\$	-	\$ 33,176	
Start-up costs			1,161	1,109
Other				6
Gross deferred tax assets				33,176 55,653
Valuation allowance				(33,176) (55,653)
Total deferred tax assets	\$	-	\$ -	
Deferred tax liabilities:				
Investment in Inspirato LLC	\$	-	\$ -	
Total deferred tax liabilities	\$	-	\$ -	
Valuation allowance		-	(33,176)	
Net deferred tax assets	\$	-	\$ -	

Management regularly assesses the ability to realize deferred tax assets recorded based upon the weight of available evidence, including such factors as recent earnings history and expected future taxable income on a jurisdiction-by-jurisdiction basis. In the event that the Company changes its determination as to the amount of realizable deferred tax assets, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made. The Company's management believes that, based on a number of factors, it is more likely than not, that all or some portion of the deferred tax assets will not be realized; and accordingly, for the year ended December 31, 2023, the Company has provided a valuation allowance against the Company's U.S. net deferred tax assets. The net change in the valuation allowance for the year ended December 31, 2023 was an increase of \$22.5 million.

As of December 31, 2022 December 31, 2023, the Company had net operating loss carryforwards for federal income tax purposes of approximately \$101 million \$140.6 million which will begin to expire in 2035 with \$75.7 million of U.S. the federal net operating loss ("NOL") carryovers available to offset future taxable income. Of the \$101 million of U.S. federal NOL, \$65 million is subject to expiration beginning in 2031. carryforward lasting indefinitely. As of December 31, 2022 December 31, 2023, the Company had net operating loss carryforwards for state income tax purposes of approximately \$71 million of state NOL carryovers available to offset future taxable income. State NOLs \$97.9 million which will begin to expire at various dates beginning in 2031.

The Company has assessed its ability in certain circumstances, due to realize its deferred tax assets and has recorded a valuation allowance against such assets to ownership changes, the extent that, based on the weight of all available evidence, it is more likely than not that all or a portion of the deferred tax assets will not be realized. In assessing the likelihood of future realization of its deferred tax assets, the Company placed a significant amount of weight on its history of generating U.S. tax losses, including in the current year. The increase in the valuation allowance each period was primarily related to U.S. federal and state tax losses incurred during the period.

The future utilization of federal Company's net operating loss carryforwards generated after 2017 is limited may be subject to 80% of taxable income. An additional limitation applies to the use of federal net operating loss and credit carryforwards, limitations under Section 382 of the Internal Revenue Code of 1986, as amended, that is applicable if the Company experiences an "ownership change." Code. The Company has experienced various "owner shifts" in prior years. not completed a study to assess whether an ownership change has occurred, as defined by IRC Sections 382, or whether there have been ownership changes since the Company's formation due to the complexity and cost associated with such

a study. The resulting Section 382 limitations are not expected to materially impact Company estimates that if such a change did occur, the Company's ability to utilize carryforwards. Future changes federal and state net operating loss carryforwards that can be utilized in the ownership future could be significantly limited. There can be no assurance that the Company will ever be able to realize the benefit of some or all of the Company could further limit the Company's ability federal and state loss carryforwards, either due to utilize its NOLs and credits, ongoing operating losses or due to ownership change limitations.

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Tax Receivable Agreement

Inspirato Incorporated has obtained obtains an increase in its share of the tax basis in the net assets of Inspirato LLC when New Common Units are exchanged by the Continuing Inspirato Members and other qualifying transactions. As described in Note 3 — Reverse Recapitalization, each change in outstanding shares of Class A Common Stock results in a corresponding increase or decrease in Inspirato Incorporated's ownership of New Common Units. The Company intends to treat any exchanges of New Common Units as direct purchases of LLC interests for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that Inspirato Incorporated would otherwise pay in the future to various taxing authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

In connection with the Business Combination, the Company entered into a Tax Receivable Agreement (the "TRA"). Under the TRA, the Company generally will be required to pay to the Continuing Inspirato Members 85% of the amount of cash savings, if any, in U.S. federal, state or local tax that the Company realizes directly or indirectly (or are deemed to realize in certain circumstances) as a result of (i) certain tax attributes created as a result of any sales or exchanges (as determined for U.S. federal income tax purposes) to

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or with the Company of their interests in Inspirato for shares of Inspirato Incorporated's Class A common stock or cash, including any basis adjustment relating to the assets of Inspirato and (ii) tax benefits attributable to payments made under the TRA (including imputed interest). The Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. To the extent that the Company is unable to timely make payments under the TRA for any reason, such payments generally will be deferred and will accrue interest until paid.

Uncertain tax positions Unrecognized Tax Benefits

Based on the Company's analysis of tax positions taken on income tax returns filed, no uncertain tax positions existed as of December 31, 2022. Inspirato Incorporated was formed in July of 2020 and did not engage in significant operations prior to the Business Combination and associated organizational transactions. Inspirato LLC is treated as a partnership for U.S. federal and state income tax purposes and has filed income its tax returns for years through 2021.

are subject to examination by taxing authorities. As of December 31, 2023, \$0.5 million of the total unrecognized tax benefits, if recognized, would have an impact on the Company's effective tax rate. The Company's Company's policy for recording is to recognize interest and penalties associated with accrued on any unrecognized tax benefits is to record such interest and penalties as interest expense and as a component of general and administrative expense, respectively. There were no amounts accrued for interest or penalties for income tax expense.

The following table summarizes the years ending December 31, 2021 and 2022. Management does not expect any material changes in its activities related to the Company's gross unrecognized tax benefits in during the next year, years ended December 31, 2021, 2022 and 2023 (in thousands):

	Year ended December 31,		
	2021	2022	2023
Balance at January 1,	\$ -	\$ -	\$ -

Increase in balance related to tax positions taken during prior years	-	-	487
Balance at December 31,	\$ -	\$ -	\$ 487

The Company operates in multiple tax jurisdictions, and in the normal course of business, its tax returns are subject to examination by various taxing authorities. Such examinations may result in future assessments by these taxing authorities. All tax years generally remain open to examination **within by the statute of limitations in** taxing jurisdictions to which the Company is subject.

(8) Debt

Loan Facility

In October 2020, the Company obtained a revolving line of credit (the "Revolver") which matures October 2023. This Revolver has a limit of \$14 million. Interest rates associated with the Revolver adjust based on the prime rate and outstanding balance. The interest rate was 4.25% and 8.50% as of December 31, 2021 and December 31, 2022, respectively. Interest expense related to the revolving line of credit for the years ended December 31, 2020, 2021 and 2022 totaled \$0.6 million, \$0.6 million and \$0.3 million.

To obtain the Revolver, the Company was required to pledge collateral in the form of the Company's deposit accounts and intangible assets and maintain a cash deposit with the lender of \$7.0 million. The Company was not in compliance with the covenants on the Revolver at December 31, 2022 and has not been in compliance since May 2022. The Company repaid the Revolver in full in July 2022 and has not subsequently drawn on the Revolver. In March 2023 the Company terminated the Revolver.

Paycheck Protection Program

During the year ended December 31, 2020, the Company received a Paycheck Protection Program ("PPP") loan in the amount of \$9.4 million with a maturity date of April 2022. The loan was an interest only loan with the full balance due upon maturity. The PPP

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program was created under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was administered by the Small Business Administration ("SBA"). The Company submitted a request for forgiveness of the entire loan balance in September 2020, and in June 2021, the Company received notice from the SBA that the loan has been forgiven and the SBA repaid the lender on the Company's behalf. The Company recorded a gain on forgiveness of debt of \$9.5 million in June 2021, representing the principal amount of the loan and accrued interest through the forgiveness date.

The SBA has the ability to review the Company's loan file in a period subsequent to the date the loan was forgiven and repaid in full. The results of any review could result in the SBA requesting additional documentation to support the Company's initial eligibility for the loan and request for loan forgiveness, with the potential for the SBA to pursue legal remedies at its discretion.

(9) Fair Value Measurements

The accounting standard for fair value measurements provides a framework for measuring fair value and requires expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the "exit price" that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between independent market participants on the measurement date. The Company measures financial assets and liabilities at fair value at each reporting period using a fair value hierarchy, which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2** – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- **Level 3** – Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Factors used to develop the estimated fair value are unobservable inputs that are not supported by market activity. The sensitivity of the fair value measurement to changes in unobservable inputs may result in a significantly higher or lower measurement.

Level 1 investments consist of valuation of its **Public Warrants** as discussed above. The carrying values on the consolidated balance sheets of the Company's cash and cash equivalents, restricted cash, accounts receivable, prepaids, other current assets, accounts payable, accrued liabilities, deferred rent, lease liabilities, deferred revenue, and other liabilities approximate fair values due to their short-term maturities. The carrying amount of the Company's short-term and long-term borrowings, which are considered **Level 2** liabilities, approximates fair value based on current rates and terms available to the Company for similar debt. The Company utilizes **Level 3** inputs in performing its annual goodwill impairment test for the years ended December 31, 2021 and 2022. The Company also utilized **Level 3** inputs in determining the value of **Private Warrants** issued by **Inspirato LLC** for the year ended December 31, 2021.

(10) Loss per share

The following table sets forth the computation of basic and diluted net loss per share of Class A Common Stock. Class V Common Stock does not have economic rights in **Inspirato Incorporated**, including rights to dividends or distributions upon liquidation, and as a result, is not considered a participating security for basic and diluted loss per share. As such, basic and diluted loss per share is computed using the two-class method. EPS for the years ended December 31, 2020 and December 31, 2021 was adjusted as a result of the **Business Combination**, see Notes 2 and 3 for additional information.

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Basic loss per share is based on the weighted average number of Class A Common Stock outstanding during the period. Diluted loss per share is based on the weighted average number of Class A Common Stock used for the basic earnings per share calculation, adjusted for the dilutive effect of restricted stock units, nonqualified stock options, warrants, and profits interests, if any, using the "treasury stock" method and for the combined interests that convert into potential shares of Class A Common Stock, if any, using the "if converted" method. "Basic and diluted net loss attributable to **Inspirato Incorporated** per common unit and Class A share, respectively" is adjusted for the Company's share **(11) Equity of **Inspirato LLC**'s consolidated net loss, net of **Inspirato Incorporated** taxes**, after giving effect to **Inspirato LLC** combined interests that convert into potential Class A Common Stock, to the extent it is dilutive. In addition, "Net loss attributable to **Inspirato Incorporated** per common unit and Class A share, respectively" is adjusted for the after-tax impact of changes to the fair value of derivative liabilities, to the extent the Company's **Warrants** are dilutive.

	Year Ended December 31,		
	2020	2021	2022
	(in thousands except per share amounts)		
Numerator			
Net loss attributable to Inspirato Incorporated	\$ (540)	\$ (22,218)	\$ (24,057)
Denominator			
Basic and diluted weighted average common units and Class A shares outstanding	105,543	105,513	52,310
Basic and diluted net loss attributable to Inspirato Incorporated per common unit and Class A share	\$ (0.01)	\$ (0.21)	\$ (0.46)

The following securities were anti-dilutive for the years ended December 31, 2020, 2021 and 2022:

	Year Ended December 31,		
	2020	2021	2022
	(in thousands)		
Restricted stock units	—	—	3,876
Stock options	10,727	7,999	6,883

Preferred warrants	509	509	59
Common stock warrants	—	—	8,242
Profit interests	6,287	9,280	1,068
Anti-dilutive securities	<u>17,523</u>	<u>17,788</u>	<u>20,128</u>

The Company's Class V Common Stock is neither dilutive nor anti-dilutive for the periods presented as their assumed conversion under the "if-converted" method to "Weighted-average shares for diluted loss per share" would cause a proportionate increase to "Net loss attributable to **Inspirato Incorporated**" for diluted loss per share.

(11) Leases

The Company enters into operating leases primarily for standalone homes, luxury condos and hotel rooms. The Company determines if an arrangement is a lease, or contains a lease, including embedded leases, at inception and records the leases in the Company's financial statements upon later of ASC 842 adoption date of January 1, 2022, or lease commencement, which is the date when the underlying asset is made available for use by the lessor. Active leases have initial terms ranging from 3 to 20 years, and generally contain extension options at the approval of both parties. We have generally not included these renewal periods in the lease term as it is not reasonably certain that we will exercise the renewal option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Variable lease expense includes expenses incurred as a result of the lease agreement which are not considered known expenses at lease inception and are recognized as incurred. Variable expenses can include, but are not limited to, revenue shares, owner buyback adjustments and usage-based agreements. Operating lease expense and variable lease expense are included in cost of revenue on the consolidated statement of operations.

	Year Ended December 31,		
	2020	2021	2022
	(in thousands)		
Operating lease expense	\$ 53,507	\$ 62,772	\$ 82,901
Variable lease expense	2,062	3,797	1,555

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As of December 31, 2022, the maturities of the Company's operating lease liabilities (excluding short-term leases) were as follows:

	Operating leases (in thousands)
Year ending December 31, 2023	\$ 87,822
Year ending December 31, 2024	62,361
Year ending December 31, 2025	49,777
Year ending December 31, 2026	41,455
Year ending December 31, 2027	27,901
Thereafter	64,274
Total minimum lease payments	333,590
Less: interest expense	(51,132)
Present value of lease obligations	282,458
Less: current lease obligations	(74,299)
Long-term lease obligations	<u>\$ 208,159</u>

Under legacy lease accounting (ASC 840), future minimum lease payments under non-cancellable leases as of December 31, 2021 were as follows:

Years ending December 31,	Amount
---------------------------	--------

	(in thousands)
2022	\$ 69,329
2023	58,744
2024	37,850
2025	28,203
2026	20,345
Thereafter	<u>25,716</u>
Total	<u>\$ 240,187</u>

The following table presents additional information about our lease obligations as of December 31, 2022:

	<u>As of December 31, 2022</u>
Weighted-average remaining lease term (in years):	
Operating leases	5.6
Weighted-average discount rate:	
Operating leases	5.13 %

(12) Commitments and Contingencies

Litigation

The Company is involved in various legal proceedings. The Company establishes reserves for specific legal proceedings when it determines that the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Management has also identified certain other legal matters where the Company believes an unfavorable outcome is reasonably possible and/or for which no estimate of possible losses can be made. The Company does not believe that there is a reasonable possibility of material loss or loss in excess of the amount that the Company has accrued. The Company recognizes legal fees related to any ongoing legal proceeding as incurred.

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On February 16, 2023, a class action lawsuit was filed in the U.S. District Court in the District of Colorado captioned Keith Koch, Individually and on behalf of all others similarly situated v. Inspirato Incorporated, Brent Handler, and R. Webster Neighbor. The complaint alleges violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder against all defendants, and Section 20(a) of the Exchange Act against the individual defendants. The complaint generally alleges that certain of our prior public statements about our results of operations and financial condition were materially false and misleading because they misrepresented and failed to disclose adverse facts pertaining to the restatement of our unaudited condensed consolidated financial statements as of and for the quarterly periods ending March 31, 2022 and June 30, 2022.

Reimbursement and Security Agreement

In March 2017, in association with the execution of a surety bond agreement, the Company issued 11,690 warrants to five indemnitors to purchase certain units of Inspirato LLC. These warrants were exercised immediately prior to the Business Combination.

In November 2018, the surety bond agreement scheduled to expire on March 1, 2019 was replaced with a new agreement backed by two individual indemnitors who are also related parties. The new agreement reduced the indemnitor requirement to \$7.5 million or \$3.8 million per indemnitor. The related reserve requirement and surety bond were reduced from \$30 million to \$20 million.

In September 2019, the existing surety bond agreement, which was scheduled to expire on March 1, 2020, was replaced with a new agreement that removed the individual indemnitors leaving only a corporate indemnity and removing the interest payable requirement. This agreement has been renewed on a yearly basis from September 2020 onwards.

(13) Warrants

The Company is party to issued and outstanding Warrants to purchase its Class A Common Stock at a price of \$11.50 per share, subject to adjustment for stock splits and/or extraordinary dividends, as described in the Assignment, Assumption and Amendment Agreement between the Company and Computershare Trust Company, N.A., as warrant agent, in respect of the Warrant Agreement between Thayer and Continental Stock Transfer & Trust Company (the "Warrant Agreement"). As of December 31, 2022, there were 8.6 million Public Warrants outstanding. Each of the Public Warrants are exercisable for one share of Class A Common Stock.

The Company accounts for Public Warrants as liabilities at fair value within accrued liabilities on the consolidated balance sheets because the Warrants do not meet the criteria for classification within equity. The Public Warrants are subject to remeasurement at each balance sheet date. As of December 31, 2021 and 2022, the Public Warrants had a fair value of \$0.5 million and \$0.8 million. For the years ended December 31, 2020, 2021 and 2022, a gain of \$0.2 million, a loss of \$0.5 million and a loss of \$1.7 million, respectively, was recorded in warrant fair value gains and losses in the consolidated statements of comprehensive loss.

As of March 13, 2023, the Company and Saks.com LLC ("Saks") entered into a Commercial Referral and Marketing Agreement (the "Commercial Agreement") and a warrant agreement to acquire up to 18 million shares of the Company's Class A Common Stock (the "Saks Warrant"). The Saks Warrant shall vest and become exercisable by Saks based on certain subscription purchase referrals made by Saks to the Company. The exercise price with respect to the Saks Warrant is \$2.00 per share. Subject to certain conditions, including vesting conditions, the Saks Warrant may be exercised, in whole or in part and for cash or on a net exercise basis, at any time before the later of the termination of the Commercial Agreement or 90 days after the final vesting of shares of the Saks Warrant.

(14) Equity

Subsequent to the Business Combination, as described in Note 3 - Reverse Recapitalization, the Company had two three classes of common stock: Class A, Class V and Class B Common Stock and Class V Common Stock, as of December 31, 2023. Holders of the Class A Common Stock and Class V Common Stock will vote together as a single class on all matters submitted to stockholders for their vote or approval, except as required by applicable law. Each law, and each share of Class A and Class V Common Stock will be entitled to one vote on such matters.

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[Table](#) [Holders of Contents](#) Class B Common Stock do not have voting rights. No class of common stock are subject to any conversion rights.

Class A Common Stock

The Company is authorized to issue 1,000,000,000 50,000,000 shares of Class A Common Stock, par value \$0.0001 per share. As of December 31, 2022, and 2023, there were 62,716,630 3,135,832 and 3,537,492 shares, respectively, of Class A Common Stock outstanding. The holders of the Company's Class A Common Stock are entitled to receive dividends when, as and if declared by the Company's Board out of legally available funds.

Class V Common Stock

The Company is authorized to issue 500,000,000 25,000,000 shares of Class V Common Stock, par value \$0.0001 per share. Shares were issued to Continuing Inspirato Members that continued to hold their investment in units of Inspirato LLC in connection with the Business Combination. The holders of the Class V Common Stock hold an equal number of New Common Units in Inspirato LLC. From time to time, the Class V Common Stock and New Common Units held by the Continuing Inspirato Members may be exchanged for one share Class A Common Stock of the Company or cash (based on the market price for a share of our the Company's Class A Common Stock) as determined by Inspirato Incorporated, the Company. The holders of the Company's Class V Common Stock are not entitled to receive dividends. As of December 31, 2022, and 2023, there were 61,359,475 3,067,974 and 2,906,959 shares, respectively, of Class V Common Stock outstanding.

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Class B Common Stock

The Company is authorized to issue 5,000,000 shares of Class A and B Non-Voting Common Stock, par value \$0.0001 per share. As of December 31, 2023, there were no shares of Class V Non-Voting Common Stock outstanding. The holders of the Company's Class B Non-Voting Common Stock are not subject entitled to vote on any conversion right. matters submitted to the Company's stockholders other than certain enumerated actions or as otherwise required by law. The holders of the Company's Class B Non-Voting Common Stock are entitled to receive dividends when, as and if declared by the Company's Board out of legally available funds. Class B common stock was created in conjunction with the Note and, therefore, no Class B common stock shares were issued or outstanding as of December 31, 2022.

Preferred Stock

The Company is authorized to issue 5,000,000 shares of Preferred Stock, par value \$0.0001 per share. As of December 31, 2022 and 2023, there were no shares of Preferred Stock outstanding.

Inspirato LLC Equity

For periods prior to the Business Combination, Inspirato LLC had equity-based compensation described in Note 15, below. As discussed in Note 3, holders 13. Holders of the Inspirato LLC equity received Class A Common Stock or Class V Common Stock and New Common Units, pursuant to the terms of the Business Combination.

(12) Earnings (Loss) Attributable to Inspirato Incorporated per Class A Share

Basic and diluted earnings (loss) per share ("EPS") is computed utilizing shares that participate in the Company's earnings – including dividend rights. The Company recast Company's Class A and Class B Common Stock are the units outstanding related classes of shares that are entitled to the Historical Company's earnings and dividends. As no shares of Class B Non-Voting Common Stock were issued as of December 31, 2023, the computation of basic and diluted earnings (loss) per share includes only Class A Common Stock.

Class V Common Stock does not have economic rights in Inspirato LLC Equity prior Incorporated, including rights to dividends or distributions upon liquidation, and, as a result, is not considered a security for EPS. Class V Common Stock does contain a conversion feature entitling stockholders to convert Class V Common Stock to Class A Common Stock. However, this conversion feature would have no impact on EPS as its assumed conversion under the if-converted method would have an equal proportionate impact on the numerator and denominator resulting in no change to diluted EPS.

EPS is computed using the two-class method. Under the two-class method, the Company allocates net income attributable to Inspirato Incorporated to Class A Common Stock (including those with vested share-based awards). Basic earnings per share is calculated by taking net income attributable to Inspirato Incorporated, less earnings allocated to Class A Common Stock, divided by the basic weighted-average Class A Common Stock outstanding. Net loss per share is calculated by taking net loss attributable to Inspirato Incorporated divided by weighted-average Class A Common Stock outstanding as Class V Common Stock do not share in losses as the impact would be anti-dilutive.

In accordance with the two-class method, diluted earnings (loss) per share is calculated using the more dilutive of the impact of the treasury-stock method or from reducing net income for the earnings allocated to Class A Common Stock. Additionally, adjustments from dilutive securities include those from restricted stock units, nonqualified stock options, warrants and profits interests when those securities would have a dilutive impact when utilizing the treasury stock method. Additionally, with the conversion feature of the Company's Note, when the Note's conversion impact is dilutive, interest expense, net of tax, is added back to net income to calculate diluted net income per share.

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EPS for the year ended December 31, 2021 was adjusted as a result of the Business Combination, reflecting see Note 3 for additional information. The following table summarizes the exchange ratio of 1-for-37.2275, pursuant to Company's EPS for the Business Combination Agreement, years ended December 31, 2021, 2022 and 2023:

	Year Ended December 31,		
	2021	2022	2023
Net loss attributable to Inspirato Incorporated (in thousands)	\$ (22,218)	\$ (24,057)	\$ (51,755)
Weighted average Class A Shares outstanding, Basic and diluted (in thousands)	5,276	2,616	3,380
Net loss attributable to Inspirato Incorporated per Class A Share, Basic and diluted (in dollars per share)	\$ (4.21)	\$ (9.20)	\$ (15.31)

Due to the net loss attributable to **Inspirato Incorporated** for the years ended December 31, 2021, 2022 and 2023, diluted weighted-average Class A shares outstanding are equal to basic weighted-average shares outstanding as the effect of dilutive securities was anti-dilutive.

The following securities are anti-dilutive for the years ended December 31, 2021, 2022 and 2023 (in thousands):

	Year Ended December 31,		
	2021	2022	2023
Restricted stock units	—	194	831
Stock options	400	344	232
Warrants	25	415	431
Profit interests	464	53	464
Note	—	—	850
Anti-dilutive securities	889	1,006	2,808

For the Note, the conversion spread of 850,378 shares is calculated by dividing the carrying value of the Note by the conversion price.

(15) Equity Based (13) Equity-Based Compensation

During the years ended December 31, 2021, 2022 and 2023, the Company recognized \$3.3 million, \$8.8 million and \$13.7 million, respectively, of equity-based compensation. The following table details where equity-based compensation is recognized on the Company's Consolidated Statements of Operations (in thousands):

	Year Ended December 31,		
	2021	2022	2023
Cost of revenue	\$ —	\$ 39	\$ 65
General and administrative	2,567	6,226	9,569
Sales and marketing	190	828	1,499
Operations	489	1,105	1,734
Technology and development	12	604	785
Total equity-based compensation	\$ 3,258	\$ 8,802	\$ 13,652

The Company also recognized income tax benefits from stock compensation of \$0.0 million, \$0.9 million and \$1.7 million for the years ended December 31, 2021, 2022 and 2023, respectively.

Unit Option Plan

Prior to the Business Combination, the **board** **Board** of **Inspirato LLC** maintained an equity-based compensation plan (the "Unit Option Plan"), which provided for the grant of options to purchase the **Inspirato LLC**'s common units, **to** **by** **Inspirato LLC**'s employees, directors and consultants. No issuances under the Unit Option Plan have been made since January 2021 and the Unit Option Plan was terminated in connection with the Business Combination and no new equity awards may be issued thereunder; provided, however, that the Unit Option Plan continues to govern the terms and conditions **Combination**.

[Table of outstanding awards under the Unit Option Plan as of the time of its termination. Prior to the Unit Option Plan's termination, Inspirato LLC only granted options under the Unit Option Plan.](#) [Contents](#)

Options under the Unit Option Plan were granted at a price per unit equal to the fair value of the underlying common units at the date of grant. Options under the Unit Option Plan generally **have had** a 10-year contractual term and **vested** over a three-year to five-year period starting from the date specified in each applicable option agreement.

Each **Inspirato LLC** option from the Unit Option Plan that was outstanding immediately prior to the Business Combination, whether vested or unvested, was converted into an option to purchase a number of shares of the Class A Common Stock based on the Exchange Ratio (the "Exchanged Options"). Except as specifically provided in the Business Combination **agreement, Agreement**, following the Business Combination, each Exchanged Option has continued to be governed by the same terms and conditions (including vesting and exercisability terms) as were applicable to the corresponding former **Inspirato LLC** option immediately prior to the consummation of the Business Combination. **All stock option activity was retroactively restated to reflect the Exchanged Options.**

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The fair value of each option granted under the Unit Option Plan was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used:

	Year Ended December 31,	
	2020	2021
Approximate risk-free rate	0.33 %	0.49 %
Average expected life	6 years	6 years
Volatility	65.2 %	47.6 %
Estimated per share fair value of options granted	\$ 16.67	\$ 12.89

The following table represents nonqualified stock option activity for the **year years** ended December 31, 2022, and 2023:

	Number of shares	Weighted	Weighted-average	Aggregate	Number of options (in thousands)	Weighted
		average	exercise per share	remaining contractual term (in years)		average exercise price
Outstanding at December 31, 2020	8,548	\$ 0.78		7.12	\$ 598	
Granted	30	0.78				
Outstanding at December 31, 2021					391	\$ 15.60
Exercised	(47)	0.78			(92)	15.60
Forfeited	(703)	0.78			(21)	15.60
Outstanding at December 31, 2021	7,828	\$ 0.78		6.05	\$ 72,956	
Exercised/Released	(1,844)	0.78				
Cancelled/Forfeited	(422)	0.78				
Expired	(112)	0.78			(6)	15.60
Outstanding at December 31, 2022	5,450	\$ 0.78		5.72	\$ 2,235	273
Exercised					(36)	15.60
Forfeited					(33)	15.60
Outstanding at December 31, 2023					204	\$ 15.60
Exercisable at December 31, 2023					204	\$ 15.60

There were no options granted during the years ended December 31, 2022 or 2023. As of December 31, 2022 December 31, 2023, all of the remaining option expense **had been recognized** and the aggregate intrinsic value of outstanding options was \$0.0 million. Additionally, as of December

31, 2023, exercisable options and outstanding options both have a remaining to be recognized was \$0.6 million and will be recognized over the next seven weighted-average contractual term of five years.

Profits Interests

Prior to the Business Combination, Inspirato LLC granted awards of profits interests to certain key employees. In connection with the Business Combination, the profits interests were treated like other units in Inspirato LLC with respect to the consideration received as part of the Business Combination. Profits interests have been issued to certain executives.

Each award of profits interests vests over the time period set forth in each individual profits interest award agreement underlying the award, subject to the applicable executive's continued service and, upon the vesting of each award, the newly vested New Common Units become available to be converted from Class V shares to Class A shares. If an executive terminated service, any unvested profits interests held by such executive would be forfeited to Inspirato LLC. If Inspirato LLC experienced a "deemed liquidation event," all

As of the then-outstanding December 31, 2022 and unvested profits interests would accelerate and fully vest upon a change of control event. Profits interests were non-voting profits interest incentive units pursuant to individual award agreements, which set forth such additional terms and conditions, including the vesting and forfeiture terms. The profits interests participate in the distributions upon vesting of the units. At both December 31, 2021 and 2022, 2023, there were 9.3 million 465,000 and 355,000, respectively, as-converted profits interests issued and outstanding and \$0.6 million in profits interest expense remained to be recognized all have been fully vested as of December 31, 2022 over a weighted average term of 2.1 years. December 31, 2023. No profits interests have been issued since the consummation of the Business Combination.

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2021 Plan

In connection with the Business Combination, Thayer's board the Company's Board of directors Directors and stockholders approved the 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan became effective upon the consummation of the Business Combination. Under the 2021 Plan, the Company may grant options, stock appreciation rights, restricted stock, restricted stock units ("RSU") and performance awards to employees, directors and consultants. Subject to the adjustment provisions contained in the 2021 Plan and the evergreen provision described below, the maximum number of shares of Class A Common Stock that may be issued pursuant to awards under the 2021 Plan is (i) 15,900,000 795,000 shares of Class A Common Stock plus (ii) any shares subject to stock options or other awards that were assumed in the Business Combination and expire or otherwise terminate without having been exercised in full, are tendered to or withheld by the Company for payment of an exercise price or for tax withholding obligations, or are forfeited to or repurchased by the Company due to failure to vest, with the maximum number of shares to be added to the 2021 Plan pursuant to clause (ii) equal to 7,453,734

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373,000 shares of Class A Common Stock. The 2021 Plan also includes an evergreen provision that provides for an automatic annual increase to the number of shares of Class A Common Stock available for issuance under the 2021 Plan on the first day of each fiscal year beginning with the 2022 fiscal year, equal to the least of: (x) 19,900,000 995,000 shares of Class A Common Stock, (y) 5% of the total number of shares of all classes of the Company's common stock as of the last day of the Company's immediately preceding fiscal year and (z) such lesser amount determined by the 2021 Plan's administrator. The 2021 Plan provides that the evergreen provision will operate only until the 10th anniversary of the earlier of the board or stockholder approval of the 2021 Plan. The RSUs are unvested and vest subject to each employee's continued employment with the Company. The vesting start date for RSUs issued to existing employees as part of the first grant is January 1, 2022. Subsequent RSU grants have a vesting start date equal to the RSU grant date. Once granted, the RSUs vest ratably over a period of three one to four years. RSUs typically have a cliff vesting of one-third and one-fourth of on the grant amount for three-year and four-year vesting periods, respectively, first anniversary and continue to vest quarterly thereafter. The term of each RSU is stated in the individual respective agreement, provided, however, that the term is no more than 10 years from the date of the grant thereof. thereafter.

The following table represents RSU activity for the **year** ended December 31, 2022 and December 31, 2023:

	Number of shares	Weighted average		intrinsic value (in thousands)	Aggregate	Weighted average	
		exercise per share	remaining contractual term (in years)			Number of units (in thousands)	grant date fair value
Outstanding at December 31, 2021	—	—	—	—	\$ —	—	\$ —
Granted	5,770	6.06				289	121.20
Exercised/Released	(100)	3.09					
Cancelled/Forfeited	(166)	3.52					
Vested				(5)	61.80		
Forfeited				(8)	70.40		
Outstanding at December 31, 2022	5,504	\$ 6.23	3.0	\$ 6,549	275	124.60	
Granted					797	27.11	
Vested				(174)	96.58		
Forfeited				(171)	46.64		
Outstanding at December 31, 2023	727	\$ 41.42					

At December 31, 2022 December 31, 2023, there was \$26 million \$20.6 million of unrecognized compensation cost related to RSUs, RSUs which is expected to be recognized over a weighted average period of 2.4 years.

(14) Warrants

Public Warrants

The Company is party to issued and outstanding Public Warrants to purchase its Class A Common Stock at a price of \$230 per share, subject to adjustment for stock splits and/or extraordinary dividends, as described in the Assignment, Assumption and Amendment Agreement between the Company and Computershare Trust Company, N.A., as warrant agent, in respect of the Warrant Agreement between Thayer and Continental Stock Transfer & Trust Company (collectively, the "Warrant Agreement"). As of both December 31, 2022 and December 31, 2023, there were 8.6 million Public Warrants outstanding. Each of the Public Warrants is exercisable for 0.05 shares of Class A Common Stock.

The Company accounts for the Public Warrants as liabilities at fair value on the Consolidated Balance Sheets as the Public Warrants do not meet the criteria for classification within equity. The Public Warrants are subject to remeasurement at each balance sheet date.

The fair value of the warrants at December 31, 2022 and 2023 was \$0.8 million and less than \$0.1 million, respectively. The fair value losses and gains for the years ended December 31, 2021, 2022 and 2023 were losses of \$0.5 million, losses of \$1.7 million and gains of \$0.8 million, respectively, which were recorded to (gain) loss on fair value instruments within the Company's Consolidated Statements of Operations.

Saks Warrants

In March of 2023, the Company and Saks.com LLC ("Saks") entered into a Commercial Referral and Marketing Agreement (the "Saks Commercial Agreement") and a Warrant Agreement pursuant to which Saks may acquire up to 900,000 of the Company's Class A Common Stock (the "Saks Warrant Shares"). The Saks Warrant Shares shall vest and become exercisable by Saks based on certain subscription purchase referrals made by Saks to the Company under the terms of the Saks Commercial Agreement. The exercise price with respect to the Saks Warrant Shares is \$40.00 per share. Subject to certain conditions, including vesting conditions, the Saks Warrant Shares may be exercised, in whole or in part and for cash or on a net exercise basis, at any time before the later of the

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termination of the Saks Commercial Agreement or 90 days after the final vesting of the Saks Warrant Shares. Through December 31, 2023, there was not significant purchase activity facilitated through the Saks Commercial Agreement such that the fair market value of the warrants is less than \$0.1 million as of December 31, 2023.

(16) (15) Noncontrolling Interest

As a result of the transactions described in Note 3, as of February 11, 2022, Continuing Inspirato Members owned 70 million New Common Units, which represented a 58.8% economic interest in Inspirato LLC and 70 million shares of Class V Common Stock of Inspirato Incorporated. The combination of one New Common Unit and one share of Class V Common Stock of Inspirato Incorporated may be redeemed no earlier than six months after the Business Combination at the option of the Continuing Inspirato Members for one share of Class A Common Stock of Inspirato Incorporated or the cash equivalent thereof (based on the market price of the Class A Common Stock at the time of redemption) as determined by Inspirato Incorporated. If Inspirato Incorporated elects the redemption to be settled in cash, the cash used to settle the redemption must be funded through a private or public offering of Class A Common Stock no later than five business days after the redemption notice date. Upon the redemption of the New Common Unit and Class V Common Stock for Class A Common Stock or the equivalent thereof, all redeemed Class V Common Stock will be cancelled and such New Common Unit will be transferred to Inspirato Incorporated. Inspirato Incorporated will also be issued a New Common Unit to correspond with each new share of Class A Common Stock it issues.

As of December 31, 2022, Inspirato Incorporated owned 47% of the outstanding New Common Units. The financial results of Inspirato LLC and its subsidiaries are consolidated with and into Inspirato Incorporated. For the period February 11, 2022 through December 31, 2022, 57.5% of the consolidated net loss of Inspirato LLC has been allocated to the noncontrolling interests of Inspirato LLC. During the year ended December 31, 2023, 44.9% of the consolidated net loss of Inspirato LLC has been allocated to the noncontrolling interests of Inspirato LLC. During the year ended December 31, 2022, the Company issued 8,421,190 421,000 shares of Class A Common Stock in exchange for the same number of New Common Units, resulting also in the cancellation of the same number of shares of Class V Common Stock. During the year ended December 31, 2023, the Company issued 161,000 shares of Class A Common Stock in exchange for the same number of New Common Units, resulting also in the cancellation of the same number of shares of Class V Common Stock.

The following table summarizes the changes in share ownership of Inspirato LLC for the period from February 11, 2022 to December 31, 2022 (see Note 3) excluding unvested profits interests: (in thousands):

	New Common Units				New Common Units			
					Continuing Inspirato Members subject to vesting			
	Inspirato Incorporated	Continuing Inspirato Members	vesting	Total	Inspirato Incorporated	Continuing Inspirato Members subject to vesting	LLC	Total
(in thousands)								
Recapitalization	46,832	66,945	2,836	116,613	2,342	3,347	142	5,831
Conversion of Class V to Class A	8,421	(8,421)	—	—	421	(421)	—	—
Vesting of profits interests	—	1,129	(1,129)	—	—	57	(57)	—
End of period	55,253	59,653	1,707	116,613				
Issuance of Common Stock			373		—	—	—	373
Balance at December 31, 2022			3,136		2,983	85		6,204
Conversion of Class V to Class A			161		(161)	—	—	—
Vesting of profits interests			—		85	(85)	—	—

Issuance of					
Common Stock	240	—	—	—	240
Balance at					
December 31,					
2023	3,537	2,907	—	—	6,444

(16) Commitments and Contingencies

Litigation

The Company is involved in various legal proceedings. The Company establishes reserves for specific legal proceedings when the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. The Company does not believe that there is a reasonable possibility of material loss or loss in excess of the amount that the Company has accrued. The Company recognizes legal fees related to any ongoing legal proceeding as incurred.

On February 16, 2023, a class action lawsuit was filed in the U.S. District Court in the District of Colorado captioned Keith Koch, Individually and on behalf of all others similarly situated v. Inspirato Incorporated, Brent Handler, and R. Webster Neighbor. The complaint alleges violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder against all defendants, and Section 20(a) of the Exchange Act against the individual defendants. The complaint generally alleges that certain of the Company's prior public statements about its results of operations and financial condition were materially false and misleading because they misrepresented and failed to disclose adverse facts pertaining to the restatement of the Company's Consolidated Financial Statements as of and for the three months ended March 31, 2022 and June 30, 2022. The Company believes it has meritorious defense to the claims in this matter and intends to vigorously defend against them.

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Financial Guarantee Requirement

Inspirato LLC is a party to a financial guarantee requirement with a third party. The guarantee was satisfied through a \$20 million surety bond that was increased to \$30 million on November 2, 2023. The financial guarantee bond agreement remains in effect and its term is continuous to align with the term of the agreement it supports.

Credit Card Reserve

The Company has committed to provide a \$10 million reserve balance with a credit card processor through credit card transactions. As of December 31, 2023, \$4.8 million was reserved and is included in restricted cash within the Consolidated Balance Sheet and the remaining balance is expected to be fully reserved for and included in restricted cash during the first quarter of 2024.

(17) Fair Value Measurements

Under ASC 820, *Fair Value Measurements and Disclosures*, disclosures relating to how fair value is determined for assets and liabilities are required and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs, as follows:

- **Level 1** – Quoted prices in active markets for identical assets and liabilities.
- **Level 2** – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes several valuation techniques in order to assess the fair value of its financial assets and liabilities.

The following tables set forth the fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and December 31, 2023 based on the three-tier fair value hierarchy (in thousands):

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 80,278	\$ —	\$ —	\$ 80,278
Restricted cash	1,661	—	—	1,661
Total	\$ 81,939	\$ —	\$ —	\$ 81,939
Liabilities				
Warrants	\$ 759	\$ —	\$ —	\$ 759

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	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 36,566	\$ —	\$ —	\$ 36,566
Restricted cash	5,700	—	—	5,700
Total	\$ 42,266	\$ —	\$ —	\$ 42,266
Liabilities				
Note	\$ —	\$ —	\$ 23,854	\$ 23,854
Warrants	48	—	—	48
Total	\$ 48	\$ —	\$ 23,854	\$ 23,902

The Company had no transfers of assets or liabilities between fair value hierarchy levels during the years ended December 31, 2022 and 2023.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash are comprised of credit card receivables and cash and are categorized as Level 1 instruments. The Company maintains cash with various high-quality financial institutions and holds restricted cash with certain credit card processors as a deposit until services are rendered. Cash, cash equivalents and restricted cash are carried at cost, which management believes approximates fair value. As of December 31, 2022 and 2023, the Company had \$1.7 million and \$5.7 million, respectively, of restricted cash.

Warrants

As the Public Warrants utilize an observable price in an active market to assess their fair value the warrants are categorized as Level 1 instruments. Additionally, as there was an immaterial amount of outstanding Saks Warrant Shares as of December 31, 2023, the Company concluded the fair market value of the outstanding Saks Warrant Shares to be less than \$0.1 million as of December 31, 2023.

Note

The estimated fair value of the Company's Note has been determined to be a Level 3 measurement, as the Company utilizes a binomial lattice model where both the debt and stock features of the Note are considered. In reviewing the debt features of the Note, the Company considered its scheduled coupon and principal payments and compared them to those of instruments currently outstanding in the market of companies with similar credit ratings as well as the risk-free rate. In considering the stock features of the Note, the Company considered the value and volatility of its own stock, in addition to considering volatility of similar instruments in the marketplace as well as the conversion feature of the Note which is discounted at the risk-free rate.

(18) Employee Benefit Plans

Employee Stock Purchase Plan

The Company has an employee stock purchase plan (the "ESPP"), under which the Company is authorized to issue 200,000 shares of Class A Common Stock. As of December 31, 2022 and December 31, 2023, the Company had approximately 171,000 and 141,000 shares, respectively, of Class A Common Stock which remain available for issuance under the ESPP. Generally, all full-time employees are eligible to participate in the ESPP. Employee stock purchases are made through payroll deductions. The ESPP consists of six-month offering periods during which employees may enroll in the plan. The purchase price on each purchase date shall not be less than eighty-five percent (85%) of the lesser of (a) the fair market value of a share of stock on the offering date of the offering period or (b) the fair market value of a share of stock on the purchase date. During the year ended December 31, 2023, there were employee purchases of approximately 30,000 shares of Class A Common Stock through the ESPP.

401(k) Employee Savings Plan

The Company sponsors a defined contribution 401(k) plan (the "Plan") that covers substantially all employees. Employees are eligible to begin participating in the Plan at the beginning of the first month following their employment with the Company. Employees participating in the Plan may contribute up to 90 percent of their compensation up to Internal Revenue Service (IRS) annual limitations. The

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Plan provides for the Company matches to make a discretionary matching contribution. During the years ended December 31, 2021, 2022 and 2023, the Company matched 50 percent of an employee's contribution up to 6 percent of eligible pay with immediate 100 percent vesting. This match has a \$1,500 per employee cap each year. Costs incurred in connection with the Plan were minimal for During the years ended December 31, 2021, 2022 and 2022. The Plan provides for 2023, the Company to make a discretionary matching contribution. Total contributions to the Plan totaled matched \$0.9 million, \$1.3 million and \$1.3 million for the years ended December 31, 2021 and 2022, \$1.1 million, respectively.

(18) (19) Geographic Information

Physical long-lived assets consist of property and equipment, net and right-of-use assets. All software and intangible assets as of December 31, 2022 and 2023 were attributable to the United States. The following summary provides information concerning our the Company's principal geographic areas related to long lived its physical long-lived assets for the years ended December 31, 2021 December 31, 2022 and 2022, 2023 (in thousands):

	December 31,		December 31,	
	2021		2022	
	(in thousands)			
Property and equipment, net			\$ 18,298	\$ 19,504
Right-of-use assets			271,702	209,702
Total			\$290,000	\$229,206
United States	\$ 7,507	\$ 205,469	\$ 205,469	\$ 171,332
Rest of world	1,188	84,531		
Total	\$ 8,695	\$ 290,000		
Outside the United States			\$ 84,531	\$ 57,874

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Long lived assets consist of property and equipment, software, and right of use assets. All software and intangible assets as of December 31, 2021 and 2022 were attributable to the United States.

Revenue earned from travel subscription and subscription travel services are charged on a bundled basis, without regard to where services are delivered, and periodically include a portion of services provided outside of the US. It is impracticable to separate those amounts.

The following summary provides information concerning the Company's revenue by principal geographic location area, determined based on the location of cash receipts (in thousands):

	Year Ended December 31,		
	2021	2022	2023
United States	\$ 225,683	\$ 331,426	\$ 315,643
Outside the United States	9,064	14,104	13,457
Total	\$ 234,747	\$ 345,530	\$ 329,100

(19) (20) Related Party Transactions

As part of the Portico acquisition in 2013, Inspirato LLC entered into certain ancillary and commercial arrangements with Exclusive Resorts, where several of our significant shareholders also hold a significant investment, primarily involving the continuation of services to Portico members until such memberships terminate. At December 31, 2021 December 31, 2022 and 2022, December 31, 2023, balances due from related parties for these arrangements totaled \$0.4 million \$0.7 million and \$0.7 million \$0.8 million, respectively, and is recorded to accounts receivable, net – related parties on the Company's Consolidated Balance Sheets. Revenue related to these arrangements is included in the Company's travel revenue. Separating revenue related to Portico's members from the Company's total travel revenue is not practicable.

Under In July of 2023, Inspirato LLC entered into a temporary use agreement with Exclusive Resorts for certain of the Company's properties for which the Company recognized \$0.1 million in revenue within the Company's Consolidated Statements of Operations during the year ended December 31, 2023. This agreement was terminated as of September 30, 2023. Inspirato LLC was also party to certain property usage agreements with Exclusive Resorts, pursuant to which Inspirato LLC pays paid Exclusive Resorts to use and operate certain Exclusive Resorts homes for Inspirato subscribers' members' usage. For the years ended December 31, 2021, 2022 and 2022, December 31, 2023, Inspirato recognized \$3.4 million, \$2.6 million and \$2.6 million \$0.6 million, respectively, in related party expense related to these agreements. As of December 31, 2023, all property usage agreements had terminated. At December 31, 2021 December 31, 2022 and 2022, December 31, 2023, Inspirato had paid all amounts due and payable under the property usage agreements.

Inspirato LLC entered into lease agreements with certain Company executives and board members whereby Inspirato LLC pays those executives and board members a purchase fee in advance of the leased property becoming available for occupancy. Total payments made under these lease agreements for the year both years ended December 31, 2022 were \$40 thousand.

and 2023 totaled less than \$0.1 million.

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(21) Supplemental Financial Information

The following table presents the year-to-date supplemental and non-cash investing and financing activities:

	Year Ended December 31,		
	2021	2022	2023
Supplemental cash flow information:			
Cash paid for interest	\$ 609	\$ 288	\$ 1,859
Cash paid for income taxes	\$ —	\$ 81	\$ 309
Significant noncash transactions:			
Gain on forgiveness of debt	\$ 9,518	\$ —	\$ —
Conversion of Class V to Class A stock	\$ —	\$ 4,957	\$ —
Accounting principle adoption	\$ —	\$ —	\$ 204
Conversion of preferred stock in connection with reverse recapitalization	\$ —	\$ 104,761	\$ —
Warrants acquired at fair value	\$ —	\$ 9,874	\$ —
Warrants exercised	\$ —	\$ 8,390	\$ —
Fixed assets purchased but unpaid, included in accounts payable at period end	\$ —	\$ 989	\$ 1,022
Operating lease right-of-use assets exchanged for lease obligations	\$ —	\$ 355,214	\$ 66,145
Conversion of deferred rent and prepaid rent to right-of-use assets	\$ —	\$ 6,831	\$ —

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including its Chief Executive Officer and Chief Financial Officer (the "Executives"), to allow timely decisions regarding required disclosures.

Our management, with the participation of the Executives, evaluated, as of the end of the period covered by this Annual Report on Form 10-K the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on that evaluation, and as a result of the material weakness described below, the Executives concluded that as of **December 31, 2022** **December 31, 2023**, our disclosure controls and procedures were not effective at the reasonable assurance level.

Nevertheless, based on the performance of additional procedures by management designed to ensure reliability of financial reporting, our management has concluded that, notwithstanding the material weaknesses described below, the **consolidated financial statements**, **Consolidated Financial Statements**, included in this Annual Report on Form 10-K, fairly present, in all material respects, our financial position, results of operations, and cash flows as of the dates, and for each of the periods presented, in conformity with U.S. GAAP.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of inherent limitations, internal control

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

Our internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets,
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the **consolidated financial statements**.

Consolidated Financial Statements.

Our management assessed the effectiveness of internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, using the criteria in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of **December 31, 2022** **December 31, 2023**, the Company's internal control over financial reporting is not effective due to the **previously reported** material weaknesses described below.

below that continued to exist as of December 31, 2023.

A material weakness (as defined in Rule 12b-2 under the Exchange Act) is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

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The As previously reported, the material weaknesses **identified** continued to exist as of **December 31, 2022** **December 31, 2023** primary **related** relating to (1) the implementation and ongoing accounting for new accounting standards, specifically, ASC 842, Leases, and the on-going accounting for the Company's controlled and managed properties under ASC 842; (2) the establishment and design of processes and controls over financial closing and reporting processes, to document and monitor certain controls over financial reporting; (3) (2) the design and effectiveness of **ITGCs**, **Information Technology General Controls** ("ITGC"), including users' access rights related to certain IT systems and segregation of duties related to the administration of those IT systems that support the Company's financial reporting process.

These material weaknesses in internal control over financial reporting existed at **Inspirato Inc.** as of **December 31, 2022** **December 31, 2023**, due to the following root causes:

- Insufficient staffing and training of certain control operators and turnover of certain key control operators; and
- Inadequate assessment of financial reporting risks, which in turn contributed to reliance on business process controls that were not designed properly and/or operating effectively to adequately mitigate existing risks; risks.
- Breakdowns in communication of expectations and prioritization of control execution to certain control operators;
- Lack of accountability for effective control operation; and
- Insufficient monitoring activities to ensure that the components of internal control are present and functioning

These material weaknesses resulted in the restatement of our previously issued consolidated financial statements for each of the quarterly periods ended **March 31, 2022** and **June 30, 2022**.

Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting

In response to the material weaknesses identified in "Management's Reporting on Internal Control Over Financial Reporting," we, with oversight from the Audit Committee of the Board of Directors, developed a plan to remediate the material weakness. **Remediation Ongoing** remediation activities include:

- Continue to hire, train and retain individuals with appropriate skill and experience related to designing, operating and documenting internal control over financial reporting
- Communicate expectations, monitor for compliance with expectations, and hold individuals accountable for their roles related to internal control over financial reporting
- Design and implement a comprehensive and continuous risk assessment process to identify and assess financial statement risks and ensure that the financial reporting process and related internal controls are in place to respond to those risks;
- Enhance Continue to enhance the design of and implement additional process-level control activities and ensure they are properly evidenced and operating effectively; and
- Enhance the training provided to our control operators.

During 2023, we engaged a co-source provider who completed an initial assessment of the design of our control environment. These results were reported to the Audit Committee on a quarterly basis and drove management's remediation efforts throughout 2023. We have made progress towards the remediation of our material weaknesses, however, we need to ensure that our controls are operating effectively throughout 2024 and design access controls for relevant IT applications.

During 2023, we had executive leadership changes in the Chief Executive Officer and Chief Financial Officer positions, and both of the new executives have had previous public company experience. Under their direction, we are holding people accountable for effective control operation and have implemented and enhanced process-level control activities. Additionally, we established an internal audit function prior to 2023 that reported, on at least a quarterly basis, to the Audit Committee, the status of management's material weakness remediation efforts, including the number of control deficiencies, progress made towards material weakness remediation as well as the implementation of additional process-level control activities throughout the Company. We continue to remediate the material weaknesses identified. We are committed to continuing to improve our internal control over financial reporting and will continue to review and improve our internal control over financial reporting controls and ITGCs, as described above.

We believe the foregoing efforts will effectively remediate the material weaknesses described in "Management's Report on Internal Control Over Financial Reporting." Because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of the material weaknesses will require on-going review and evidence of effectiveness prior to concluding that the controls are effective. The Company's remediation efforts are underway; however there is no assurance that the remediation efforts will be effective in the future or that additional material weaknesses will not develop or be identified.

No Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 10-K does not include, and we are not required to include, an attestation report of our independent registered public accounting firm on the effectiveness of our internal control over financial reporting pursuant to Section 404 for as long as we remain an "emerging growth company" as defined in the JOBS Act.

Changes in Internal Control Over Financial Reporting

Other than As outlined above, we are in the remediation measures discussed above, during process of taking steps to remediate the quarter ended December 31, 2022, there has been material weaknesses. We made no change other changes in our internal control over financial reporting during the quarter ended December 31, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

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Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2023 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. Executive Compensation

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2023 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2023 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2023 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. Principal Accountant's Fees and Services

Information required by this item is incorporated herein by reference to our definitive proxy statement with respect to our 2023 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

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Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report are as follows:

- (1) All Financial Statements: Refer to the "Index to Consolidated Financial Statements" included under Part II, Item 8 of this Form 10-K.
- (2) Financial Statement Schedules: All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the ~~consolidated financial statements~~ Consolidated Financial Statements and accompanying notes included under Part II, Item 8 of this Form 10-K.
- (3) Exhibits: The documents listed below are incorporated by reference or are filed with this report, in each case as indicated therein.

The exhibits listed below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Provided Herein	Form	File No.	Exhibit	Filing Date
2.1	Business Combination Agreement and Plan of Reorganization, dated June 30, 2021, by and among Thayer, Merger Sub and Inspirato.		8-K	001-39791	2.1	June 30, 2021
2.2	Amendment to Business Combination Agreement, dated September 15, 2021, by and between Thayer and Inspirato.		8-K	001-39791	1.1	September 15, 2021

3.1	Amended and Restated Certificate of Incorporation of the Company.	8-K	001-39791	3.1	February 14, 2022
3.2	Amended and Restated Bylaws of the Company.	8-K	001-39791	3.2	February 14, 2022
3.3	Ninth Amended and Restated Limited Liability Company Agreement of Inspirato LLC, dated February 11, 2022.	8-K	001-39791	10.3	February 14, 2022
4.1	Form of Class A Common Certificate of the Company.	S-8	333-264331	4.1	April 15, 2022
4.2	Warrant Agreement, dated December 10, 2020, between Continental Stock Transfer & Trust Company and Thayer.	8-K	001-39791	4.1	December 16, 2020
4.3	Assignment, Assumption and Amendment Agreement between the Company and Computershare Trust Company, N.A.	S-1/A	333-262472	4.5	February 11, 2022
4.4	Description of Capital Stock	X			
10.1	Form of Indemnity Agreement of Thayer.	S-1	333-249390	10.3	October 8, 2020
10.2	Form of Inspirato 2021 Equity Incentive Plan.	S-4	333-259570	10.17	September 16, 2021
10.3	Form of Inspirato 2021 Employee Stock Purchase Plan.	S-4	333-259570	10.18	September 16, 2021
10.4	Form of Inspirato Employee Incentive Compensation Plan.	S-4	333-259570	10.19	September 16, 2021
10.5	Outside Director Compensation Policy of the Company.	S-1	333-264598	10.14	April 29, 2022

Exhibit Number	Exhibit Description	Provided Herein	Incorporated by Reference			
			Form	File No.	Exhibit	Filing Date
2.1	Business Combination Agreement and Plan of Reorganization, dated June 30, 2021, by and among Thayer, Merger Sub and Inspirato.	8-K	001-39791	2.1		June 30, 2021
2.2	Amendment to Business Combination Agreement, dated September 15, 2021, by and between Thayer and Inspirato.	8-K	001-39791	1.1		September 15, 2021
3.1	Second Amended and Restated Certificate of Incorporation of the Company.	10-Q	001-39791	3.1		November 9, 2023
3.2	Amended and Restated Bylaws of the Company.	8-K	001-39791	3.2		February 14, 2022
3.3	Eleventh Amended and Restated Limited Liability Company Agreement of Inspirato LLC, dated October 16, 2023.	8-K	001-39791	3.1		October 18, 2023
4.1	Form of Class A Common Certificate of the Company.	S-8	333-264331	4.1		April 15, 2022
4.2	Warrant Agreement, dated December 10, 2020, between Continental Stock Transfer & Trust Company and Thayer.	8-K	001-39791	4.1		December 16, 2020
4.3	Assignment, Assumption and Amendment Agreement between the Company and Computershare Trust Company, N.A.	S-1/A	333-262472	4.5		February 11, 2022
4.4	Description of Capital Stock	X				
4.5	Form of 8% Senior Secured Convertible Notes due 2028 (included in Exhibit 10.13)	8-K	001-39791	4.1		August 8, 2023
10.1	Form of Indemnity Agreement of Thayer.	S-1	333-249390	10.3		October 8, 2020
10.2	Form of Inspirato 2021 Equity Incentive Plan.	S-4	333-259570	10.17		September 16, 2021
10.3	Form of Inspirato 2021 Employee Stock Purchase Plan.	S-4	333-259570	10.18		September 16, 2021
10.4	Form of Inspirato Employee Incentive Compensation Plan.	S-4	333-259570	10.19		September 16, 2021
10.5	Outside Director Compensation Policy of the Company.	S-1	333-264598	10.14		April 29, 2022

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10.6	10.6	<u>Tax Receivable Agreement, dated February 11, 2022, between the Company and the other parties thereto.</u>	8-K	001-39791	10.4	February 14, 2022	10.6	<u>Tax Receivable Agreement, dated February 11, 2022, between the Company and the other parties thereto.</u>	8- 001- K 39791	10.4	February 14, 2022
10.7	10.7	<u>Amended and Restated Registration Rights Agreement, dated February 11, 2022.</u>	8-K	001-39791	10.1	February 14, 2022	10.7	<u>Amended and Restated Registration Rights Agreement, dated February 11, 2022.</u>	8- 001- K 39791	10.1	February 14, 2022
10.8	10.8	<u>Sponsor Subscription Agreement, dated February 10, 2022, between Thayer, Inspirato LLC and the Sponsor.</u>	8-K	001-39791	10.6	February 14, 2022	10.8	<u>Sponsor Subscription Agreement, dated February 10, 2022, between Thayer, Inspirato LLC and the Sponsor.</u>	8- 001- K 39791	10.6	February 14, 2022
10.9	10.9	<u>Employment Agreement between Inspirato LLC and Brent Handler.</u>	S-4	333-259570	10.21	September 16, 2021	10.9	<u>Employment Agreement between Inspirato LLC and Brent Handler.</u>	S- 333- 4 259570	10.21	September 16, 2021
10.10	10.10	<u>Employment Agreement between Inspirato LLC and Brad Handler.</u>	S-4	333-259570	10.22	September 16, 2021	10.10	<u>Employment Agreement between Inspirato LLC and Brad Handler.</u>	S- 333- 4 259570	10.22	September 16, 2021
10.11	10.11	<u>Employment Agreement between Inspirato LLC and David Kallery.</u>	S-4	333-259570	10.23	September 16, 2021	10.11	<u>Employment Agreement between Inspirato LLC and David Kallery.</u>	S- 333- 4 259570	10.23	September 16, 2021

10.12	10.12	<u>Employment Agreement between Inspirato LLC and Web Neighbor.</u>	S-4	333-259570	10.24	September 16, 2021	10.12	<u>Warrant Agreement, dated March 13, 2023 by and between Inspirato Incorporated and Saks.com LLC.</u>	8- 001- K 39791	10.1 March 14, 2023
10.13							10.13	<u>Amended and Restated Employment Agreement between Inspirato LLC and Web Neighbor.</u>	8- 001- K 39791	10.1 March 15, 2023
10.14							10.14	<u>Offer Letter between the Company and Robert Kaiden, dated as of March 17, 2023.</u>	8- 001- K 39791	10.1 March 22, 2023
10.15							10.15	<u>Investment Agreement, dated as of August 7, 2023, between Inspirato Incorporated and Oakstone Ventures, Inc.</u>	8- 001- K 39791	10.1 August 8, 2023
10.16							10.16	<u>First Amendment to the Warrant Agreement, dated March 13, 2023, by and between Inspirato Incorporated and Saks.com LLC.</u>	10- 001- Q 39791	10.1 August 9, 2023

10.17		10.17 <u>Separation and Release Agreement, dated as of August 21, 2023, between Inspirato LLC and R. Webster Neighbor.</u>	8- 001- K 39791	10.1 August 25, 2023
10.18		10.18 <u>Executive Employment Agreement between Inspirato LLC and Eric Grosse, dated September 22, 2023.</u>	8- 001- K 39791	10.1 September 22, 2023
10.19		10.19 <u>Separation and Release Agreement between Inspirato LLC and Brent Handler, dated September 22, 2023.</u>	8- 001- K 39791	10.2 September 22, 2023
14.1		14.1 <u>Code of Ethics</u>		X
21.1	21.1	21.1 <u>List of Subsidiaries</u>	21.1 <u>List of Subsidiaries</u>	X
23.1	23.1	23.1 <u>Consent of Independent Registered Public Accounting Firm</u>	23.1 <u>Consent of Independent Registered Public Accounting Firm</u>	X
24.1	24.1	24.1 <u>Power of Attorney</u>	24.1 <u>Power of Attorney</u>	X

31.1	31.1 <u>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.</u>	X	31.1 <u>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.</u>	X
31.2	31.2 <u>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.</u>	X	31.2 <u>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.</u>	X
32.1+	32.1+ <u>Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	X	32.1+ <u>Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	X

97.1	97.1	<u>Clawback</u> <u>Policy</u>	X
101.INS	101.INS	INLINE XBRL Instance Document	101.INSINLINE XBRL Instance 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 Label Linkbase Document	
101.PRE		INLINE XBRL Taxonomy Extension Presentation Linkbase Document	
104		Cover Page Interactive Data File (embedded within the Inline XBRL document or included within the Exhibit 101 attachments)	

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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 Label Linkbase Document
101.PRE	INLINE XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document or included within the Exhibit 101 attachments)

- + The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Inspirato Incorporated under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether

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made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. Form 10-K Summary

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on **March 15th, 2023**. **March 12, 2024**.

INSPIRATO INCORPORATED

By: /s/ Brent Handler Eric Grosse

Brent Handler Eric Grosse

Chief Executive Officer

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints **Brent Handler Eric Grosse** with full power of substitution and resubstitution and full power to act as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorney-in-fact and agent or any of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Brent Handler Eric Grosse</u>	Chief Executive Officer & Director (<i>Principal Executive Officer</i>)	March 15th, 2023 12, 2024
<u>Brent Handler Eric Grosse</u>		
<u>/s/ R. Webster Neighbor Robert Kaiden</u>	Chief Financial Officer (<i>Principal Financial and Accounting Officer</i>)	March 15th, 2023 12, 2024
<u>R. Webster Neighbor Robert Kaiden</u>		
<u>/s/ Michael Armstrong</u>	Director	March 15th, 2023 12, 2024
<u>Michael Armstrong</u>		
<u>/s/ Scott Berman</u>	Director	March 15th, 2023 12, 2024
<u>Scott Berman</u>		
<u>/s/ Eric Grosse</u>	Director	March 15th, 2023
<u>Eric Grosse</u>		
<u>/s/ Brad Handler</u>	Executive Chairman and Director	March 15th, 2023 12, 2024
<u>Brad Handler</u>		
<u>/s/ Brent Handler</u>	Director	March 12, 2024
<u>Brent Handler</u>		

/s/ Ann Payne

Director

March 15th, 2023 12, 2024

Ann Payne
/s/ R. Scot Sellers John Melicharek

R. Scot Sellers John Melicharek

Director

March 15th, 2023 12, 2024

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Exhibit 4.4

DESCRIPTION OF SECURITIES

The following description of the capital stock of **Inspirato Incorporated** ("us," "our," "we," "Inspirato" or the "Company") is a summary of the rights of our securities and certain provisions of our Second Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and Amended and Restated Bylaws (the "Bylaws") as currently in effect. Because the following description is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth herein, you should refer to our Certificate of Incorporation and Bylaws, the other agreements described below, copies of which have been filed as exhibits to the Annual Report on Form 10-K of which this Exhibit is a part, and to the applicable provisions of the Delaware General Corporation Law (the "DGCL").

Authorized Stock

The authorized capital stock of **Inspirato** consists of 85,000,000, consisting of 1,600,000,000 5,000,000 shares of capital preferred stock and 80,000,000 shares of common stock, \$0.001 par value per share, of which:

- 1,000,000,000 50,000,000 shares are designated as Class A common stock ("Class A Common Stock"); and
- 500,000,000 25,000,000 shares are designated as Class V common stock ("Class V Common Stock"); and
- 5,000,000 shares are designated as Class B non-voting common stock ("Class B Common Stock" and together with the Class A Common Stock and the Class V Common Stock, the "Common Stock"); and
- 100,000,000 shares are designated as preferred stock.

Class A Common Stock Following the Business Combination

Voting Power

Holders of Class A Common Stock and Class V Common Stock are entitled to one vote for each share held as of the record date for the determination of the stockholders entitled to vote on such matters, except as otherwise required by law. The holders of Class A Common Stock and Class V Common Stock will at all times vote together as one class on all matters submitted to a vote of stockholders, unless otherwise required by Delaware law or the Certificate of Incorporation (as it may be amended from time to time). Delaware law could require holders of shares of a class of capital stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend the Certificate of Incorporation to increase or decrease the par value of a class of the capital stock, then that class would be required to vote separately to approve the proposed amendment; and
- if we were to seek to amend the Certificate of Incorporation in a manner that alters or changes the powers, preferences, or special rights of a class of capital stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.
- Holders of Class B Common Stock are not entitled to vote except as otherwise required by Delaware law.

Dividends

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Class A and Class B Common Stock will be entitled to receive dividends out of funds legally available if our board of directors (the "Board") in its discretion, determines to issue dividends and then only at the times that the Board may determine. Any dividends paid to the holders of shares of Class A and Class B Common Stock shall be paid on a pro rata basis. The holders of our Class V Common Stock shall not be entitled to receive any dividends out of any assets of the Company.

Liquidation, Dissolution and Winding Up

In the event of our voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, and after the rights of the holders of the preferred stock, if any, have been satisfied, each holder of our **Class V** Common Stock outstanding at that time shall be entitled to receive \$0.0001 per share and the remaining assets of whatever kind available for distribution to stockholders shall be distributable ratably among the holders of **Class A** Common Stock outstanding at that time.

Preemptive or Other Rights

Class A Common Stock and **Class V** Holders of Common Stock are not entitled to preemptive rights, and shares of Common Stock are not subject to conversion, redemption, or sinking fund provisions.

Election of Directors

Subject to the rights of holders of any series of preferred stock with respect to the election of directors, the number of directors that constitutes the Board will be fixed solely by resolution adopted by a majority of the Board. The Certificate of Incorporation provides for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of

stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms. Stockholders do not have the ability to cumulate votes for the election of directors.

Preferred Stock

The Certificate of Incorporation provides that shares of preferred stock may be issued from time to time in one or more series. The Board is authorized to fix the voting rights, if any, designations, powers and preferences, the relative, participating, optional or other special rights, and any qualifications, limitations and restrictions thereof, applicable to the shares of each series of preferred stock. The Board will be able to, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the Common Stock and could have anti-takeover effects. The ability of the Board to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of the Company or the removal of existing management.

The Company has no preferred stock outstanding at the date hereof.

Warrants

Public Stockholders' Warrants

Each whole warrant entitles the registered holder to purchase one share of Class A Common Stock at a price of \$11.50 per share, subject to adjustment as discussed below, at any time commencing on the later of one year from the closing of the initial public offering ("IPO") of Thayer Ventures Acquisition Corporation ("Thayer") or 30 days after the closing of the business combination between Thayer and Inspirato LLC (the "Business Combination" and, such closing, the "Closing"), provided in each case that we have an effective registration statement under the U.S. Securities Act of 1933, as amended (the "Securities Act") covering the shares of Class A Common Stock issuable upon exercise of the warrants and a current prospectus relating to them is available (or we permit holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares of Class A Common Stock. This means only a whole warrant may be exercised at a given time by a warrant holder. No fractional warrants will be issued upon separation of the units and only whole warrants will trade. Accordingly, unless you purchase at least

an even number of units, you will not be able to receive or trade a whole warrant. The warrants will expire five years after the Closing at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

We will not be obligated to deliver any shares of Class A Common Stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A Common Stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to our satisfying our obligations described below with respect to registration. No warrant will be

exercisable and we will not be obligated to issue a share of Class A Common Stock upon exercise of a warrant unless the share of Class A Common Stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will we be required to net cash settle any warrant. In the event that a registration statement is not effective for the exercised warrants, the purchaser of a unit containing such warrant will have paid the full purchase price for the unit solely for the share of Class A Common Stock underlying such unit.

A registration statement for the registration, under the Securities Act, of the shares of Class A Common Stock issuable upon exercise of the warrants has been declared effective on May 9, 2022. We will use our best efforts to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the warrants in accordance with the provisions of the warrant agreement. In addition, if Class A Common Stock is, at the time of any exercise of a warrant, not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of our public warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event we elect to do so, we will not be required to file or maintain in effect a registration statement, but we will use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering each such warrant for that number of shares of Class A Common Stock equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied the excess of the "fair market value" less the exercise price of the warrants by (y) the fair market value and (B) 0.361. The "fair market value" shall mean the volume weighted average price of the shares of Class A Common Stock for the ten trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

In addition, if (x) we issue additional shares of Class A Common Stock or equity-linked securities for capital raising purposes in connection with the Closing at an issue price or effective issue price of less than \$9.20 per share of Class A Common Stock (with such issue price or effective issue price to be determined in good faith by the Board and, in the case of any such issuance to our initial stockholders or their affiliates, without taking into account any shares of Class A Common Stock that were issued upon the conversion of shares of Thayer's Class B common stock in connection with the Business Combination and were originally purchased by the Thayer Ventures Acquisition Holdings LLC (the "Sponsor") in a private placement prior to the IPO that are held by our initial

stockholders or such affiliates, as applicable, prior to such issuance including any transfer or reissuance of such shares (the "Newly Issued Price")), (y) the aggregate gross proceeds from such issuances represent more than 50% of the total equity proceeds, and interest thereon, available for the funding of our initial business combination, and (z) the volume weighted average trading price of the shares of Class A Common Stock during the 10 trading day period starting on the trading day after the day on which we consummate our initial business combination is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value (as defined in the warrant agreement) and the Newly Issued Price, and the \$10.00 and \$18.00 per share redemption trigger prices described under "Redemption of Public Stockholders' Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$10.00" and "Redemption of Public Stockholders' Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$18.00" will be adjusted (to the nearest cent) to be equal to 100% and 180% of the higher of the Market Value and the Newly Issued Price, respectively.

Redemption of Public Stockholders' Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$18.00

Once the warrants become exercisable, we may redeem the outstanding warrants (except as described herein with respect to the warrants to purchase shares of Class A Common Stock purchased in a private placement in connection with the IPO (the "Private Warrants")):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption, or the 30-day redemption period, to each warrant holder; and
- if, and only if, the last reported sale price of Class A Common Stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock capitalizations, reorganizations, recapitalizations and the like and for certain issuances of Class A Common Stock and equity-linked securities for capital raising purposes in connection with the closing of our initial business combination as described elsewhere in this prospectus) for any 20 trading days within a 30-trading day period ending the third trading day before we send to the notice of redemption to the warrant holders (the "Reference Value" "Reference Value").

We will not redeem the warrants as described above unless a registration statement under the Securities Act covering the issuance of the shares of Class A Common Stock issuable upon exercise of the warrants is then effective and a current prospectus relating to those shares of common stock is available throughout the 30-day redemption period. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. As a result, we may redeem the warrants as set forth above even if the holders are otherwise unable to exercise the warrants.

We have established the last of the redemption criteria discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise their warrant prior to the scheduled redemption date. However, the price of the shares of Class A Common Stock may fall below the \$18.00 redemption trigger price (as adjusted for stock splits, stock capitalizations, reorganizations, recapitalizations and the like and for certain issuances of Class A Common Stock and equity-linked securities for capital raising purposes in connection with the Closing as described elsewhere in this prospectus) as well as the \$11.50 warrant exercise price, subject to adjustments as described herein, after the redemption notice is issued.

Redemption of Public Stockholders' Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$10.00

Once the warrants become exercisable, we may redeem the outstanding warrants:

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days^{days} prior written notice of redemption; provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table below, based on the redemption date and the "fair" market value^{value} of the shares of Class A Common Stock;
- if, and only if, the Reference Value of the shares of Class A Common Stock equals or exceeds \$10.00 per share (as adjusted per stock splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like and for

certain issuances of Class A Common Stock and equity-linked securities for capital raising purposes in connection with the closing of our initial business combination); and

- if the Reference Value is less than \$18.00 per share (as adjusted per stock splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like and for certain issuances of Class A Common Stock and equity-linked securities for capital raising purposes in connection with the closing of our initial business combination as described elsewhere in this prospectus), the Private Warrants must also be concurrently called for redemption at the same price (equal to a number of shares of Class A Common Stock) as the outstanding public warrants, as described above.

The numbers in the table below represent the number of shares of Class A Common Stock that a warrant holder will receive upon exercise in connection with a redemption by us pursuant to this redemption feature, based on the "fair market value" of our shares of Class A Common Stock on the corresponding redemption date (assuming holders elect to exercise their warrants and such warrants are not redeemed for \$0.10 per warrant), determined based on the volume weighted average last reported sale price of our shares of Class A Common Stock for the 10 trading days immediately following the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants, and the number of months that the corresponding redemption date precedes the expiration date of the warrants, each as set forth in the table below. We will provide our warrant holders with the final fair market value no later than one business day after the 10-trading day period described above ends.

The stock prices set forth in the column headings of the table below will be adjusted as of any date on which the number of shares issuable upon exercise of a warrant or the exercise price of the warrant is adjusted as set forth under the heading "- Anti-dilution Adjustments" below. If the number of shares issuable upon exercise of a warrant is adjusted, the adjusted stock prices in the column headings will equal the stock prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the exercise price of the warrant after such adjustment and the denominator of which is the exercise price of the warrant immediately prior to such adjustment. In such an event, the number of shares in the table below shall be adjusted by multiplying such share amounts by a fraction, the numerator of which is the number of shares deliverable upon exercise of a warrant immediately prior to such adjustment and the denominator of which is the number of shares deliverable upon exercise of a warrant as so adjusted. If the exercise price of the warrant is adjusted as a result of raising capital in connection with the initial business combination, the adjusted share prices in the column headings will be multiplied by a fraction, the numerator of which is the higher of the Market Value and the Newly Issued Price as set forth under the heading "- Anti-dilution Adjustments" and the denominator of which is \$10.00.

Fair Market Value of Class A Common Stock

Redemption (period to expiration of warrants)	Date	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	>18.00
60 months		0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months		0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months		0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months		0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months		0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months		0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months		0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months		0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months		0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months		0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months		0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months		0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months		0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months		0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months		0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361

Fair Market Value of Class A Common Stock

Redemption (period to expiration of warrants)	Date	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	>18.00
15 months		0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months		0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months		0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months		0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months		0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months		—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

Fair Market Value of Class A Common Stock

Redemption (period to expiration of warrants)	Date	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	>18.00

15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of shares of Class A Common Stock to be issued for each warrant exercised will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365 or 366-day year, as applicable. For example, if the volume weighted average price of our shares of Class A Common Stock as reported for the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is \$11.00 per share, and at such time there are 57 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.277 shares of Class A Common Stock for each whole warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume weighted average price of our shares of Class A Common Stock for the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is \$13.50 per share, and at such time there are 38 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.298 shares of Class A Common Stock for each whole warrant. In no event will the warrants be exercisable in connection with this redemption feature for more than 0.361 shares of Class A Common Stock per warrant (subject to adjustment).

This redemption feature is structured to allow for all of the outstanding warrants to be redeemed when the shares of Class A Common Stock are trading at or above \$10.00 per share, which may be at a time when the trading price of our shares of Class A Common Stock is below the exercise price of the warrants. We have established this redemption feature to provide us with the flexibility to redeem the warrants without the warrants having to reach the \$18.00 per share threshold set forth above under “- Redemption of Public Stockholders’ Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$18.00.” Holders choosing to exercise their warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of shares for their warrants based on an option pricing model with a fixed volatility input as of the date of this prospectus. This redemption right provides us with an additional mechanism by which to redeem all of the outstanding warrants, and therefore have certainty as to our capital structure as the warrants would no longer be outstanding and would have been exercised or redeemed and we will be required to pay the redemption price to warrant holders if we choose to exercise this redemption right and it will allow us to quickly proceed with a redemption of the warrants if we determine it is in our best interest to do so. As such, we would redeem the warrants in this manner when we believe it is in our best interest to update our capital structure to remove the warrants and pay the redemption price to the warrant holders.

As stated above, we can redeem the warrants when the shares of Class A Common Stock are trading at a price starting at \$10.00, which is below the exercise price of \$11.50, because it will provide certainty with respect to our capital structure and cash position while providing warrant holders with the opportunity to exercise their warrants on a cashless basis for the applicable number of shares. If we choose to redeem the warrants when the shares of Class A Common Stock are trading at a price below the exercise price of the warrants, this could result in the warrant holders receiving fewer shares of Class A Common Stock than they would have received if they had been able to exercise their warrants for shares of Class A Common Stock if and when such shares of Class A Common Stock were trading at a price higher than the exercise price of \$11.50.

No fractional shares of Class A Common Stock will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of shares of Class A Common Stock to be issued to the holder. If, at the time of redemption, the warrants are exercisable for a security other than the shares of Class A Common Stock pursuant to the warrant agreement (for instance, if we are not the surviving company in the Business Combination), the warrants may be exercised for such security. At such time as the warrants become exercisable for a security other than Class A Common Stock, the company (or the surviving company) will use its best efforts to register under the Securities Act the security issuable upon exercise of the warrants.

A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the shares of Class A Common Stock issued and outstanding immediately after giving effect to such exercise.

Anti-Dilution Adjustments. If the number of outstanding shares of Class A Common Stock is increased by a share dividend payable in shares of Class A Common Stock, or by a split-up of common stock or other similar event, then, on the effective date of such share dividend, split-up or similar event, the number of shares of Class A Common Stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding common stock. A rights offering to holders of common stock entitling holders to purchase shares of Class A Common Stock at a price less than the fair market value will be deemed a share dividend of a number of shares of Class A Common Stock equal to the product of (i) the number of shares of Class A Common Stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for shares of Class A Common Stock) and (ii) one minus the quotient of (x) the price per share of Class A Common Stock paid in such rights offering and (y) the fair market value. For these purposes, (i) if the rights offering is for securities convertible into or exercisable for shares of Class A Common Stock , in determining the price payable for shares of Class A Common Stock , there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of shares of Class A Common Stock as reported during the ten (10) trading day period ending on the trading day prior to the first date on which the shares of Class A Common Stock trades on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of shares of Class A Common Stock on account of such shares of Class A Common Stock (or other securities into which the warrants are convertible), other than (a) as described above, (b) certain ordinary cash dividends, (c) to satisfy the redemption rights of the holders of shares of Class A Common Stock in connection with a proposed initial business combination or (d) in connection with the redemption of our public shares upon our failure to complete our initial business combination, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Class A Common Stock in respect of such event.

If the number of outstanding shares of Class A Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Class A Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Class A Common Stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding shares of Class A Common Stock.

Whenever the number of shares of Class A Common Stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of Class A Common Stock purchasable upon the exercise of the warrants immediately prior to such adjustment and (y) the denominator of which will be the number of shares of Class A Common Stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding shares of Class A Common Stock (other than those described above or that solely affects the par value of such shares of Class A Common Stock), or in the case of any merger or consolidation of us with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that does not result in any reclassification or reorganization of our outstanding shares of Class A Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of us as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the shares of Class A Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of shares of Class A Common Stock in such a transaction is payable in the form of shares of Class A Common Stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within thirty days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the warrant agreement based on the Black-Scholes Warrant Value (as defined in the warrant agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants in order to determine and realize the option value component of the warrant. This formula is to compensate the warrant holder for the loss of the

option value portion of the warrant due to the requirement that the warrant holder exercise the warrant within 30 days of the event. The Black-Scholes model is an accepted pricing model for estimating the fair market value where no quoted market price for an instrument is available.

The public warrants were issued in registered form subject to the Assignment, Assumption and Amendment Agreement, between Computershare Trust Company, N.A., as warrant agent, and us in respect of the Warrant Agreement between Thayer and Continental Stock Transfer & Trust Company. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then outstanding public warrants to make any change that adversely affects the interests of the registered holders.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their warrants and receive shares of Class A Common Stock. After the issuance of shares of Class A Common Stock upon exercise of the warrants, each holder will be entitled to one vote for each share of Class A Common Stock issued to such holder upon exercise of the warrants on all matters to be voted on by stockholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number the number of shares of Class A Common Stock to be issued to the warrant holder.

Private Warrants

The Private Warrants (including the shares of Class A Common Stock issuable upon exercise of the Private Warrants) will not be transferable, assignable or salable until 30 days after the completion of our initial business combination (except pursuant to limited exceptions to our officers and directors and other persons or entities affiliated with the initial purchasers of the Private Warrants) and

they will not be redeemable by us (except as described above under *"Redemption of Public Stockholders' Warrants When the Price Per Share of Class A Common Stock Equals or*

Exceeds \$10.00") so long as they are held by the Sponsor or its permitted transferees. The Sponsor, or its permitted transferees, has the option to exercise the Private Warrants on a cashless basis. Except as described below, the Private Warrants have terms and provisions that are identical to those of the warrants sold as part of the units. If the Private Warrants are held by holders other than the Sponsor or its permitted transferees, the Private Warrants will be redeemable by us and exercisable by the holders on the same basis as the warrants included in the units.

Except as described above under *"Redemption of Public Stockholders' Warrants When the Price Per Share of Class A Common Stock Equals or Exceeds \$10.00,"* if holders of the Private Warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering their warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" will mean the average last reported sale price of the shares of Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent. The reason that we have agreed that these warrants will be exercisable on a cashless basis so long as they are held by the Sponsor and permitted transferees is because it is not known at this time whether they will be affiliated with us following a business combination. If they remain affiliated with us, their ability to sell our securities in the open market will be significantly limited. We expect to have policies in place that prohibit insiders from selling our securities except during specific periods of time. Even during such periods of time when insiders will be permitted to sell our securities, an insider cannot trade in our securities if they are in possession of material non-public information. Accordingly, unlike stockholders who could exercise their warrants and sell the shares of Class A Common Stock received upon such exercise freely in the open market in order to recoup the cost of such exercise, the insiders could be significantly restricted from selling such securities. As a result, we believe that allowing the holders to exercise such warrants on a cashless basis is appropriate. On February 14, 2022, all 7,175,000 Private Warrants were exercised on a cashless basis into 5,078,965 shares of our Class A Common Stock.

Certain Anti-Takeover Provisions of Delaware Law

Special Meeting of Stockholders

Our Bylaws provide that special meetings of our stockholders may be called by the chairperson of the Board, our Chief Executive Officer or the Board pursuant to adoption of a resolution.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our Bylaws provide, that stockholders seeking to bring business before our annual meeting of stockholders, or to nominate candidates for election as directors at our annual meeting of stockholders must provide timely notice of their intent in writing. Our Bylaws also specify certain requirements as to the form and content of a stockholders' meeting. These provisions may preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders.

Authorized but Unissued Shares

Our authorized but unissued common stock and preferred stock are available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Exclusive Forum Selection

The Certificate of Incorporation is silent on forum selection. Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL or our Certificate of Incorporation or Bylaws or (iv) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to this provision. Although we believe these provisions benefit us by providing increased consistency in the application of applicable law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers.

Dividends

We have not paid any cash dividends on our shares of common stock to date. The payment of cash dividends in the future will be dependent upon our revenue and earnings, if any, capital requirements and general financial condition. The payment of any dividends will be within the discretion of our then board of directors. It is the present intention of the Board to retain all earnings, if any, for use in our business operations and, accordingly, the Board does not anticipate declaring any dividends in the foreseeable future.

Limitation on Liability and Indemnification of Directors and Officers

The Certificate of Incorporation provides that our directors and officers will be indemnified by us to the fullest extent authorized by Delaware law as it now exists or may in the future be amended. The Certificate of Incorporation provides that our directors will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL.

We have entered into agreements with our officers and directors to provide contractual indemnification. Our Bylaws permit us to secure insurance on behalf of any officer, director or employee for any liability arising out of his or her actions, regardless of whether Delaware law would permit indemnification. We maintain a policy of directors' and officers' liability insurance that insures our directors and officers against the cost of defense, settlement or payment of a judgment in some circumstances and insures us against our obligations to indemnify the directors and officers.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duties. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be negatively impacted to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. We believe that these provisions, the insurance and the indemnity agreements are necessary to attract and retain talented and experienced directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the

Securities Act and is, therefore, unenforceable.

Transfer Agent and Registrar

The transfer agent for our Class A Common Stock is Computershare Trust Company, N.A..

Listing of Common Stock

Our Class A Common Stock and warrants are listed on Nasdaq under the symbols "ISPO" and "ISPOW," respectively.

Exhibit 14.1

Inspirato Code of Business Conduct and Ethics

Introduction

We are committed to the highest standards of ethical and legal business conduct. Inspirato's Code of Business Conduct and Ethics (the "Code of Conduct") is intended to be a summary of guiding principles and standards that promote a culture of honesty, accountability, ethical and compliant conduct, and prompt internal reporting of violations. This Code of Conduct applies to all our officers, directors, employees, contractors and consultants ("team members" or "you"), thus we ask all to use their best judgment to follow the high ethical and legal standards to which Inspirato is committed. Violations of this Code of Conduct may result in disciplinary action, up to and including termination unless prohibited by law.

If you have a question about this Code of Conduct or the best or appropriate course of action to take in any particular situation, please seek guidance from the Legal Team.

Fair Dealing & Conduct

Inspirato does not seek competitive advantages through unlawful or unethical business practices. Our reputation for integrity is our most valuable asset and is directly related to the conduct of our team members. Therefore, you must never use your position here at Inspirato or any of its customers, vendors or partners for private gain, to advance personal interests, or to obtain favors or benefits for yourself, members of your family or any other individual, corporation or business entity. You should deal fairly with such parties and not take unfair advantage of anyone through concealment, manipulation, abuse of privileged information, misrepresentation of material facts, or other unfair dealing practices.

Reporting Violations & Whistleblowing

Consistent with our values, we rely upon our team members to bring to light good faith concerns regarding Inspirato's business practices, including: (1) reporting suspected legal violations; (2) providing truthful information in connection with an inquiry or investigation by a court, an agency, law enforcement or any other governmental body; (3) identifying potential violations of our Code of Conduct; and (4) other matters which may receive whistleblower protection under local law (for purposes of this section, we refer to the foregoing collectively as "violations"). The integrity of our business practices and financial information is paramount and we aspire to maintain a workplace where team members, when they reasonably believe that they are aware of questionable accounting, internal accounting controls or other financial matters, or the reporting of fraudulent financial information (for purposes of this section, we refer to the foregoing collectively as "fraudulent activities"), can raise these concerns free of any retaliation, discrimination or harassment.

If you have a good faith concern regarding conduct that you believe to be a violation of Inspirato's policies, or you believe that any violation or fraudulent activity has occurred or is occurring, we encourage you to:

- discuss the situation with your manager; or

- if your manager is involved in the situation or you are uncomfortable speaking with your manager, contact the General Counsel; or

Exhibit 14.1

- if you don't believe your concern is being adequately addressed, or you are not comfortable speaking with one of the above-noted contacts, you may report your concern via our reporting hotline at 844-241-6863 or by visiting <https://secure.ethicspoint.com/domain/media/en/gui/54137/index.html> where you can find international hotline phone numbers for your region or file an online report, and through which you may choose to identify yourself or remain anonymous. Concerns submitted through the reporting hotline that are financial or accounting related may be reviewed by a member of the Audit Committee and the General Counsel or their delegates, as appropriate.

Reported violations will be taken seriously and will be investigated. The specific action taken in any particular case depends on the nature and gravity of the conduct or circumstances reported and the results of the investigation.

We are committed to providing a work environment in which you feel free to raise any good faith concern, free of retaliation, discrimination or harassment (for purposes of this section, we refer to the foregoing collectively as "retaliation"). Accordingly, Inspirato will not tolerate any retaliation against any individual who reports in good faith or participates in the investigation of any suspected violation or fraudulent activity in accordance with our **Whistleblower Policy**.

Nothing in our Whistleblower Policy or this Code of Conduct limits or prohibits team members from engaging for a lawful purpose in any "protected activity."

This is a policy overview only. Please review the full text of our **Whistleblower Policy**.

Privacy

We care about your privacy and are committed to processing your "personal information" (as defined in the **Inspirato Privacy Policy**), in accordance with fair information practices and applicable data privacy laws. To learn more about how Inspirato handles personal information of employees, former employees, their dependents, and contractors, refer to the **Inspirato Privacy Policy**.

Confidentiality

In the course of your work, you may have access to proprietary or confidential information regarding Inspirato's business (such as financial data, research and development, marketing, business plans or strategies, suppliers, business partners or customers or the business of its customers, suppliers or other team members). You have a responsibility to prevent revealing or divulging any such information unless it is necessary for you to do so in the performance of your duties or as required by law.

As a condition of employment, you were required to sign an Employee Invention Assignment and Confidentiality Agreement or similar terms as part of your offer of employment, and are expected to abide by its terms and conditions at all times, including after separation of employment for any reason. Confidential or proprietary information includes trade secrets. A trade secret is a commercially useful idea that creates value for Inspirato because of its secrecy, and may include, but is not limited, to financial, business, technical or engineering information, plans, formulas, designs, prototypes, methods, techniques, processes, procedures, programs or codes. You have an obligation to not disclose or use any trade secrets other than as necessary for the performance of work duties, and this obligation continues after your separation of employment.

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Access to, or disclosure of, confidential information and trade secrets should be on a "need-to-know" basis and must be authorized by your manager. Any breach of this policy may result in disciplinary action, up to and including dismissal, as well as potential legal action taken by Spirato. Further, it is Spirato's policy to respect the confidential or proprietary information of others. You should not bring confidential or proprietary information, documents or materials belonging to your former employer to Spirato or use them in the performance of your duties. If you believe that confidential or proprietary information has been disclosed or used in an unauthorized manner, please inform your manager or the Legal Team immediately.

This policy does not prohibit team members from confidentially disclosing trade secrets, proprietary or confidential information to federal, state and local government officials, or to an attorney, when done to report or investigate a suspected violation of the law. Team members may also disclose the information in certain court proceedings if specific procedures to protect the information are followed. Nothing in this policy is intended to conflict with the U.K. Trade Secrets Regulations 2018 or 18 U.S.C. sec. 1833(b) or create liability for disclosures of trade secrets that expressly allowed by 18 U.S.C. sec. 1833(b).

If you are contacted by a member of the financial community, the press or any other outside organization or individual, you may **not** provide information regarding Spirato's business except pursuant to our **Regulation FD Compliance and External Communications Policy**. This includes, among other things, answers to questions on overall business trends, business in different geographies, pricing, suppliers, new products or technologies, lawsuits or disputes or any other aspects of Spirato's business.

Conflicts of Interest

Spirato expects you to conduct yourself and company business in a manner that reflects the highest standards of integrity and ethical conduct, in accordance with all local laws and regulations. This includes avoiding real and potential conflicts of interests.

Avoid situations that might impair, or even appear to impair, your ability to make objective and fair decisions when performing your job. At times, you may be faced with situations in which business actions taken on behalf of Spirato may conflict with your own personal interests. If a situation arises where there is a potential conflict of interest, discuss this with a manager or the Legal Team for advice and guidance on how to proceed. You are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between your personal interests and the interests of Spirato.

It is not possible to define all possible circumstances and relationships that might create a conflict of interest. Below is a non-exhaustive list of activities that indicate improper behavior, lack of personal integrity or unacceptable judgement and should be brought to the attention of the Legal Team:

- Holding an interest in (except as noted below), or accepting free or discounted goods from, any organization that does, or is seeking to do, business with Spirato, while in a position to directly or indirectly influence either Spirato's decision to do business, or the terms upon which business would be done with such organization;
- Holding any interest in an organization that competes with Spirato (except as noted below);
- Being employed by (including as a consultant) or serving on the board of any organization which does business, is seeking to do business, or competes, with Spirato;

Exhibit 14.1

- Profiting personally, e.g., through commissions, loans, expense reimbursements or other payments, from any organization seeking to do business with Spirato; or
- Using Spirato assets without authorization for personal business or gain.

An investment representing less than 1% of the outstanding shares of a publicly held company or less than 5% of a privately held company will not, by itself, constitute a conflict of interest.

Additionally, if a conflict of interest meets the definition of a "related party transaction," Spirato's Audit Committee must approve the transaction in accordance with our **Related Person Transaction Policy and Procedures**.

Personal Conflicts of Interest

We all must avoid situations involving actual, potential or apparent conflicts of interest. Personal or romantic involvement with a competitor, supplier or another team member which impairs your ability to exercise good judgment on behalf of Inspirato or creates an actual conflict of interest should be avoided. While Inspirato does not seek to interfere with personal relationships, certain types of conduct may create conflicts of interest and can lead to problems with favoritism and morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried over into day-to-day working relationships.

Workplace Relationships

Dating someone who you supervise or supervises you, indirectly or directly, and/or where they will have access to sensitive information creates a potential of conflict of interest. Relationships of this nature should be self-reported to the People Operations Team, who will review the situation and present options to eliminate the presence or appearance of a conflict of interest.

Employment of Relatives

While we do not prohibit hiring of family members, family members may not be hired into positions in which they supervise the other, directly or indirectly, or where they will have access to sensitive information regarding the other person.

Outside Employment

Outside employment that directly conflicts with Inspirato's essential business interests or disrupts business operations is prohibited. To request approval for outside employment, submit written details of the employment to the People Operations Team for evaluation if an actual, potential or apparent conflict of interest exists. If approved, Inspirato assumes no responsibility for the employment and shall not provide workers' compensation coverage or other benefits for injuries occurring from or arising from the outside employment.

Corporate Opportunities

Except as set forth in our certificate of incorporation and bylaws, our team members have a duty to Inspirato to advance business interests when the opportunity arises. Team members are prohibited from taking, or directing a third party to take, a business opportunity that is discovered through the use of

Exhibit 14.1

corporate property, information or position, unless Inspirato has first been offered, and turned down, the opportunity. You are further prohibited from competing with Inspirato directly or indirectly during employment with Inspirato, and as otherwise provided in any written agreement with Inspirato. At times the line between personal and company benefits is difficult to draw, and sometimes there are both personal and company benefits in certain activities. You should discuss with your manager, the People Operations Team or Legal Team if you have any questions.

Gifts

Gifts can be an ordinary course business practice to express gratitude and build goodwill among parties with which we do business. Although giving or receiving gifts will not always create a conflict of interest, please be especially mindful in these situations; before offering or accepting a gift, consider whether your actions could reflect poorly on Inspirato or whether they might create the appearance of improper influence. Modest gifts, entertainment or meals with prospects, partners, customers or other third parties that serve a legitimate business purpose may be acceptable as long as they are not excessive, improper or extravagant. You may not offer or accept gifts, entertainment or meals, even if it has nominal value or no value at all, if it violates applicable laws, creates an appearance of impropriety, or compromises your objectivity and good judgment. Heightened caution should be taken when interacting with government or public officials where gifts of any value may be restricted. For more information, please refer to our **Anti-Bribery and Anti-Corruption Policy**.

Political Contributions

U.S. federal, state and local laws strictly regulate business contributions to political campaigns. Accordingly, any political contributions made with Inspirato funds, whether in the United States or internationally, must be approved in writing in advance by the General Counsel. You may make personal contributions but may not represent that you are making such contributions on behalf of Inspirato.

Compliance with Laws & Regulations

Inspirato will comply with all laws and governmental regulations that are applicable to its activities and expects all team members to obey the law, including the laws of the United States as well as applicable foreign laws. This includes, but is not limited to, compliance with the following:

- Anti-money laundering laws
- Fair competition law, laws prohibiting restraints of trade and other unfair trade practices
- U.S. embargoes, export controls and anti-boycott laws
- Anti-bribery and anti-corruption laws
- Applicable securities laws
- Laws prohibiting the unauthorized use, reproduction or distribution of any third party's trade secrets, copyrighted information or confidential information
- Applicable environmental laws
- Applicable employment and labor laws and regulations to promote a safe and healthy work environment that is free from unlawful discrimination, harassment or retaliation
- Laws prohibiting forced labor, slavery, human trafficking and other human rights violations
- Laws protecting the reasonable privacy expectations of customers, partners, suppliers, visitors to our website and team members

Exhibit 14.1

Some of the above topics may be covered in more detail in this Code of Conduct or other Inspirato policies. You have a responsibility to be knowledgeable about specific laws and regulations that apply to your area of responsibility. If a law conflicts with a policy, you must comply with the law. Any questions as to the applicability of any law should be directed to the Legal Team.

Antitrust and Fair Competition

Inspirato is committed to fair and open competition and the fostering of a competitive marketplace. Antitrust laws are designed to promote a free and open marketplace by prohibiting activities that restrain trade such as anti-competitive agreements or collusion among competitors. We all have a responsibility to comply with these laws in every region where we operate and to avoid even the appearance of unfair competition.

The following are some examples of prohibited activities under antitrust laws:

- Discussing or agreeing on prices with competitors;
- Orchestrating bids with competitors or directing contracts to certain bidders i.e., bid rigging;
- Allocating or splitting up customers or markets with competitors; and/or
- Agreeing with competitors to boycott a partner, supplier or customer.

Illegal agreements under antitrust laws do not have to be signed contracts and may be as simple as informal "handshake" understandings between parties.

Failing to comply with antitrust laws could result in large fines and even criminal liability for you and/or Inspirato. The laws governing this area are complex and you should seek counsel immediately from the Legal Team should any questions arise.

Insider Trading

Under federal and state securities laws, it is illegal to trade in the securities of a company while in possession of material nonpublic information about that company. Because team members will have knowledge of specific confidential information

that is not disclosed outside of Inspirato which will constitute material nonpublic information, trading in Inspirato's securities, or in the securities of those companies with which Inspirato does business, by team members, or persons to whom team members may provide material nonpublic information to, could constitute insider trading and violate the law. It is your responsibility to comply with these laws and not to share material nonpublic information. Please refer to our Insider Trading Policy to learn more.

Accurate & Complete Financial Books & Records

We are required to provide full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications we make. Accordingly, Inspirato must keep accurate and complete books and records that reflect transactions and asset dispositions in timely, reasonable detail, supported by a proper system of internal accounting controls. These requirements are implemented through Inspirato's standard accounting policies and procedures, which all personnel are required to follow without exception. Special care must be exercised when transactions may involve payments to foreign officials. Facilitation or other

Exhibit 14.1

payments to foreign officials should be promptly reported and properly recorded, with respect to purpose, amount and other relevant factors. For more information, please refer to our Anti-Bribery and Anti-Corruption Policy. Off-the-books accounts should never be used. Requests for false invoices or payment of expenses that are unusual, excessive or inadequately described must be rejected and promptly reported. Misleading, incomplete or false entries in Inspirato's books and records are never acceptable.

This Code of Conduct requires specific responsibilities and obligations that are enforced through standard disciplinary measures and properly reflected in performance feedback. All team members and their respective agents are responsible for understanding and complying with this Code of Conduct as it relates to their jobs. Every team member has an obligation to:

- Be familiar with policies and communicate them to team members
- Ask questions if this policy, required action or situation is unclear
- Be alert to indications or evidence of possible wrongdoing
- Promptly report violations or suspected violations through appropriate channels
- Properly manage and monitor business activities conducted through third parties

If you have reason to believe that a violation of this policy has occurred, or may occur, you must promptly report this information to your manager, the next level of management or the General Counsel. Retaliation in any form against an employee who has, in good faith, reported a violation or possible violation of this policy is strictly prohibited. Team members who violate this policy will be subject to disciplinary action, up to and including dismissal. Violations can also result in prosecution by law enforcement authorities and serious criminal and civil penalties.

Bribery & Anti-Corruption

Inspirato is committed to conducting its business ethically and in compliance with all applicable anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the U.S. Travel Act, the OECD Anti-Bribery Convention, and similar laws in other countries that prohibit improper payments to obtain a business advantage. Inspirato strictly prohibits bribery or other improper payments in any of its business operations. This prohibition applies to all business activities, anywhere in the world, whether involving government officials or other commercial enterprises. A bribe or other improper payment to secure a business advantage is never acceptable and can expose individuals and Inspirato to possible criminal prosecution, reputational harm or other serious consequences. This policy applies to all team members. Third-party suppliers, partners, agents, contractors, vendors and other intermediaries acting on the Inspirato's behalf ("third-party representatives") are required to comply with applicable portions of our Anti-Bribery and Anti-Corruption Policy and our Code of Conduct for Partners and Suppliers. Each team member and third-party representative has a personal responsibility and obligation to conduct Inspirato's business activities ethically and in compliance with all applicable laws based on the countries where Inspirato does business in. Failure to do so may result in disciplinary action, up to and including dismissal for team members or termination of a third-party representative's relationship with Inspirato.

We implement this policy through appropriate guidance, training, investigation and oversight. The Legal Team has overall responsibility for the program, supported by the executive leadership of Inspirato. The General Counsel is responsible for giving advice on the interpretation and application of this policy, supporting training and education, and responding to reported concerns. The prohibition on bribery and corruption

Exhibit 14.1

other improper payments applies to all business activities, but is particularly important when dealing with government officials. The above policy summary is not intended to be exhaustive but is provided to help team members engaged in international activities gain a basic familiarity with applicable rules so that inadvertent violations can be avoided, and potential issues recognized in time to be properly addressed. For more information please review the full text of our **Anti-Bribery and Anti-Corruption Policy**.

Waivers & Amendment

Any amendment or waiver of any provision of this Code of Conduct must be approved in writing by Inspirato's Board of Directors or, if appropriate, its delegate(s), and promptly disclosed pursuant to applicable laws and regulations. Any waiver or modification of this Code of Conduct for the principal executive officer, principal financial officer, principal accounting officer, controller, or any other persons performing similar functions in the company will be promptly disclosed to stockholders if and as required by any applicable rules or laws the company is subject to.

Inspirato reserves the right to amend this Code of Conduct at any time, for any reason, subject to applicable laws, rules and regulations and approval by Inspirato's Board of Directors as noted above.

Exhibit 21.1

1 Inspirato Incorporated

Subsidiaries:

- 2 Bayside Villas, LLC
- 3 Beach Front Villas Ltd
- 4 Best of 52 LLC
- 5 Cenotes Holdings LLC
- 6 Clouser Bight, Ltd
- 7 Coral Reef Properties, LLC
- 8 Faraway Land, LLC
- 9 HighRoad Holdings, LLC
- 10 Inspirato LLC
- 11 Inspirato Real Estate, LLC
- 12 Inspirato Mexico S. de R.L. de C.V.
- 13 Island Holdings, LLC
- 14 Leward Breeze, Inc.
- 15 Ocean Cliff Holdings, LLC
- 16 Oceanside Villas, Ltd
- 17 Palmas Ventosas S. de R.L. de CV
- 18 Picco Grigio, S.r.L.
- 19 Point Break Holdings LLC
- 20 Ponte Ferro, LLC
- 21 Pure Vida Villas, LLC

22 RFV Rentals LLC
23 Signature CR Villas SRL
24 Sky Peak Holdings, LLC
25 Stingray Holdings, Ltd
26 Sunshine Villas, LLC
27 Tortuga Marina Holdings LLC
28 Turquoise Holdings, LLC
29 Vergine Isola, LLC
30 Whitebark Holdings, LLC

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Inspirato Incorporated
Denver, Colorado

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-264331) of Inspirato Incorporated of our report dated **March 15, 2023, March 12, 2024** relating to the consolidated financial statements, which appears in this **Annual Report on Form 10-K**.

/s/ BDO USA, LLP P.C.
Denver, Colorado

March **15, 2023** **12, 2024**

Exhibit 31.1

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

I, **Brent Handler, Eric Grosse**, certify that:

1. I have reviewed this annual report on Form 10-K of Inspirato Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. **The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):**

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15th, 2023

By: /s/ Brent Handler
Brent Handler

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF

THE SARBANES-OXLEY ACT OF 2002

I, **R. Webster Neighbor**, Robert Kaiden, certify that:

1. I have reviewed this Annual Report on Form 10-K of **Inspirato Incorporated**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

1. I
have
reviewed
this
annual
report on
Form 10-
K of
Inspirato
Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: March 15th, 2023

By: /s/ R. Webster Neighbor

R. Webster Neighbor

Exhibit 32.1

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

I, **Brent Handler, Eric Grosse**, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Inspirato Incorporated for the fiscal year ended **December 31, 2022** **December 31, 2023** fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Inspirato Incorporated.

Date: **March 15th, 2023** **March 12, 2024**

By: /s/ **Brent Handler Eric Grosse**

Name: **Brent Handler Eric Grosse**

Title: Chief Executive Officer

(Principal Executive Officer)

I, **R. Webster Neighbor, Robert Kaiden**, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Inspirato Incorporated for the fiscal year ended **December 31, 2022** **December 31, 2023** fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Inspirato Incorporated.

Date: **March 15th, 2023** **March 12, 2024**

By: /s/ **R. Webster Neighbor Robert Kaiden**

Name: **R. Webster Neighbor Robert Kaiden**

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

INSPIRATO INCORPORATED

COMPENSATION RECOVERY POLICY

As adopted on November 28, 2023

Inspirato Incorporated (the "Company") is committed to strong corporate governance. As part of this commitment, the Compensation Committee (the "Committee") of the Company's board of directors (the "Board") has adopted this clawback policy called the Compensation Recovery Policy (the "Policy"). The Policy is intended to further the Company's pay-for-performance philosophy and to comply with applicable laws by providing rules relating to the reasonably prompt recovery of certain compensation received by Covered Executives in the event of an Accounting Restatement. The application of the Policy to Covered Executives is not discretionary, except to the limited extent provided below, and applies without regard to whether a Covered Executive was at fault. Capitalized terms used in the Policy are defined below, and the definitions have substantive impact on its application so reviewing them carefully is important to your understanding.

The Policy is intended to comply with, and will be interpreted in a manner consistent with, Section 10D of the Securities Exchange Act of 1934 (the "Exchange Act"), with Exchange Act Rule 10D-1 and with the listing standards of the national securities exchange (the "Exchange") on which the securities of the Company are listed, including any official interpretive guidance.

Persons Covered by the Policy

The Policy is binding and enforceable against all "Covered Executives." A Covered Executive is each individual who is or was ever designated as an "officer" by the Board in accordance with Exchange Act Rule 16a-1(f) (a "Section 16 Officer"). The Committee may (but is not obligated to) request or require a Covered Executive to sign and return to the Company an acknowledgement that such Covered Executive will be bound by the terms and comply with the Policy. The Policy is binding on each Covered Executive whether or not the Covered Executive signs and/or returns any acknowledgment.

Administration of the Policy

The Committee has full delegated authority to administer the Policy. The Committee is authorized to interpret and construe the Policy and to make all determinations necessary, appropriate, or advisable for the administration of the Policy. In addition, if determined in the discretion of the Board, the Policy may be administered by the independent members of the Board or another committee of the Board made up of independent members of the Board, in which case all references to the Committee will be deemed to refer to the independent members of the Board or the other Board committee. All determinations of the Committee will be final and binding and will be given the maximum deference permitted by law.

Accounting Restatements Requiring Application of the Policy

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an "Accounting Restatement"), then the Committee must determine the Excess Compensation, if any, that must be recovered. The Company's obligation to recover Excess Compensation is not dependent on if or when restated financial statements are filed.

Compensation Covered by the Policy

The Policy applies to certain **Incentive-Based Compensation** (certain terms used in this Section are defined below) that is Received on or after October 2, 2023 (the "Effective Date"), during the **Covered Period** while the Company has a class of securities listed on a national securities exchange. Such Incentive-Based Compensation is considered "**Clawback Eligible Incentive-Based Compensation**" if the Incentive-Based Compensation is Received by a person after such person became a Section 16 Officer and the person served as a Section 16 Officer at any time during the performance period for the Incentive-Based Compensation. "**Excess Compensation**" means the amount of Clawback Eligible Incentive-Based Compensation that exceeds the amount of Clawback Eligible Incentive-Based Compensation that otherwise would have been Received had such Clawback Eligible Incentive-Based Compensation been determined based on the restated amounts. Excess Compensation must be computed without regard to any taxes paid and is referred to in the listings standards as "erroneously awarded compensation".

To determine the amount of Excess Compensation for Incentive-Based Compensation based on stock price or total shareholder return, where it is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received and the Company must maintain documentation of the determination of that reasonable estimate and provide that documentation to the Exchange.

"Incentive-Based Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For the avoidance of doubt, no compensation that is potentially subject to recovery under the Policy will be earned until the Company's right to recover under the Policy has lapsed.

"Financial Reporting Measures" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

Incentive-Based Compensation is **"Received"** under the Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment, vesting, settlement or grant of the Incentive-Based Compensation occurs after the end of that period. For the avoidance of doubt, the Policy does not apply to Incentive-Based Compensation for which the Financial Reporting Measure is attained prior to the Effective Date.

"Covered Period" means the three completed fiscal years immediately preceding the Accounting Restatement Determination Date. In addition, Covered Period can include certain transition periods resulting from a change in the Company's fiscal year.

"Accounting Restatement Determination Date" means the earliest to occur of: (a) the date the Board, a committee of the Board, or one or more of the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; and (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

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Repayment of Excess Compensation

The Company must recover Excess Compensation reasonably promptly and Covered Executives are required to repay Excess Compensation to the Company. Subject to applicable law, the Company may recover Excess Compensation by requiring the Covered Executive to repay such amount to the Company by direct payment to the Company or such other means or combination of means as the Committee determines to be appropriate (these determinations do not need to be identical as to each Covered Executive). These means include (but are not limited to):

- (a) requiring reimbursement of cash Incentive-Based Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards (including, but not limited to, time-based vesting awards), without regard to whether such awards are Incentive-Based Compensation or vest based on the achievement of performance goals;
- (c) offsetting the amount to be recovered from any unpaid or future compensation to be paid by the Company or any affiliate of the Company to the Covered Executive, including (but not limited to) payments of severance that might otherwise be due in connection with a Covered Executive's termination of employment and without regard to whether such amounts are Incentive-Based Compensation;
- (d) cancelling outstanding vested or unvested equity awards (including, but not limited to, time-based vesting awards), without regard to whether such awards are Incentive-Based Compensation; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Committee.

The repayment of Excess Compensation must be made by a Covered Executive notwithstanding any Covered Executive's belief (whether or not legitimate) that the Excess Compensation had been previously earned under applicable law and therefore is not subject to clawback.

In addition to its rights to recovery under the Policy, the Company or any affiliate of the Company may take any legal actions it determines appropriate to enforce a Covered Executive's obligations to the Company or to discipline a Covered Executive. Failure of a Covered Executive to comply with their obligations under the Policy may result in (without limitation) termination of that Covered Executive's employment, institution of civil proceedings, reporting of misconduct to appropriate governmental authorities, reduction of future compensation opportunities or change in role. The decision to take any actions described in the preceding sentence will not be subject to the approval of the Committee and can be made by the Board, any committee of the Board, or any duly authorized officer of the Company or of any applicable affiliate of the Company. For avoidance of doubt, any decisions of the Company or the Covered Executive's employer to discipline a Covered Executive or terminate the employment of a Covered Executive are independent of determinations under this Policy. For example, if a Covered Executive was involved in activities that led to an Accounting Restatement, the Company's decision as to whether to not to terminate such Covered Executive's employment would be made under its employment arrangements with such Covered Executive and the requirement to apply this no-fault and non-discretionary clawback policy will not be determinative of whether any such termination is for cause, although failure to comply with the Policy might be something that could result in a termination for cause depending on the terms of such arrangements.

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Limited Exceptions to the Policy

The Company must recover the Excess Compensation in accordance with the Policy except to the limited extent that any of the conditions set forth below is met, and the Committee determines that recovery of the Excess Compensation would be impracticable:

- (a) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before reaching this conclusion, the Company must make a reasonable attempt to recover such Excess Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange; or
- (b) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the legal requirements as such.

Other Important Information in the Policy

The Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer, as well as any other applicable laws, regulatory requirements, rules, or pursuant to the terms of any existing Company policy or agreement providing for the recovery of compensation.

Notwithstanding the terms of any of the Company's organizational documents (including, but not limited to, the Company's bylaws), any corporate policy or any contract (including, but not limited to, any indemnification agreement), neither the Company nor any affiliate of the Company will indemnify or provide advancement for any Covered Executive against any loss of Excess Compensation. Neither the Company nor any affiliate of the Company will pay for or reimburse insurance premiums for an insurance policy that covers potential recovery obligations. In the event that the Company is required to recover Excess Compensation pursuant to the Policy from a Covered Executive who is no longer an employee, the Company will be entitled to seek recovery in order to comply with applicable law, regardless of the terms of any release of claims or separation agreement that individual may have signed.

The Committee or Board may review and modify the Policy from time to time.

If any provision of the Policy or the application of any such provision to any Covered Executive is adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of the Policy or the application of such provision to another Covered Executive, and the invalid, illegal or unenforceable provisions will be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

The Policy will terminate and no longer be enforceable when the Company ceases to be listed issuer within the meaning of Section 10D of the Exchange Act.

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ACKNOWLEDGEMENT

- I acknowledge that I have received and read the Compensation Recovery Policy (the “Policy”) of Inspirato Incorporated (the “Company”).
- I understand and acknowledge that the Policy applies to me, and all of my beneficiaries, heirs, executors, administrators or other legal representatives and that the Company’s right to recovery in order to comply with applicable law will apply, regardless of the terms of any release of claims or separation agreement I have signed or will sign in the future.
- I agree to be bound by and to comply with the Policy and understand that determinations of the Committee (as such term is used in the Policy) will be final and binding and will be given the maximum deference permitted by law.
- I understand and agree that my current indemnification rights, whether in an individual agreement or the Company’s organizational documents, exclude the right to be indemnified for amounts required to be recovered under the Policy.
- I understand that my failure to comply in all respects with the Policy is a basis for termination of my employment with the Company and any affiliate of the Company as well as any other appropriate discipline.
- I understand that neither the Policy, nor the application of the Policy to me, gives rise to a resignation for good reason (or similar concept) by me under any applicable employment agreement or arrangement.
- I acknowledge that if I have questions concerning the meaning or application of the Policy, it is my responsibility to seek guidance from the Compliance Officer, Human Resources or my own personal advisers.
- I acknowledge that neither this Acknowledgement nor the Policy is meant to constitute an employment contract.

Please review, sign and return this form to Human Resources.

Covered Executive

(print name)

(signature)

(date)

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