
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

OR

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

For the transition period from _____ to _____

Commission File Number: 001-39791

INSPIRATO INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
1544 Wazee Street
Denver, CO

(Address of principal executive offices)

85-2426959
(I.R.S. Employer
Identification No.)

80202
(Zip Code)

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	Trading 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 0.05 shares of Class A Common Stock at an exercise price of \$230.00 per share	ISPOW	The Nasdaq Global Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the 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 type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

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

As of November 2, 2023, the registrant had 3,492,810 shares of Class A Common Stock, 2,906,959 shares of Class V Common Stock, no shares of Class B Non-Voting Common Stock, no shares of Preferred Stock and 8,624,792 Warrants outstanding.

Table of Contents

	<u>Page</u>
<u>PART I.</u>	
<u>FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	
<u>Financial Statements (unaudited)</u>	4
<u>Consolidated Balance Sheets</u>	4
<u>Consolidated Statements of Operations and Comprehensive Loss</u>	5
<u>Consolidated Statements of Equity (Deficit)</u>	6
<u>Consolidated Statements of Cash Flows</u>	7
<u>Notes to Consolidated Financial Statements (unaudited)</u>	8
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	36
<u>Item 4.</u>	
<u>Controls and Procedures</u>	36
<u>PART II.</u>	
<u>OTHER INFORMATION</u>	37
<u>Item 1.</u>	
<u>Legal Proceedings</u>	37
<u>Item 1A.</u>	
<u>Risk Factors</u>	38
<u>Item 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
<u>Item 3.</u>	
<u>Defaults Upon Senior Securities</u>	41
<u>Item 4.</u>	
<u>Mine Safety Disclosures</u>	41
<u>Item 5.</u>	
<u>Other Information</u>	41
<u>Item 6.</u>	
<u>Exhibits</u>	42
<u>SIGNATURES</u>	43

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, 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 Form 10-Q 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;
- Changes in our strategy, future operations, financial position, estimated revenue and losses, projected costs, prospects and plans;
- The impact of changes to our executive management team;
- 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;
- Our ability to develop and maintain our brand and reputation;
- Developments and projections relating to our competitors and industry;
- The impact of 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;
- Expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act of 2012;
- Our future capital requirements and sources and uses of cash;
- Our ability to obtain funding for our operations and future growth;
- 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 comply with the continued listing standards of Nasdaq or the continued listing of our securities on Nasdaq;
- Our business, expansion plans and opportunities; and
- Other factors detailed under the section Risk Factors in Part II, Item 1A of this Form 10-Q and in Part I, Item 1A of our most recent Annual Report on Form 10-K (“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 I, Item 2 of this Form 10-Q and in Part II, Item 7 of our Form 10-K and those discussed in other documents we file with the SEC.

Investors should consider the risks and uncertainties described herein and should not place undue reliance on any forward-looking statements. 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, whether as a result of new information, future events or otherwise, except as required by law.

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. We do not assume responsibility for the accuracy and completeness of any forward-looking statements. We assume no responsibility for updating forward-looking information contained or incorporated by reference herein or in any documents we file with the SEC, except as required by law.

Should one or more of the risks or uncertainties described herein or in any documents we file with the SEC occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

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 Form 10-Q 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.

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	December 31, 2022	September 30, 2023 (Unaudited)
Assets		
Current assets		
Cash and cash equivalents	\$ 80,278	\$ 49,694
Restricted cash	1,661	1,662
Accounts receivable, net	3,140	1,269
Accounts receivable, net – related parties	663	848
Prepaid member travel	19,915	18,704
Prepaid expenses	10,922	5,975
Other current assets	302	1,776
Total current assets	116,881	79,928
Property & equipment, net	18,298	19,693
Goodwill	21,233	21,233
Right-of-use assets	271,702	226,897
Other noncurrent assets	2,253	5,578
Total assets	\$ 430,367	\$ 353,329
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 36,086	\$ 25,775
Deferred revenue (Note 4)	167,733	153,030
Lease liabilities	74,299	64,858
Total current liabilities	278,118	243,663
Deferred revenue, noncurrent (Note 4)	18,321	19,275
Lease liabilities, noncurrent	208,159	204,092
Convertible note (Note 9)	—	25,000
Warrants	759	216
Other noncurrent liabilities	—	2,647
Total liabilities	505,357	494,893
Commitments and contingencies (Note 13)		
Equity (Deficit)		
Class A common stock, par value \$0.0001 per share, 50,000 shares authorized, 3,136 and 3,454 shares issued and outstanding as of December 31, 2022 and September 30, 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 September 30, 2023 (Note 9)	—	—
Class V common stock, \$0.0001 par value, 25,000 shares authorized, 3,068 and 2,924 shares issued and outstanding as of December 31, 2022 and September 30, 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 September 30, 2023, respectively	—	—
Additional paid-in capital	245,652	252,876
Accumulated deficit	(233,931)	(276,996)
Total equity (deficit) excluding noncontrolling interest	11,733	(24,107)
Noncontrolling interests (Note 17)	(86,723)	(117,457)
Total deficit	(74,990)	(141,564)
Total liabilities and deficit	\$ 430,367	\$ 353,329

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2022	2023	2022	2023
Revenue	\$ 93,132	\$ 82,598	\$ 258,903	\$ 258,390
Cost of revenue (including depreciation of \$520 and \$1,390 in 2022, and \$2,323 and \$4,054 in 2023, respectively)	62,959	57,704	167,669	182,442
Asset impairments (Note 12)	—	4,294	—	34,348
Gross margin	30,173	20,600	91,234	41,600
General and administrative (including equity-based compensation of \$2,596 and \$5,429 in 2022, and \$6,686 and \$11,074 in 2023, respectively)	16,934	23,487	50,878	59,482
Sales and marketing	9,438	8,600	30,641	23,201
Operations	10,351	8,623	31,204	23,247
Technology and development	3,778	2,355	9,462	8,724
Depreciation and amortization	812	998	2,165	2,992
Interest, net	(125)	1,731	207	1,204
Warrant fair value (gains) losses	(3,518)	(267)	3,026	(543)
Other (income) expense, net	(447)	3	(447)	381
Loss and comprehensive loss before income taxes	(7,050)	(24,930)	(35,902)	(77,088)
Income tax expense	202	492	589	909
Net loss and comprehensive loss	(7,252)	(25,422)	(36,491)	(77,997)
Net loss and comprehensive loss attributable to noncontrolling interests (Note 17)	4,147	8,769	19,017	35,028
Net loss and comprehensive loss attributable to Inspirato Incorporated	\$ (3,105)	\$ (16,653)	\$ (17,474)	\$ (42,969)
Basic and diluted weighted average Class A shares outstanding	2,760	3,419	2,501	3,339
Basic and diluted net loss attributable to Inspirato Incorporated per Class A share	\$ (1.13)	\$ (4.87)	\$ (6.99)	\$ (12.87)

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

	Common Units		Series C		Class A Common Stock		Class V Common Stock		Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests	Total
	Units	Value	Units	Value	Shares	Value	Shares	Value				
Balance at January 1, 2022 (as previously reported)	1,149	\$ —	491	\$ 21,477	—	\$ —	—	\$ —	\$ —	\$ (211,168)	\$ —	\$(189,691)
Reverse recapitalization, net (Note 3)	103,709	—	(491)	(21,477)	—	—	—	—	21,477	—	—	—
Balance at January 1, 2022, after effect of reverse recapitalization	104,858	—	—	—	—	—	—	—	21,477	(211,168)	—	(189,691)
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	(12,302)	(11,901)	(24,203)
Equity-based compensation	—	—	—	—	—	—	—	—	402	—	—	402
Issuance of common stock and common stock warrants upon the reverse recapitalization, net of issuance costs	(104,858)	—	—	—	2,342	4	3,489	7	206,253	—	(64,656)	141,608
Issuance of common stock upon exercise of warrants	—	—	—	—	254	1	—	—	9,330	—	—	9,331
Issuance of common stock upon exercise of stock option awards, net of shares withheld for income taxes	—	—	—	—	1	—	—	—	(29)	—	—	(29)
Distributions	—	—	—	—	—	—	—	—	—	(183)	—	(183)
Balance at March 31, 2022	—	\$ —	—	\$ —	2,597	\$ 5	3,489	\$ 7	\$ 237,433	\$ (223,653)	\$ (76,557)	\$(62,765)
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	(2,067)	(2,969)	(5,036)
Equity-based compensation	—	—	—	—	—	—	—	—	2,431	—	—	2,431
Issuance of common stock	—	—	—	—	25	—	—	—	5,000	—	—	5,000
Issuance of common stock upon exercise of stock option awards, net of shares withheld for income taxes	—	—	—	—	1	—	—	—	(65)	—	—	(65)
Balance at June 30, 2022	—	\$ —	—	\$ —	2,623	\$ 5	3,489	\$ 7	\$ 244,799	\$ (225,720)	\$ (79,526)	\$(60,435)
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	(3,105)	(4,147)	(7,252)
Equity-based compensation	—	—	—	—	—	—	—	—	2,596	—	—	2,596
Issuance of common stock upon exercise of stock option awards, net of shares withheld for income taxes	—	—	—	—	89	—	—	—	1,306	—	—	1,306
Issuance of Class A shares upon conversion of Class V shares	—	—	—	—	226	1	(226)	—	—	(2,469)	2,469	1
Balance at September 30, 2022	—	\$ —	—	\$ —	2,938	\$ 6	3,263	\$ 7	\$ 248,701	\$ (231,294)	\$ (81,204)	\$(63,784)
Balance at January 1, 2023	—	\$ —	—	\$ —	3,136	\$ 6	3,068	\$ 6	\$ 245,652	\$ (233,931)	\$ (86,723)	\$(74,990)
Cumulative effect of change in accounting principle	—	—	—	—	—	—	—	—	—	(96)	(108)	(204)
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	(2,896)	(3,007)	(5,903)
Equity-based compensation	—	—	—	—	—	—	—	—	657	—	—	657
Issuance of common stock upon exercise of stock option awards, net of shares withheld for income taxes	—	—	—	—	91	—	—	—	438	—	—	438
Issuance of Class A shares upon conversion of Class V shares	—	—	—	—	108	1	(108)	—	(1,481)	—	1,480	—
Balance at March 31, 2023	—	\$ —	—	\$ —	3,335	\$ 7	2,960	\$ 6	\$ 245,266	\$ (236,923)	\$ (88,358)	\$(80,002)
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	(23,420)	(23,252)	(46,672)
Equity-based compensation	—	—	—	—	—	—	—	—	3,731	—	—	3,731
Issuance of common stock upon exercise of stock option awards, net of shares withheld for income taxes	—	—	—	—	27	—	—	—	32	—	—	32
Issuance of Class A shares upon conversion of Class V shares	—	—	—	—	32	—	(32)	—	(683)	—	683	—
Balance at June 30, 2023	—	\$ —	—	\$ —	3,394	\$ 7	2,928	\$ 6	\$ 248,346	\$ (260,343)	\$ (110,927)	\$(122,911)
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	(16,653)	(8,769)	(25,422)
Equity-based compensation	—	—	—	—	—	—	—	—	6,686	—	—	6,686
Issuance of common stock upon exercise of stock option awards, net of shares withheld for income taxes	—	—	—	—	56	—	—	—	83	—	—	83
Issuance of Class A shares upon conversion of Class V shares	—	—	—	—	4	—	(4)	—	(2,239)	—	2,239	—
Balance at September 30, 2023	—	\$ —	—	\$ —	3,454	\$ 7	2,924	\$ 6	\$ 252,876	\$ (276,996)	\$ (117,457)	\$(141,564)

INSPIRATO INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Nine months ended September 30,	
	2022	2023
Cash flows from operating activities:		
Net loss and comprehensive loss	\$ (36,491)	\$ (77,997)
Adjustments to reconcile net loss and comprehensive loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,555	7,047
Loss on disposal of fixed assets	214	589
Warrant fair value losses (gains)	3,026	(543)
Asset impairments	—	34,348
Equity-based compensation	5,429	11,074
Amortization of right-of-use assets	68,479	63,408
Changes in operating assets and liabilities:		
Accounts receivable, net	(71)	1,667
Accounts receivable, net – related parties	160	(185)
Prepaid member travel	1,940	2,275
Prepaid expenses	(2,903)	1,581
Other assets	129	(110)
Accounts payable and accrued liabilities	(2,966)	(3,594)
Deferred revenue	(19,535)	(18,828)
Lease liability	(69,245)	(66,137)
Net cash used in operating activities	(48,279)	(45,405)
Cash flows from investing activities:		
Development of internal-use software	(2,747)	(5,924)
Purchase of property and equipment	(7,118)	(4,807)
Net cash used in investing activities	(9,865)	(10,731)
Cash flows from financing activities:		
Repayments of debt	(27,267)	—
Proceeds from debt	14,000	25,000
Proceeds from reverse recapitalization	90,070	—
Payments of reverse recapitalization costs	(23,899)	—
Proceeds from issuance of Class A common stock	5,000	—
Payments of employee taxes for exercise and vesting of stock-based award exercises	(117)	(1,106)
Proceeds from option exercises	1,329	1,659
Distributions	(183)	—
Net cash provided by financing activities	58,933	25,553
Net increase (decrease) in cash, cash equivalents, and restricted cash	789	(30,583)
Cash, cash equivalents, and restricted cash – beginning of period	82,953	81,939
Cash, cash equivalents, and restricted cash – end of period	\$ 83,742	\$ 51,356

INSPIRATO INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Nature of Business

Inspirato Incorporated and its subsidiaries (the “Company”, also referred to as “Inspirato”, “we”, “us”, and “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.

The Company was initially incorporated in Delaware on July 31, 2020 as Thayer Ventures Acquisition Corporation (“Thayer”), a special purpose acquisition company. On February 11, 2022 (the “Closing Date”), 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 “Business Combination Agreement”) whereby a subsidiary of the Company merged with and into Inspirato LLC (the “Business Combination”), resulting in Inspirato LLC becoming a subsidiary of 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 presented herein represent the operating results of Inspirato LLC before and after the Business Combination.

Reverse Stock Split

On September 26, 2023, our stockholders approved a proposal to adopt a series of alternative amendments to our certificate of incorporation to effect a reverse stock split (as defined below) with the final reverse stock split ratio and timing of any reverse stock split to be determined by the Board of Directors, in its discretion. Our Board of Directors subsequently approved a final reverse stock split ratio of 1-for-20 of our 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 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 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 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 the total number of 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 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 the number of shares of Class A Common Stock issuable pursuant to the Company’s outstanding warrants, Note (as defined below) and equity awards, as well as the number of shares authorized and reserved for issuance pursuant to the 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 reflect the Reverse Stock Split for all periods presented.

(2) Significant Accounting Policies

(a) Basis of Presentation

These unaudited consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and applicable rules and regulations of the SEC regarding interim financial reporting. Certain information and disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited consolidated financial statements and the accompanying notes (collectively, the “Consolidated Financial Statements”) should be read together with the audited consolidated financial statements and accompanying notes included in the Company’s 2022 Form 10-K.

These Consolidated Financial Statements have been prepared on the same basis as the audited annual financial statements and reflect all adjustments, which include normal recurring adjustments, necessary for the fair statement of the Company’s financial position as of September 30, 2023 and the results of operations for the three and nine months ended September 30, 2022 and 2023. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the full year ending December 31, 2023 or any other future interim or annual period.

All amounts presented in these Consolidated Financial Statements are expressed in thousands of U.S. dollars, except share and per share amounts and unless otherwise noted.

Refer to Note 2, Significant Accounting Policies to the consolidated financial statements in the Company’s Annual Report on Form 10-K, filed with the SEC on March 15, 2023, for a summary and discussion of the Company’s significant accounting policies, except as updated below.

(b) Principles of Consolidation

For the periods after February 11, 2022, the Consolidated Financial Statements comprise the accounts of the Company, 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 and as such, Inspirato LLC was evaluated under the voting interest model. As Inspirato Incorporated has the right to appoint a majority of the 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. All intercompany accounts and transactions among the Company and its consolidated subsidiaries have been eliminated.

For the days and periods prior to the 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.

(c) Use of Estimates

The preparation of the 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 and the reported amounts of revenue and expenses during the reporting period. 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 lease revenue forecasts as they relate to right-of-use asset impairments, incremental borrowing rates as they relate to leases, valuation and estimated usage related to our member loyalty program, valuation and estimated economic lives of capitalized software and long-lived assets, contingencies, allowance accounts, and fair value measurements related to stock-based compensation.

(d) Goodwill

The Company performs its annual impairment review of goodwill at December 1 and when a triggering event occurs between annual impairment tests. At September 30, 2023, management determined that a triggering event occurred in relation to the impairment of asset groups related to the Company's operating leases. The Company performed a qualitative assessment and determined based on 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. As such, no goodwill impairment was identified as a result of this interim test and a quantitative impairment test is not required.

(e) Revenue

Deferred Revenue

The Company records any unrecognized portion of enrollment fees, prepaid subscription dues, and travel to be delivered as deferred revenue until applicable performance obligations are met.

Loyalty Program

In August of 2023, the Company 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 enjoy, depending on their status, among other benefits, extra savings on Inspirato Club ("Club") bookings, early access to new property releases, new Experiences, and year-end festive dates, and complimentary nights, which provide them with a material right to free or discounted goods or services in the future upon accumulation of the required Rewards status.

When members spend with Inspirato, the Company will defer a portion of the members' total spend to Rewards, representing the value of the program's separate performance obligation. 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 is updated on a regular basis to incorporate recent customer 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). When Rewards revenue is recognized, deferred revenue related to Rewards is reduced, and the related revenue is recognized in the consolidated statement of operations.

(f) Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

(g) Recently Adopted Accounting Pronouncements

ASU 2016-13

On January 1, 2023, the Company adopted Accounting Standards Update 2016-13 *Financial 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 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 a net increase to accumulated deficit of \$0.2 million as of January 1, 2023 for the cumulative effect of adopting ASU 2016-13.

ASU 2020-06

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 new 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 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 interim periods within those fiscal years, with early adoption permitted. In connection with the issuance of the Note (see Note 9), the Company adopted ASU 2020-06 and elected to follow the fair value option under the modified retrospective approach with no impact on the Company’s Consolidated Financial Statements. There was no other impact of the adoption for the Company.

(3) Reverse Recapitalization

On February 11, 2022, Inspirato LLC and Thayer consummated the Business Combination, resulting in Inspirato LLC becoming a subsidiary of the Company. 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 in the Business Combination. The Company 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 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”).

In connection with the Business Combination, among other things, (i) the Company changed its name to “Inspirato Incorporated”, (ii) each 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 the underlying Thayer Class A Common Stock and Thayer public warrant upon the request of the holder thereof, were cancelled and entitled the holder thereof to one share of Inspirato Class A Common Stock and one-half of one Inspirato warrant to purchase Class A Common Stock issued in connection with the IPO of Thayer (the “Public Warrants”).

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 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 Consolidated Financial Statements reflect the continuation of the financial statements of Inspirato LLC with the Business Combination being treated as the equivalent of Inspirato LLC issuing stock for the net assets of the Company, accompanied by a recapitalization. The net assets of the Company were recognized as of the Business Combination at historical cost, with no goodwill or other intangible assets recorded. Operations prior 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 connection with the Closing, the Company raised \$90 million of gross proceeds including \$88 million from the issuance of 440 thousand shares of Class A Common Stock to a number of accredited investors pursuant to a separate subscription agreement entered into on June 30, 2021, as amended. The Company incurred \$25 million in transaction costs during the nine months ended September 30, 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 of operations. The total net cash proceeds to the Company as a result of the Business Combination was \$66 million.

(4) Revenue

Revenues are as follows:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Travel	\$ 54,508	\$ 49,065	\$ 152,417	\$ 152,224
Subscription	38,587	33,344	106,315	105,893
Rewards	—	189	—	189
Other	37	—	171	84
Total	\$ 93,132	\$ 82,598	\$ 258,903	\$ 258,390

The Company recognizes assets and liabilities related to contracts with its customers. 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 and are included within other current assets and other noncurrent assets on the consolidated balance sheet. Contract liabilities include deferred revenue as discussed below.

Assets and liabilities related to contracts with customers are as follows:

	<u>December 31,</u>	<u>September 30,</u>
	<u>2022</u>	<u>2023</u>
Assets:		
Accounts receivable, net	\$ 3,140	\$ 1,269
Other current assets	—	824
Other noncurrent assets	—	796
Liabilities:		
Deferred revenue, current	\$ 167,733	\$ 153,030
Deferred revenue, noncurrent	18,321	19,275

As of September 30, 2023, deferred revenue was \$172.3 million, compared to \$186.1 million as of December 31, 2022. During the nine months ended September 30, 2023, approximately \$138.4 million of deferred revenue previously included in the consolidated balance sheet as of December 31, 2022 was recognized as revenue in the consolidated statement of operations.

Deferred revenue includes payments received in advance from members and is generally recognized to revenue within 2 years. Deferred revenue related to Rewards represents multiple performance obligations associated with Rewards. 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).

Upon implementation of Rewards in August of 2023, deferred revenue attributable to Rewards was \$6.8 million.

(5) Prepaid Expenses and Prepaid Member Travel

Prepaid expenses

Prepaid expenses are as follows:

	December 31, 2022	September 30, 2023
Property operations	\$ 4,299	\$ 803
Software	3,601	1,822
Operating supplies	1,441	703
Insurance	1,581	2,647
Total	\$ 10,922	\$ 5,975

Prepaid Member Travel

Prepaid member travel of \$19.9 million and \$18.7 million at December 31, 2022 and September 30, 2023, respectively, includes deposits with third party vendors for future member travel.

(6) Property and Equipment

Property and equipment are as follows:

	Useful life (years)	December 31, 2022	September 30, 2023
Residence leasehold improvements	3	\$ 15,302	\$ 21,985
Internal-use software	3	13,559	15,871
Corporate office leasehold improvements	3	5,156	5,156
Computer equipment	3	1,436	1,115
Furniture, fixtures, and equipment	5	1,208	1,214
Residence vehicles	5	806	689
Total cost		37,467	46,030
Accumulated depreciation and amortization		(19,169)	(26,337)
Property & equipment, net		\$ 18,298	\$ 19,693

(7) Income Taxes

At September 30, 2023, Inspirato Incorporated holds 54.0% of the economic interest in Inspirato LLC (see Note 3 and 17), which is 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 as its net taxable income or loss is passed through to its members and included in their tax returns, even though such net taxable income may not have actually been distributed. Inspirato Incorporated is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its 54.0% distributive share of the net taxable income of Inspirato LLC. Inspirato Incorporated is also subject to taxes in foreign jurisdictions.

The effective income tax rate was negative 2.9% and negative 1.6% for the three and nine months ended September 30, 2022, respectively, and negative 2.0% and negative 1.2% for the three and nine months ended September 30, 2023, respectively. The effective income tax rate for the three and nine months ended September 30, 2023 differed significantly from the statutory rate in the respective periods, primarily due to the losses allocated to noncontrolling interests and the recognition of a valuation allowance as a result of the Company's new tax structure following the Business Combination. Income tax expense recorded in the three and nine months ended September 30, 2022 and 2023 represents amounts owed to foreign taxing authorities.

The Company has assessed the realizability of the net deferred tax assets and in that analysis has considered the relevant positive and negative evidence available to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The Company has recorded a full valuation allowance against the deferred tax assets at Inspirato Incorporated as of the Closing and as of September 30, 2023, which will be maintained until there is sufficient evidence to support the reversal of all or some portion of these allowances.

The Company's income tax filings are subject to audit by various taxing jurisdictions. The Company will monitor the status of U.S. federal, state and local income tax returns that may be subject to audit in future periods. No U.S. federal, state and local income tax returns are currently under examination by the respective taxing authorities.

At September 30, 2023, the Company has recorded amounts related to indirect taxes, uncertain tax positions and foreign income taxes, totaling \$2.6 million, within other non-current liabilities on the consolidated balance sheets based on its current estimate of their realizability.

(8) Accounts Payable and Accrued Liabilities

The following table presents the components of accounts payable and accrued liabilities:

	December 31, 2022	September 30, 2023
Trade creditors	\$ 21,356	\$ 14,482
Occupancy taxes payable	7,231	6,448
Compensation accruals	5,475	4,254
Income and other taxes payable	2,024	591
Accounts payable and accrued liabilities	<u>\$ 36,086</u>	<u>\$ 25,775</u>

(9) 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 \$23.0 million, after deducting \$2.0 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.

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 conversion price applicable to the Note is initially \$30 per share, subject to customary adjustments upon 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.

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.

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.

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. There were no fair value adjustments for the three months ended September 30, 2023. Debt issuance costs were immediately recorded in interest, net on the consolidated statement of operations.

Loan Facility

In October of 2020, the Company obtained a revolving line of credit (the “Revolver”) that was scheduled to mature October of 2023 and was terminated in March of 2023. The Revolver had a limit of \$14 million. Interest rates associated with the Revolver adjusted based on the prime rate and outstanding balance. The interest rate was 8.50% at December 31, 2022. Interest expense related to the Revolver for the three and nine months ended September 30, 2022 totaled \$3 thousand and \$0.3 million, respectively. There was no interest expense related to the Revolver for the nine months ended September 30, 2023.

(10) 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.

The Company utilizes Level 1 inputs in its valuation of its Public Warrants. The Company expects to utilize Level 3 inputs for the Note in future periods. The Company utilizes Level 3 inputs in performing its annual goodwill impairment test. 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.

(11) Net loss attributable to Inspirato Incorporated per Class A 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. No shares of Class B Non-Voting Common Stock were issued as of September 30, 2023.

Basic loss per share is based on the weighted average number of shares of Class A Common Stock outstanding during the period. Diluted loss per share is based on the weighted average number of shares 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, Public Warrants, and profits interests, if any, using the “treasury stock” method.

In addition, “Net loss attributable to Inspirato Incorporated Class A shares” is adjusted for the after-tax impact of changes to the fair value of derivative liabilities, to the extent the Public Warrants are dilutive.

The Company’s Class V Common Stock is neither dilutive nor anti-dilutive for the periods presented as its 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. Share amounts below are presented in thousands.

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Net loss attributable to Inspirato Incorporated	\$ (3,105)	\$ (16,653)	\$ (17,474)	\$ (42,969)
Weighted average Class A Shares outstanding				
Basic and diluted	2,760	3,419	2,501	3,339
Net loss attributable to Inspirato Incorporated per Class A share				
Basic and diluted	\$ (1.13)	\$ (4.87)	\$ (6.99)	\$ (12.87)

For the Note, the conversion spread of 833 thousand shares, calculated by dividing the face value of the Note by the conversion price, will have a dilutive impact on diluted net income per share of common stock when the average market price of the Company’s Class A Common Stock for a given period exceeds the conversion price. Because the average market price of the Class A Common Stock is below the conversion price for the Note for all periods presented and net loss attributable to Inspirato Incorporated was recorded for all periods presented, the Note is anti-dilutive.

The following securities were anti-dilutive:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Restricted stock units	268	866	184	860
Stock options	337	222	362	239
Warrants	431	431	484	431
Convertible note (Note 9)	—	833	—	833
Anti-dilutive securities	<u>1,036</u>	<u>2,352</u>	<u>1,030</u>	<u>2,363</u>

(12) Leases

The Company enters into operating leases primarily for standalone homes, luxury condos and hotel rooms. Active leases have initial terms ranging from 1 to 20 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 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.

The following table details the composition of operating lease expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2023	2022	2023
Operating lease expense	\$ 22,240	\$ 20,232	\$ 60,035	\$ 65,390
Variable lease expense	218	187	1,411	689

As of September 30, 2023, the maturities of the Company's operating lease liabilities were as follows:

Fiscal Year Ending	Operating leases
Remainder of 2023	\$ 22,207
2024	77,911
2025	62,566
2026	46,675
2027	34,366
2028 and thereafter	92,814
Total minimum lease payments	336,539
Less: interest expense	(67,589)
Present value of lease obligations	268,950
Less: current lease obligations	(64,858)
Long-term lease obligations	\$ 204,092

The following table presents additional information about our lease obligations:

Weighted-average remaining lease term (in years):	As of December 31, 2022	As of September 30, 2023
Operating leases	5.6	5.6
Weighted-average discount rate:		
Operating leases	5.13 %	7.92 %

As of September 30, 2023, the Company was party to 30 leases that had not yet commenced. Future payments under these leases were \$42.6 million at September 30, 2023.

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 nine months ended September 30, 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 thirty-eight 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 and property and equipment impairments of \$4.3 million and \$0.0 million, respectively, for the three months ended September 30, 2023. The Company recorded right-of-use asset impairments and property and equipment impairments of \$34.0 million and \$0.3 million, respectively, for the nine months ended September 30, 2023. These impairments are recorded within asset impairments in the consolidated statement of operations.

(13) 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. 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.

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.

Reimbursement and Security Agreement

Inspirato LLC is a party to a financial guarantee bond agreement dated September 2019 for a surety bond of \$20 million and a related general corporate indemnification. The financial guarantee bond agreement remains in effect and its term is continuous to align with the term of the agreement it supports.

(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 September 30, 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 Public Warrants as liabilities at fair value within warrants on the consolidated balance sheets because 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 following table presents the fair value of the Public Warrants:

	December 31, 2022	September 30, 2023
Fair value of the Public Warrants	\$ 759	\$ 216

The following table summarizes the fair value (gains) losses on the Public Warrants:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Warrant fair value (gains) losses	\$ (3,518)	\$ (267)	\$ 3,026	\$ (543)

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 thousand shares 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 termination of the Saks Commercial Agreement or 90 days after the final vesting of the Saks Warrant Shares. Through September 30, 2023, there was not significant purchase activity facilitated through the Saks Commercial Agreement.

(15) Equity of Inspirato LLC

For periods prior to the Business Combination, Inspirato LLC had equity-based compensation described in Note 16. 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.

(16) Equity-Based Compensation

Unit Option Plan

Prior to the Business Combination, the 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 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 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. 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 a 10-year contractual term and vest 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, 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.

The following tables summarize additional information about our Unit Option Plan:

	Recognition Period (years)	September 30, 2022	September 30, 2023
Option expense remaining to be recognized	2	\$ 762	\$ 182

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2023	2022	2023
	(shares in thousands)			
Number of shares of Class A Common Stock subject to outstanding options at period end	297	212	297	212
Number of options exercised during the period	89	14	92	50

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. 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. 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 of the then-outstanding 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 December 31, 2022 and September 30, 2023, there were 465 thousand and 355 thousand, respectively, as-converted profits interests issued and outstanding and \$46 thousand in profits interest expense remained to be recognized as of September 30, 2023 over the next 0.3 years. No profits interests have been issued since the consummation of the Business Combination.

2021 Plan

In connection with the Business Combination, the Company’s Board of 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) 795 thousand 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 373 thousand 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) 995 thousand 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 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 over a period of three to four years. RSUs typically have a cliff vesting of one-third and one-fourth of the grant amount for three-year and four-year vesting periods, respectively, and continue to vest quarterly thereafter. The vesting term of each RSU is stated in the individual’s respective agreement.

At September 30, 2023, there was \$23.9 million of unrecognized compensation cost related to RSUs which is expected to be recognized over a weighted average of 2.6 years.

(17) Noncontrolling Interest

The financial results of Inspirato LLC and its subsidiaries are consolidated with and into Inspirato Incorporated. For the period February 11, 2022 through September 30, 2022, 58.3% of the consolidated net loss of Inspirato LLC has been allocated to the noncontrolling interests of Inspirato LLC. During the three and nine months ended September 30, 2022, the Company issued 226 thousand 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 three and nine months ended September 30, 2023, the Company issued 4 thousand and 144 thousand shares, respectively, 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 tables summarize the changes in ownership of Inspirato LLC excluding unvested profits interests.

For the period from February 11, 2022 through September 30, 2022:

	New Common Units		Continuing Inspirato LLC Members subject to vesting	Total
	Inspirato Incorporated	Continuing Inspirato LLC Members (in thousands)		
Recapitalization	2,342	3,347	142	5,831
Conversion of Class V to Class A	226	(226)	—	—
Vesting of profits interests	—	46	(46)	—
End of period	<u>2,568</u>	<u>3,167</u>	<u>96</u>	<u>5,831</u>

For the period from January 1, 2023 through September 30, 2023:

	New Common Units		Continuing Inspirato LLC Members subject to vesting	Total
	Inspirato Incorporated	Continuing Inspirato LLC Members (in thousands)		
Beginning of period	2,763	2,983	85	5,831
Conversion of Class V to Class A	144	(144)	—	—
Vesting of profits interests	—	79	(79)	—
Issuance of New Common Units to Inspirato Incorporated	547	—	—	547
End of period	<u>3,454</u>	<u>2,918</u>	<u>6</u>	<u>6,378</u>

(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 thousand shares of Class A Common Stock. As of December 31, 2022 and September 30, 2023, the Company had approximately 171 thousand shares 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. For the three and nine months ended September 30, 2023, there were no employee purchases 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 Company matches 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. The Plan provides for the Company to make a discretionary matching contribution. The following table summarizes the Company’s contributions:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Employer match 401(k) contributions	\$ 257	\$ 182	\$ 1,154	\$ 1,076

(19) Related Party Transactions

As part of the Portico acquisition in 2013, Inspirato LLC entered into certain ancillary and commercial arrangements with Exclusive Resorts, primarily involving the continuation of services to Portico members until such memberships terminate. At December 31, 2022 and September 30, 2023, balances due from related parties for these arrangements totaled \$0.7 million and \$0.8 million, respectively. 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.

In July of 2023, Inspirato LLC entered into a temporary use agreement with Exclusive Resorts for certain of our properties for which the Company recognized \$0.1 million in revenue during the three months ended September 30, 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 paid Exclusive Resorts to use and operate certain Exclusive Resorts homes for Inspirato subscribers’ usage. For the three and nine months ended September 30, 2022, Inspirato recognized \$0.5 million and \$2.0 million, respectively, in related party expense related to these agreements. For the three and nine months ended September 30, 2023, Inspirato recognized \$0.0 million and \$0.6 million, respectively, in related party expense related to these agreements. As of September 30, 2023, all property usage agreements had terminated. At December 31, 2022 and September 30, 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 three months ended September 30, 2022 and 2023 totaled \$11 thousand and \$15 thousand, respectively. Total payments made under lease agreements from Company executives and board members for the nine months ended September 30, 2022 and 2023 totaled \$40 thousand and \$44 thousand, respectively.

(20) Supplemental Financial Information

Supplemental and Non-cash Investing and Financing Activities

The following table presents the year-to-date supplemental and non-cash investing and financing activities:

	<u>Nine months ended September 30,</u>	
	<u>2022</u>	<u>2023</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 288	\$ —
Cash paid for income taxes	—	12
Significant noncash transactions:		
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	211	1,009
Operating lease right-of-use assets exchanged for lease obligations	324,450	52,629
Conversion of deferred rent and prepaid rent to right-of-use assets	6,831	—

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

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited consolidated financial statements and related notes thereto as of and for the three and nine months ended September 30, 2022 and 2023 included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2022 and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 15, 2023. 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 “Cautionary Note Regarding Forward-Looking Statements” included elsewhere in this Quarterly Report on Form 10-Q. 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.

All amounts presented in this Management Discussion and Analysis are expressed in thousands of U.S. dollars, except share and per share amounts and unless otherwise noted.

OVERVIEW

Inspirato 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 over 450 private luxury vacation homes available to our subscribers, and accommodations at over 250 luxury hotel and resort partners in over 200 destinations around the world as of September 30, 2023. Our portfolio also includes Inspirato Only, featuring one-of-a-kind luxury safaris, cruises, Experiences and Bespoke trips, which offers 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 discerning travelers and drive exceptional customer satisfaction.

In the third quarter of 2022, we developed two new product offerings: Inspirato for Good (“IFG”) and Inspirato for Business (“IFB”). IFG is our turnkey solution assisting nonprofits in their fundraising. Through this new platform, we partner with nonprofit organizations to sell luxury travel packages at live and silent auctions, paddle raises, and other giving channels. IFB represents our business-to-business channel whereby we seek to target the incentive travel market by providing companies with a ready-to-use travel solution to reward and retain their employees and business partners. We believe both IFG and IFB will offer opportunities for significant growth at a lower customer acquisition cost.

Reverse Stock Split

On September 26, 2023, our stockholders approved a proposal to adopt a series of alternative amendments to our certificate of incorporation to effect the Reverse Stock Split with the final reverse stock split ratio and timing of any reverse stock split to be determined by the Board of Directors, in its discretion. Our Board of Directors subsequently approved a final reverse stock split ratio of 1-for-20 of our Class A Common Stock, Class B Non-Voting Common Stock and Class V Common Stock. 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 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 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 the total number of shares of 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 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 the number of shares of Class A Common Stock issuable pursuant to the Company's outstanding warrants, Note and equity awards, as well as the number of shares authorized and reserved for issuance pursuant to the 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. Accordingly, (i) with respect to the Company's publicly traded warrants trading under the symbol "ISPOW," each 20 warrants outstanding immediately prior to the Reverse Stock Split are now exercisable for one share of Class A Common Stock at an exercise price of \$230.00 per share, which is 20 times \$11.50, the exercise price per share in effect prior to the 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 adjusted to reflect the Reverse Stock Split for all periods presented.

Our Member Loyalty Program

In August of 2023, we launched Rewards, our member loyalty program that supports our diverse portfolio of curated luxury vacation options. 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 three Rewards' statuses may enjoy depending on their status, among other benefits, extra savings on Club bookings, early access to new property releases, new Experiences, and year-end festive dates, and complimentary nights.

We expect that the percentage of travel spend we capture from our members that participate in Rewards will increase as they move up the tiers of our program.

Capital One Ventures Strategic Partnership and Investment

In August of 2023, we and an affiliate of Capital One entered into the Investment Agreement, providing for a \$25.0 million strategic investment by Capital One in the Company through the private placement of the Note. On September 29, 2023, we sold and issued the Note. The total net proceeds from this offering were approximately \$23.0 million, after deducting \$2.0 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.

The Note is initially convertible at an initial 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 and pending transactions with Capital One see "Risk Factors" in Part II. Item 1A. of this report.

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 Subscribers as subscribers who have one or more Active Subscription(s). The following table shows our approximate total number of Active Subscriptions at September 30, 2022 and 2023:

	September 30, 2022	September 30, 2023
Legacy	9,800	8,300
Pass	3,800	2,700
Club	2,600	3,500
Total Active Subscriptions	<u>16,200</u>	<u>14,500</u>

Legacy subscriptions had substantial enrollment fees and have annual dues that are lower than annualized dues for Club subscriptions. Club and Pass subscriptions are available through monthly, semi-annual, annual and multi-year contracts. The majority of our subscriptions are annual contracts.

Annual Recurring Revenue (“ARR”)

ARR is a measure of our business performance because it is driven by our ability to acquire Active Subscriptions and to maintain 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.

ARR consists of contributions from our subscription revenue streams and does not include travel revenue or enrollment fees. Contracts related to our IFG and IFB offerings are excluded from our ARR calculation. We calculate ARR as the number of Active Subscriptions as of the end of a period multiplied by the then-current annualized subscription rate, without regard to any potential impact from promotions and discounts that may be offered, 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 subscriptions. ARR is not a forecast of subscription revenue as subscription revenue includes enrollment fees 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 it is a useful measure. In addition, revenues from certain Legacy subscriptions may be higher or lower than our then current annualized subscription rate as a result of previously offered or contractual renewal rates. 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. Our ARR was \$166.7 million and \$140.3 million at September 30, 2022 and 2023, respectively.

Because our ARR is derived from our subscription revenue streams, the portion of our revenue attributable to subscriptions provides further information helpful to the interpretation of changes in our ARR. Our subscription revenue as a percentage of total revenue was 41% and 40% for the three months ended September 30, 2022 and 2023, respectively, and 41% and 41% for the nine months ended September 30, 2022 and 2023, respectively.

Key Factors Affecting Our Performance

We believe that the growth and future success of our business depend on many factors. 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.

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 Earnings Before Interest Taxes Depreciation and Amortization (“Adjusted EBITDA”). We are continually working on improving our subscription offerings and the trips available on our Pass list to make our subscription products more appealing to current and potential subscribers.

Travel

Our travel revenue and operating results are impacted by the number of trips that we are able to deliver to our subscribers and members as well as the rates we charge for stays. Our revenue management team establishes nightly rates to optimize desired occupancy and revenue.

Cost and Expense Management

Our operating results are impacted by our ability to manage costs and expenses and achieve a balance between making investments to retain and grow subscribers and driving increased profitability. We are working on finding more opportunities to enhance gross margin and operate more efficiently, including reducing costs by taking additional operational and portfolio optimization actions. Additionally, we conducted a 12% workforce reduction in January 2023 and a further 6% workforce reduction in July of 2023 in order to further manage costs. For more information, see “*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 the section titled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022.

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 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, 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 tends to also follow travel revenue, however revenues from existing subscribers are not impacted by seasonality.

Our 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 of Results of Operations

Revenue

We generate revenue from sales of subscriptions to our platform that grant access to book Inspirato residences and other privileges that vary based on the type of subscription. The two primary components of revenue are subscription revenue and travel revenue.

Subscription revenue is comprised of enrollment fees and recurring dues, net of discounts and travel incentives provided to subscribers. Our subscription agreements typically auto-renew after an initial monthly, yearly, or multi-year term. Our agreements are generally cancellable by providing 30 days notice, and subscription payments are non-refundable. Revenue is recognized ratably over the related contractual term generally beginning on the date that our platform is made available to a subscriber. We typically bill in advance for Club and Pass subscriptions. Amounts that have been billed are initially recorded as deferred revenue until the revenue is recognized.

We derive our travel revenue by charging a nightly rate for stays at our portfolio of residence and hotels. We also earn revenue from Experiences and Bespoke trips. For residence and hotel trips, a service charge is also included. Travel revenue also includes amounts collected from fees when a trip is cancelled. 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 Exclusive Resorts and others. Average daily rate (“ADR”) related to stays in our residences is higher than ADR related to stays at our hotel partners as residences are typically larger and accommodate more guests than hotel rooms. In the nine months ended September 30, 2022, we

delivered approximately 87,200 nights in our residences and approximately 53,300 nights in hotel rooms. In the nine months ended September 30, 2023, we delivered approximately 87,200 nights in our residences and approximately 57,200 nights in hotel rooms. Travel revenue is generally recognized when travel occurs and amounts that have been billed are initially recorded as deferred revenue until recognized when travel occurs.

We defer revenue in relation to Rewards based on total members' spend, which is based upon a percentage of revenues attributable to the material rights granted by Rewards to our members. 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). When Rewards revenue is recognized, deferred revenue related to Rewards is reduced, and the related revenue is recognized in the consolidated statement of operations.

Cost of revenue

Cost of revenue includes costs directly related to delivering travel to our subscribers and guests 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 subscriber stays, and booking costs from Experiences and Bespoke trips. We generally expect cost of revenue to 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. We expect cost of revenue to decrease in the near-term as we reduce our portfolio of properties.

Asset impairments

Asset impairments will fluctuate from period to period based on the performance of our properties, forecasted results, and the results of our impairment assessments in each quarter. We generally expect that we will continue to impair right-of-use assets and related property and equipment related to our operating leases over the near-term while we continue to right size our portfolio. In particular, we expect to impair 7 leases yet to commence when we receive control of the properties in the fourth quarter of 2023. These leases are related to the group of underperforming properties in a single geographic location which were impaired during the three and nine months ended September 30, 2023.

Gross margin

Our gross margin may fluctuate from period to period based on the number and type of subscribers, seasonality of destinations, the number of leased properties in our portfolio, and nightly rates charged. We generally expect our gross margin to fluctuate with changes in subscriber counts, nightly rates and occupancy rates. However, in the near-term, we expect gross margin improvement driven by our lease optimization actions taken to better align our supply to demand.

General and administrative

General and administrative expenses include costs related to finance, legal, people operations and corporate information services as well as merchant fees and insurance. General and administrative expenses also include all equity-based compensation costs related to all employees. We expect to continue to incur additional general and administrative costs as a result of operating as a public company, including expenses to comply with the rules and regulations of the SEC and Nasdaq, as well as higher expenses for commercial insurance, investor relations and professional services. We expect general and administrative costs in absolute dollars and percentage of revenue to decrease in the near-term due to headcount actions and heightened focus on efficiency of spend across the organization.

Sales and marketing

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 sales lead generation. We expect sales and marketing expense will vary from period to period as a percentage of revenue for the foreseeable future.

Operations

Operations expenses include costs related to providing, acquiring and managing our properties. It also includes providing subscriber services including costs for our member care team that helps our members organize and plan each trip they have booked,

real estate development team and the cost of subscriber benefits including lounges and events. We expect operations expense will vary from period to period as a percentage of revenue for the foreseeable future.

Technology and development

Technology and development expenses include costs related to 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 decrease in the near-term primarily due to the reduction in force that took place during July of 2023, which was weighted towards personnel within the technology and development department.

Depreciation and amortization

Depreciation and amortization expenses primarily consist of depreciation of property and equipment including furniture and fixtures, as well as amortization of capitalized internal-use software development costs. We expect depreciation and amortization expenses to stay relatively consistent in the near-term. We expect amortization to change as we continue to invest in internally developed technological solutions and refresh furnishings in our homes.

Interest, net

Interest consists primarily of debt issuance costs and interest expense incurred in relation to the Note and interest income earned on cash holdings.

Other income, net

Other income, net consists primarily of miscellaneous non-recurring nonoperating income and expenses related to various agreements with third parties or one-time gains and losses related to disposals of fixed assets.

Warrant fair value (gains) losses

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 each period and the gain or loss flows through this line item.

Results of operations

The following table sets forth our results of operations for the periods presented:

Consolidated Results of Operations for the three months ended September 30, 2022 and 2023:

	Three Months Ended September 30,		Amount of increase (decrease)	Percent change favorable (unfavorable)
	2022	2023		
Revenue	\$ 93,132	\$ 82,598	\$ (10,534)	(11)%
Cost of revenue	62,959	57,704	(5,255)	8 %
Asset impairments	—	4,294	4,294	n/m
Gross margin	\$ 30,173	\$ 20,600	\$ (9,573)	(32)%
Gross margin percent	32 %	25 %	(7) _{pp}	(23)%
General and administrative (including equity-based compensation of \$2,596 and \$6,686, respectively)	\$ 16,934	\$ 23,487	\$ 6,553	(39)%
Sales and marketing	9,438	8,600	(838)	9 %
Operations	10,351	8,623	(1,728)	17 %
Technology and development	3,778	2,355	(1,423)	38 %
Depreciation and amortization	812	998	186	(23)%
Interest, net	(125)	1,731	1,856	1,485 %
Warrant fair value gains	(3,518)	(267)	(3,251)	92 %
Other (income) expense, net	(447)	3	450	(101)%
Loss and comprehensive loss before income taxes	(7,050)	(24,930)	(17,880)	(254)%
Income tax expense	202	492	290	(144)%
Net loss and comprehensive loss	\$ (7,252)	\$ (25,422)	\$ (18,170)	(251)%

n/m - non-meaningful

pp - percentage point

Comparison of the three months ended September 30, 2022 and 2023:

Revenue. Revenue decreased \$10.5 million from \$93.1 million for the three months ended September 30, 2022 to \$82.6 million for the three months ended September 30, 2023, a decrease of 11%.

Subscription revenue decreased \$5.2 million from \$38.6 million for the three months ended September 30, 2022 to \$33.3 million for the three months ended September 30, 2023. The decrease was primarily due to lower Pass subscription revenue.

Travel revenue decreased \$5.4 million from \$54.5 million for the three months ended September 30, 2022 to \$49.1 million for the three months ended September 30, 2023. The decrease in travel revenue is primarily driven by a decrease in residence revenue. The decrease in residence revenue was driven by a decrease in paid nights of 9% and a decrease in ADR of 10%.

Included in the total revenue decrease of \$10.5 million is a decrease of \$2.0 million for the three months ended September 30, 2023 related to the deferral of revenue in relation to Rewards based on total members' spend partially offset by \$0.2 million related to Rewards revenue recognized for the three months ended September 30, 2023.

Cost of revenue. Cost of revenue decreased \$5.3 million from \$63.0 million for the three months ended September 30, 2022 to \$57.7 million for the three months ended September 30, 2023, a decrease of 8%. The decrease was primarily a result of decreased lease expense and hotel booking fees and gains on lease terminations of \$1.9 million during the three months ended September 30, 2023.

Asset impairments. During the three months ended September 30, 2023, we identified 5 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 cash flows. Most of these leases were related to one group of underperforming properties in a single geographic location. Based on this information we recorded right-of-use asset impairments of \$4.3 million for the three months ended September 30, 2023.

Gross Margin. Our gross margin decreased \$9.6 million from \$30.2 million for the three months ended September 30, 2022 to \$20.6 million for the three months ended September 30, 2023. Likewise, the gross margin percentage decreased from 32% for the three months ended September 30, 2022 to 25% for the three months ended September 30, 2023. This was in large part due to the right-of-use asset impairments incurred during the three months ended September 30, 2023 which were not incurred in the prior year, as well as lower revenue during the three months ended September 30, 2023.

General and administrative. General and administrative expenses increased \$6.6 million from \$16.9 million for the three months ended September 30, 2022 to \$23.5 million for the three months ended September 30, 2023, an increase of 39%. General and administrative employees were 148 and 126 at September 30, 2022 and 2023, respectively. Overall, our headcount and costs decreased due to the reduction in workforce in July of 2023 but were offset by severance charges. Our equity-based compensation expense increased \$4.1 million from \$2.6 million for the three months ended September 30, 2022 to \$6.7 million for the three months ended September 30, 2023, an increase of 158% largely due to equity grants and severance charges of \$4.8 million related to the acceleration of equity awards on the departure of certain members of the executive management team.

Sales and marketing. Sales and marketing expenses decreased \$0.8 million from \$9.4 million for the three months ended September 30, 2022 to \$8.6 million for the three months ended September 30, 2023, a decrease of 9%. The decrease was primarily due to reduced spending on advertising and reduced commissions expense due to capitalization of commissions earned on contracts sold with terms greater than one year, partially offset by an increase for salaries. In May of 2023, a number of employees that were formerly within operations changed roles within the Company to focus on member success operations, including facilitation of trip sales and extending existing memberships. Sales and marketing employees were 190 and 229 at September 30, 2022 and 2023, respectively.

Operations. Operations expenses decreased \$1.7 million from \$10.4 million for the three months ended September 30, 2022 to \$8.6 million for the three months ended September 30, 2023, a decrease of 17%. The decrease was primarily due to a decrease in operations staff as a result of the July 2023 reduction in workforce, as well as the transfer of employees from operations to sales in May of 2023. Operations employees were 349 and 270 at September 30, 2022 and 2023, respectively.

Technology and development. Technology and development expenses decreased \$1.4 million from \$3.8 million for the three months ended September 30, 2022 to \$2.4 million for the three months ended September 30, 2023, a decrease of 38%. The decrease was primarily due to the reduction in workforce in July of 2023, offset by severance charges. Technology and development employees were 95 and 46 at September 30, 2022 and 2023, respectively.

Depreciation and amortization. Depreciation and amortization expenses increased \$0.2 million from \$0.8 million for the three months ended September 30, 2022 to \$1.0 million for the three months ended September 30, 2023 primarily due to stabilized capital spend that currently serves to replace long-lived assets as they come to the end of their useful lives.

Interest, net. Interest expense increased from \$3 thousand for the three months ended September 30, 2022 to \$2.0 million for the three months ended September 30, 2023. The increase is due to debt issuance costs and interest expense of \$2.0 million incurred in relation to the Note. The increase in interest expense was partially offset by an increase in interest income from \$51 thousand for the three months ended September 30, 2022 to \$0.3 million for the three months ended September 30, 2023. This change is due to the Company's receipt of interest in relation to our cash investments.

Warrant fair value gains. Warrant fair value gains decreased \$3.3 million, from a \$3.5 million gain during the three months ended September 30, 2022 to a \$0.3 million gain during the three months ended September 30, 2023. These gains are due to the fair value changes of our Public Warrants in each period.

Provision for income taxes. Our provision for income taxes consists of an estimate for foreign taxes as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities and changes in the tax law. We 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, Inspirato LLC was treated as a partnership for U.S. federal income tax purposes as such did not record income tax expense and as such did not record income tax expense.

Consolidated Results of Operations for the nine months ended September 30, 2022 and 2023:

	Nine Months Ended September 30,		Amount of increase (decrease) 2022 to 2023	Percent change favorable (unfavorable)
	2022	2023		
Revenue	\$ 258,903	\$ 258,390	\$ (513)	— %
Cost of revenue	167,669	182,442	14,773	(9)%
Asset impairments	—	34,348	34,348	n/m
Gross margin	\$ 91,234	\$ 41,600	\$ (49,634)	(54)%
Gross margin percent	35 %	16 %	(19) _{pp}	(54)%
General and administrative (including equity-based compensation of \$5,429 and \$11,074, respectively)	\$ 50,878	\$ 59,482	\$ 8,604	(17)%
Sales and marketing	30,641	23,201	(7,440)	24 %
Operations	31,204	23,247	(7,957)	25 %
Technology and development	9,462	8,724	(738)	8 %
Depreciation and amortization	2,165	2,992	827	(38)%
Interest, net	207	1,204	997	(482)%
Warrant fair value losses (gains)	3,026	(543)	(3,569)	118 %
Other (income) expense, net	(447)	381	828	185 %
Loss and comprehensive loss before income taxes	(35,902)	(77,088)	(41,186)	(115)%
Income tax expense	589	909	320	(54)%
Net loss and comprehensive loss	\$ (36,491)	\$ (77,997)	\$ (41,506)	(114)%

n/m - non-meaningful

pp - percentage point

Comparison of the nine months ended September 30, 2022 and 2023:

Revenue. Revenue decreased \$0.5 million from \$258.9 million for the nine months ended September 30, 2022 to \$258.4 million for the nine months ended September 30, 2023.

Subscription revenue decreased \$0.4 million from \$106.3 million for the nine months ended September 30, 2022 to \$105.9 million for the nine months ended September 30, 2023, primarily due to lower Legacy and Pass subscription revenue, partially offset by an increase in Club subscription revenue.

Travel revenue decreased \$0.2 million from \$152.4 million for the nine months ended September 30, 2022 to \$152.2 million for the nine months ended September 30, 2023. The decrease in travel revenue was primarily driven by a decrease in residence paid nights of 11%, partially offset by an increase in hotel paid nights of 14%.

Included in the total revenue decrease of \$0.5 million is a decrease of \$2.0 million for the nine months ended September 30, 2023 related to the deferral of revenue in relation to Rewards based on total members' spend partially offset by \$0.2 million related to Rewards revenue recognized for the nine months ended September 30, 2023.

Cost of revenue. Cost of revenue increased \$14.8 million from \$167.7 million for the nine months ended September 30, 2022 to \$182.4 million for the nine months ended September 30, 2023, an increase of 9%. This increase was primarily a result of higher direct costs resulting from increased lease expenses due to an increase in the number of properties slightly offset by gains on lease terminations of \$1.9 million during the nine months ended September 30, 2023.

Asset impairments. During the nine months ended September 30, 2023, we identified 38 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 cash flows. Most of these leases were related to one group of underperforming properties in a single geographic location. Based on this information, we recorded right-of-use asset impairments of \$34.3 million for the nine months ended September 30, 2023.

Gross Margin. Our gross margin decreased \$49.6 million from \$91.2 million for the nine months ended September 30, 2022 to \$41.6 million for the nine months ended September 30, 2023. Likewise, the gross margin percentage decreased from 35% for the nine months ended September 30, 2022 to 16% for the nine months ended September 30, 2023. This was in large part due to right-of-use asset impairments and property and equipment impairments during the nine months ended September 30, 2023. The decrease in gross margin was also attributable to higher lease expenses on our properties during the nine months ended September 30, 2023.

General and administrative. General and administrative expenses increased \$8.6 million from \$50.9 million for the nine months ended September 30, 2022 to \$59.5 million for the nine months ended September 30, 2023, an increase of 17%. General and administrative employees were 148 and 126 at September 30, 2022 and 2023, respectively. Overall, our headcount and costs decreased due to the reduction in workforce in 2023 but were offset by severance charges which were not incurred in the prior year. Our equity-based compensation expense increased \$5.6 million from \$5.4 million for the nine months ended September 30, 2022 to \$11.1 million for the nine months ended September 30, 2023, an increase of 104% largely due to equity grants and severance charges related to the acceleration of equity awards upon the departure of certain members of the executive management team. The remainder of the increase was primarily due to professional services fees.

Sales and marketing. Sales and marketing expenses decreased \$7.4 million from \$30.6 million for the nine months ended September 30, 2022 to \$23.2 million for the nine months ended September 30, 2023, a decrease of 24%. The decrease was primarily due to reduced spending on advertising and reduced commissions expense due to capitalization of commissions earned on contracts sold with terms greater than one year, partially offset by an increase for salaries. In May of 2023, a number of employees that were formerly within operations changed roles within the Company to focus on member success operations, including facilitation of trip sales and extending existing memberships. Sales and marketing employees were 190 and 229 at September 30, 2022 and 2023, respectively.

Operations. Operations expenses decreased \$8.0 million from \$31.2 million for the nine months ended September 30, 2022 to \$23.2 million for the nine months ended September 30, 2023, a decrease of 25%. The decrease was primarily due to a decrease in operations staff as a result of reductions in workforce during 2023, as well as the transfer of employees from operations to sales in May of 2023. Operations employees were 349 and 270 at September 30, 2022 and 2023, respectively.

Technology and development. Technology and development expenses decreased \$0.7 million from \$9.5 million for the nine months ended September 30, 2022 to \$8.7 million for the nine months ended September 30, 2023, a decrease of 8%. The decrease was primarily due to the reductions in workforce during 2023, partially offset by severance charges which were not incurred in the prior year. Technology and development employees were 95 and 46 at September 30, 2022 and 2023, respectively.

Depreciation and amortization. Depreciation and amortization expenses increased \$0.8 million from \$2.2 million for the nine months ended September 30, 2022 to \$3.0 million for the nine months ended September 30, 2023, an increase of 38%. The increase was primarily due to changes in the lease portfolio during the nine months ended September 30, 2023.

Interest, net. Interest expense increased from \$0.3 million for the nine months ended September 30, 2022 to \$2.0 million for the nine months ended September 30, 2023. The increase is due to debt issuance costs and interest expense of \$2.0 million incurred in relation to the Note. The increase in interest expense was offset by an increase in interest income from \$81 thousand for the nine months ended September 30, 2022 to \$0.8 million for the nine months ended September 30, 2023. This change is due to the Company's receipt of interest in relation to our cash investments.

Warrant fair value gains and losses. Warrant fair value losses were \$3.0 million for the nine months ended September 30, 2022, compared to warrant gains of \$0.5 million for the nine months ended September 30, 2023. These gains and losses are due to the fair value changes of our Public Warrants in each period.

Provision for income taxes. Our provision for income taxes consists of an estimate for foreign taxes as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities and changes in the tax law. We 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, Inspirato LLC was treated as a partnership for U.S. federal income tax purposes as such did not record income tax expense.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity have historically consisted of our operating activities primarily from subscription and travel revenue as well as our financing activities. On September 29, 2023, we sold and issued the Note in an aggregate principal amount of \$25.0 million. The total net proceeds from this offering were approximately \$23 million, after deducting \$2.0 million of debt issuance costs. The Note will mature on September 29, 2028, subject to earlier conversion, redemption, or repurchase. For additional information on the Note, refer to “*Overview—Capital One Ventures Strategic Partnership and Investment*” above.

In connection with the closing of the Business Combination, we raised \$90.1 million of gross proceeds. Additionally, we incurred \$25.0 million in transaction costs during the nine months ended September 30, 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 of operations. The total net cash proceeds to us were \$66 million. We utilized the net proceeds received from the Business Combination to fund our operating cash needs and for continued investments in our growth strategies.

As of September 30, 2023, we had \$49.7 million of cash and cash equivalents and \$1.7 million of restricted cash.

We have generally maintained a working capital deficit, in which our current liabilities exceed our current assets, primarily due to our significant deferred revenue related to travel and subscriptions that are paid in advance but not yet taken. 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 and revenue growth, travel bookings, change in the number of properties and other initiatives including the success of Rewards and overall economic conditions.

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 information derived from our consolidated statements of cash flows:

	For the nine months ended		Amount of increase (decrease)	Percent change (favorable (unfavorable))
	September 30,			
	2022	2023	2022 to 2023	
Net cash used in operating activities	\$ (48,279)	\$ (45,405)	\$ 2,874	6 %
Net cash used in investing activities	(9,865)	(10,731)	(866)	(9)%
Net cash provided by financing activities	58,933	25,553	(33,380)	(57)%
Net increase (decrease) in cash and cash equivalents	\$ 789	\$ (30,583)	\$ (31,372)	(3,976)%

Cash Flows

Cash flows used in operating activities. Cash used in operating activities was \$48.3 million for the nine months ended September 30, 2022 compared to \$45.4 million for the nine months ended September 30, 2023. The decrease was driven by a net loss of \$78.0 million, decreases in deferred revenue of \$18.8 million and a net decrease between lease liability and amortization of right-of-use assets of \$2.7 million, partially offset by increases in asset impairments of \$34.3 million, equity-based compensation of \$11.1 million and depreciation and amortization of \$7.0 million.

Cash flows used in investing activities. Cash used in investing activities was \$9.9 million for the nine months ended September 30, 2022 compared to \$10.7 million for the nine months ended September 30, 2023. We incurred higher expenditures related to ongoing internal software development projects in 2023 of \$5.9 million and expenditures for leasehold improvements of \$4.8 million.

Cash flows provided by financing activities. Cash flow from financing activities decreased from providing \$58.9 million for the nine months ended September 30, 2022 to providing \$25.6 million for the nine months ended September 30, 2023. The primary reason for the decrease was the proceeds as a result of the reverse recapitalization during the nine months ended September 30, 2022 that were not received during the nine months ended September 30, 2023, offset by the proceeds of the Note.

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 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.

We provide a reconciliation of Adjusted Net Loss, Adjusted EBITDA, Adjusted EBITDA 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 EBITDA Margin and Free Cash Flow in conjunction with their respective related GAAP financial measures.

Adjusted Net Loss

We define Adjusted Net Loss as net loss and comprehensive loss less warrant fair value gains and losses 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:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Net loss and comprehensive loss	\$ (7,252)	\$ (25,422)	\$ (36,491)	\$ (77,997)
Asset impairments	—	4,294	—	34,348
Warrant fair value (gains) losses	(3,518)	(267)	3,026	(543)
Adjusted Net Loss	\$ (10,770)	\$ (21,395)	\$ (33,465)	\$ (44,192)

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, warrant fair value gains and losses, asset impairment, 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 EBITDA measure 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 represents a reconciliation of our net loss and comprehensive loss, the closest GAAP measure, to Adjusted EBITDA:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Net loss and comprehensive loss	\$ (7,252)	\$ (25,422)	\$ (36,491)	\$ (77,997)
Interest, net	(125)	1,731	207	1,204
Income taxes	202	492	589	909
Depreciation and amortization	1,332	3,321	3,555	7,046
Equity-based compensation	2,596	6,686	5,429	11,074
Warrant fair value (gains) losses	(3,518)	(267)	3,026	(543)
Asset impairments	—	4,294	—	34,348
Public company readiness costs	—	—	1,092	—
Adjusted EBITDA	\$ (6,765)	\$ (9,165)	\$ (22,593)	\$ (23,959)
Adjusted EBITDA Margin (1)	(7.3)%	(11.1)%	(8.7)%	(9.3)%

(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 operating activities less purchases of property and equipment and 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 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 a reconciliation of our net cash used in operating activities, the closest GAAP measure, to Free Cash Flow.

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Net cash used in operating activities	\$ (21,868)	\$ (16,097)	\$ (48,279)	\$ (45,405)
Development of internal-use software	(2,258)	(1,368)	(2,747)	(5,924)
Purchase of property and equipment	(2,499)	(2,307)	(7,118)	(4,807)
Free Cash Flow	\$ (26,625)	\$ (19,772)	\$ (58,144)	\$ (56,136)

Contractual Obligations

Our principal 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.

As of September 30, 2023, the Company was party to 30 leases that had not yet commenced. Future payments under these leases were \$42.6 million at September 30, 2023.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our 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. 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.

Loyalty Program

When members spend with Inspirato, we will defer a portion of the members' total spend to Rewards, representing the value of the program's separate performance obligation. We determine 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. Our estimates of usage and value of the program is updated on a regular basis to incorporate recent customer 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). When Rewards revenue is recognized, deferred revenue related to Rewards is reduced, and the related revenue is recognized in the consolidated statement of operations.

Other than as noted above, there have been no material changes to our critical accounting policies and estimates as compared to those described in our Annual Report on Form 10-K for the year ended December 31, 2022.

Recently Adopted Accounting Pronouncements

For information on recently adopted accounting pronouncements, see Note 2 to our Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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

Interest Rate Risk

Changes in interest rates affect the interest earned on total cash and cash equivalents as well as interest paid on debt.

We have not been exposed to, nor anticipate exposure to, material risks due to changes in interest rates. A hypothetical 100 basis points increase or decrease in interest rates would not have had a material impact on our Consolidated Financial Statements as of September 30, 2023.

As of September 30, 2023, we had \$25.0 million aggregate principal amount of the Note outstanding. We have elected to carry the Note at fair value. Since the Note bears interest at fixed rates, we have no financial statement risk associated with changes in interest rates. However, 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 three and nine months ended September 30, 2023, our operating expenditures denominated in foreign currencies were approximately \$21.5 million and \$31.5 million, respectively, mostly denominated in Mexican Pesos and Euros. A hypothetical 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 impact on our Consolidated Financial Statements for the three and nine months ended September 30, 2023.

Item 4. Controls and Procedures.

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q 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 weaknesses described below, our management, including our principal executive officer and principal financial officer, concluded that as of September 30, 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 for the periods covered by and included in this Quarterly Report on Form 10-Q 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.

Material Weakness in Internal Control Over Financial Reporting

As disclosed in “Part II, Item 9A. Controls and Procedures” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, in connection with our assessment of controls over financial reporting during the years ended December 31, 2022 and 2021, we identified material weaknesses in our internal controls. 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 the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

The previously identified material weaknesses continue to exist as of September 30, 2023 primarily related to (1) the implementation and ongoing accounting for new accounting standards, specifically, ASC 842, Leases, and the ongoing 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; and (3) the design and effectiveness of IT general controls, 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.

Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting

In response to the material weaknesses identified in “Part II, Item 9A. Controls and Procedures” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, we, with oversight from the Audit Committee of the Board of Directors, developed a plan to remediate the material weaknesses. 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; and
- Enhance the design of and implement additional process-level control activities and ensure they are properly evidenced and operating effectively.

We have increased our headcount within the finance organization and continue to train our employees on the importance of control execution and risk assessment procedures. Additionally, we have engaged the services of third-party consultants to assist with the design and implementation of an enterprise level control framework and associated control activities. We believe the foregoing efforts will effectively remediate the material weaknesses but because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of the material weaknesses will require ongoing review and evidence of effectiveness prior to concluding that our internal controls over financial reporting are effective.

Changes in Internal Control Over Financial Reporting

Other than the remediation measures discussed above, during the quarter ended September 30, 2023, there were no changes in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. 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 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. 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 consolidated financial statements as of and for the three months ended March 31, 2022 and June 30, 2022.

Item 1A. Risk Factors.

There have been no material changes to the risk factors disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, except for the following:

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 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 have resulted in significant organizational changes. 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 increase 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. Even if we are able to identify and recruit suitable replacements, the integration of these replacements may involve significant management attention and may not ultimately be successful. Further, this change also increases our dependency on other members of our senior management team who remain with us. If we are unable to attract and retain the necessary personnel, or successfully integrate their replacements, 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, employee morale, productivity and retention could suffer, which could adversely affect our business, financial condition and results of operations.

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

We believe that the success of our business depends in part on our ability to attract and retain members. Accordingly, in August of 2023 we implemented a member loyalty program, Rewards, in which members can earn tiered rewards status entitling them to discounts and other travel benefits based on their activity with us. 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 programs, or if we otherwise curtail or terminate Rewards benefits in the future, member loyalty could decrease and our business could be adversely impacted.

We may require additional capital to continue to operate, and this capital might not be available in a timely manner, on acceptable terms or at all.

Despite our measures to reduce operating costs and improve operating margins, and despite issuance of the Note, we may require additional capital to continue to operate, and this capital may not be available in a timely manner, on acceptable terms or at all. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to source new properties or experiences or enhance our existing properties or experiences, enhance our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or further debt financings to secure additional funds.

Our efforts to raise additional funding may divert our management from its day-to-day activities, which may adversely affect our financial condition. Moreover, the terms of any financing may adversely affect the holdings or the rights of our stockholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our Class A Common Stock to decline. 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 Class A Common Stock. Any further debt 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. For example, the Note provides for limitations on our future ability to borrow money. For more detail on such restrictions, see the Risk Factor below entitled “*The Note and related documents contain restrictions that will limit our flexibility in operating our business.*”

Even after the issuance of the Note, we expect that significant additional capital may be needed in the future to continue our planned operations. Raising additional capital through one or more of these alternatives may further dilute our shareholders or place us under more stringent restrictive covenants, limiting our ability to operate freely.

The issuance of our Common Stock upon conversion of the Note could be significantly dilutive and may depress the market price of our Class A Common Stock.

Upon conversions of the Note, holders of our common stock may be significantly diluted. The conversion price of the Note may be significantly less than the applicable trading price of our Class A Common Stock at the time the Note is converted. Additionally, because the Note bears interest that may be payable in kind, the number of shares issuable upon conversion of the Note may increase over time.

In addition, the Class A Common Stock issuable upon conversion of the Note may represent overhang and adversely affect the market price of our Class A Common Stock. Overhang occurs when there is a greater supply of a company’s stock in the market than there is demand for that stock. When this happens, the price of the company’s stock will typically decrease, and any additional shares which shareholders attempt to sell in the market may further decrease the share price. In the event the Note is convertible into shares of our Class A Common Stock at a discount relative to the then-current trading price of our Class A Common Stock, the holder of the Note would have the ability to sell its resulting Class A Common Stock issued upon conversion of the Note at or below market and still make a profit. In the event of such overhang, the holder of the Note could have an incentive to sell their Class A Common Stock rapidly. If the share volume of our Class A Common Stock cannot absorb any such excess supply, then the value of our Class A Common Stock may decrease.

Servicing our existing and future debt, including the Note, may require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our indebtedness.

As of September 30, 2023, our total indebtedness was related to the \$25.0 million principal amount of the Note. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the Note, depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business has not and may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any existing or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, any of our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of

these alternatives. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

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

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

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

We may not have the ability to raise the funds necessary to repurchase the Note upon a change of control or termination of the Commercial Agreement, and our future debt may contain limitations on our ability to repurchase the Note.

The holder of the Note has the right to require us to repurchase all or any part of the Note upon the occurrence of a change of control or termination of the Commercial Agreement before the maturity date at a repurchase price equal to the greater of (i) 1.5 times the then-outstanding principal amount and accrued interest thereon or (ii) the then-fair market value of the shares issuable upon conversion of the portion of the Note. Moreover, we will be required to repay the Note in cash at its maturity unless earlier redeemed, repurchased, repaid or converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make such repurchases or pay cash at the Note's maturity.

In addition, our ability to repurchase the Note at its maturity may be limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase the Note at a time when the repurchase is required or to pay cash at maturity as required by the Note would constitute a default under the Note. A default under the Note or the change of control or termination of the Commercial Agreement itself could also lead to a default under agreements governing our existing and future indebtedness. Moreover, the occurrence of a change of control or termination of the Commercial Agreement under the Note could constitute an event of default under any such agreement. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness. Any failure by us to repay indebtedness and repurchase the Note, in each case, when required to do so pursuant to the terms of the Note, could have a material adverse effect on our business, financial condition, and results of operations.

The Note and related documents contain restrictions that will limit our flexibility in operating our business.

The Note and related documents contain covenants that, among other things, limit our ability to enter into change of control transactions, incur liens (subject to exceptions) or dispose of all or substantially all of our assets. These covenants may adversely affect our ability to finance our operations, meet or otherwise address our capital needs, pursue business opportunities or react to market conditions, or otherwise restrict our activities or business plans. The terms of any future indebtedness we may incur could include more restrictive covenants.

Our failure to comply with the restrictive covenants described above and/or the terms of any other indebtedness from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected.

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 Public 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 Public Warrants did not qualify for initial listing since the security underlying the Public Warrants, 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 Public Warrants, we can provide no assurance that we can maintain compliance with those standards.

On November 18, 2022, we received a notice from the Staff of Nasdaq 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.

On May 3, 2023, we received a notice from the Staff of Nasdaq that we were not in compliance with Nasdaq’s Listing Rule 5450(a)(1), because the minimum bid price of our Class A Common Stock was below \$1.00 per share (the “Minimum Bid Requirement”) for 30 consecutive business days (the “Notice”). On October 16, 2023, we effected the Reverse Stock Split to, among other things, increase our stock price to be in compliance with the minimum bid requirement.

On September 22, 2023, the Company notified the Staff of Nasdaq that the Company was no longer in compliance with Nasdaq Listing Rule 5605(b)(1), which requires that a majority of the Board be composed of independent directors (the “Majority Independent Requirement”). Prior to Mr. Grosse’s appointment as Chief Executive Officer, the Board of Directors was comprised of six directors, of which four were independent. Upon Mr. Grosse’s appointment as Chief Executive Officer, he ceased to be independent for purposes of the Nasdaq rules and as a result, currently only three out of the six members of the Board are independent directors. Accordingly, on September 25, 2023, Nasdaq issued the Company a written notice that the Company was not in compliance with the Majority Independent Requirement. On November 3, 2023, the Company submitted a plan to regain compliance with the Majority Independent Requirement and to appoint an additional independent director to the Board of Directors as promptly as practicable.

On October 31, 2023, the Company received written notice from the Staff of Nasdaq informing the Company that it has regained compliance with the Minimum Bid Requirement because Nasdaq has determined that for 10 consecutive business days, the closing bid price of the Company’s Common Stock was at or above the Minimum Bid Requirement. Accordingly, Nasdaq has advised that the matter is now closed.

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

None.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

The exhibits listed below are filed or incorporated by reference as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Exhibit Description	Provided Herein	Incorporated by Reference			
			Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Company, as amended.	X				
3.2	Amended and Restated Bylaws of the Company.		8-K	001-39791	3.2	February 14, 2022
3.2	Tenth Amended and Restated Limited Liability Company Agreement of Inspirato LLC, dated as of September 29, 2023		8-K	001-39791	3.1	October 4, 2023
3.3	Eleventh Amended and Restated Limited Liability Company Agreement of Inspirato LLC, dated as of October 16, 2023		8-K	001-39791	3.1	October 18, 2023
4.1	Form of 8% Senior Secured Convertible Notes due 2028 (included in Exhibit 10.1)		8-K	001-39791	4.1	August 8, 2023
10.1	Investment Agreement, dated as of August 7, 2023, between Inspirato Incorporated and Oakstone Ventures, Inc.		8-K	001-39791	10.1	August 8, 2023
10.2	Separation and Release Agreement, dated as of August 21, 2023, between Inspirato LLC and R. Webster Neighbor.		8-K	001-39791	10.1	August 25, 2023
10.3	Executive Employment Agreement between Inspirato LLC and Eric Grosse, dated September 22, 2023.		8-K	001-39791	10.1	September 22, 2023
10.4	Separation and Release Agreement between Inspirato LLC and Brent Handler, dated September 22, 2023		8-K	001-39791	10.2	September 22, 2023
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
32.1+	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
101.INS	INLINE 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)					

The exhibits listed below are filed or incorporated by reference as part of this Quarterly Report on Form 10-Q.

- + The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Inspirato Incorporated under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

—

Inspirato Incorporated

Date: November 9, 2023

By: _____
/s/ Eric Grosse
Eric Grosse
Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 9, 2023

By: _____
/s/ Robert Kaiden
Robert Kaiden
Chief Financial Officer
(Principal Financial and Accounting Officer)

**SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
THAYER VENTURES ACQUISITION CORPORATION**

Thayer Ventures Acquisition Corporation, a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the Corporation is “**Thayer Ventures Acquisition Corporation**”. The original certificate of incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on July 31, 2020 (the “**Original Certificate**”).
2. An Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on October 27, 2020 (the “**First Amended and Restated Certificate**”).
3. This Second Amended and Restated Certificate of Incorporation (the “**Amended and Restated Certificate**”), which restates and integrates and further amends the Original Certificate, was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, as amended from time to time (the “**DGCL**”).
4. This Amended and Restated Certificate shall become effective upon filing with the Secretary of State of the State of Delaware (the “**Effective Time**”).
5. The text of the First Amended and Restated Certificate is hereby restated and amended in its entirety to read as follows:

**ARTICLE I
NAME**

The name of the corporation is Inspirato Incorporated (the “**Corporation**”).

**ARTICLE II
PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

**ARTICLE III
REGISTERED AGENT**

The address of the Corporation’s registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of the Corporation’s registered agent at such address is The Corporation Trust Company.

**ARTICLE IV
CAPITALIZATION**

Section 4.1 Authorized Capital Stock. The total number of shares of all classes of capital stock, each with a par value of \$0.0001 per share, which the Corporation is authorized to issue is 1,600,000,000 shares, consisting of (a) 1,500,000,000 shares of common stock (the “**Common Stock**”), including (i) 1,000,000,000 shares of Class A common stock (the “**Class A Common Stock**”) and (ii) 500,000,000 shares of Class V common stock (the “**Class V Common Stock**”), and (b) 100,000,000 shares of preferred stock (the “**Preferred Stock**”). The number of authorized shares of either Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares of such class then outstanding or, in the case of Common Stock, then necessary for issuance in connection with the exchange of Common Units of Inspirato LLC (the “**Common Units**”) pursuant to Section 4.6 (an

“**Exchange**”) of that certain Ninth Amended and Restated Limited Liability Company Agreement of Inspirato LLC (the “**LLC Agreement**”) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of the Common Stock or Preferred Stock, as applicable, voting separately as a class shall be required therefor, unless a separate vote is required pursuant to any Preferred Stock Designation (as defined below).

Upon the Effective Time, each share of Class B Common Stock of the Corporation issued and outstanding immediately prior to the Effective Time shall be reclassified and changed into one issued and outstanding, fully paid and nonassessable share of Class A Common Stock, without any action required on the part of the Corporation or the holders thereof. Any stock certificate or book-entry position that immediately prior to the Effective Time represented shares of the Corporation’s Class B Common Stock shall from and after the Effective Time be deemed to represent an equal number of shares of Class A Common Stock, without the need for surrender or exchange thereof.

The term “**Business Combination**”, as used in this Amended and Restated Certificate, shall mean a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination involving the Corporation and one or more businesses. The term “**Offering**” as used in this Amended and Restated Certificate shall mean the Corporation’s initial public offering of securities.

Section 4.2 Preferred Stock. Subject to *Article IX* of this Amended and Restated Certificate, the Board of Directors of the Corporation (the “**Board**”) is hereby expressly authorized to provide out of the unissued shares of the Preferred Stock for one or more series of Preferred Stock and to establish from time to time the number of shares to be included in each such series and to fix the voting rights, if any, designations, powers, preferences and relative, participating, optional, special and other rights, if any, of each such series and any qualifications, limitations and restrictions thereof, as shall be stated in the resolution or resolutions adopted by the Board providing for the issuance of such series and included in a certificate of designation (a “**Preferred Stock Designation**”) filed pursuant to the DGCL, and the Board is hereby expressly vested with the authority to the full extent provided by law, now or hereafter, to adopt any such resolution or resolutions.

Section 4.3 Common Stock.

(a) *Voting*.

(i) Except as otherwise provided in this Amended and Restated Certificate or as required by applicable law, each holder of record of Class A Common Stock, as such, shall be entitled to one vote for each share of Class A Common Stock held of record as of the applicable record date by such holder on all matters on which stockholders generally are entitled to vote.

(ii) Except as otherwise provided in this Amended and Restated Certificate or as required by applicable law, each holder of record of Class V Common Stock, as such, shall be entitled to one vote for each share of Class V Common Stock held of record as of the applicable record date by such holder on all matters on which stockholders generally or holders of Class V Common Stock as a separate class are entitled to vote (whether voting separately as a class or together with one or more classes of the Corporation’s capital stock).

(iii) Except as otherwise provided in this Amended and Restated Certificate or required by applicable law, at any annual or special meeting of the stockholders of the Corporation, holders of the Class A Common Stock and holders of the Class V Common Stock shall vote together as a single class (or, if the holders of one or more series of Preferred Stock are entitled to vote together with holders of the Class A Common Stock and holders of the Class V Common Stock, as a single class with the holders of such other series of Preferred Stock) on all matters submitted to a vote of the stockholders having voting rights generally, and, subject to the terms of any Preferred Stock, shall have the exclusive right to vote for the election of directors and all other matters properly submitted to a vote of the stockholders. Notwithstanding the foregoing, except as otherwise required by law or this Amended and Restated Certificate (including any Preferred Stock Designation), holders of shares of any series of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate (including any amendment to any Preferred Stock Designation) that relates solely to the terms of one or more outstanding

series of Preferred Stock or other series of Common Stock if the holders of such affected series of Preferred Stock or Common Stock, as applicable, are entitled exclusively, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate (including any Preferred Stock Designation) or the DGCL.

(b) *Dividends and Distributions.*

(i) *Class A Common Stock.* Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock having a preference over or the right to participate with the Class A Common Stock with respect to the payment of dividends and other distributions in cash, stock of any corporation or property of the Corporation, the holders of Class A Common Stock shall be entitled to receive ratably, taken together as a single class, in proportion to the number of shares held by each such stockholder such dividends and other distributions as may from time to time be declared by the Board in its discretion out of the assets of the Corporation that are by law available therefor at such times and in such amounts as the Board in its discretion shall determine.

(ii) *Class V Common Stock.* Dividends and other distributions shall not be declared or paid on the Class V Common Stock.

(c) *Liquidation, Dissolution or Winding Up; Deemed Liquidation Events.* In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, or any Liquidation Event, after payment or provision for payment of the debts and other liabilities of the Corporation and of the preferential and other amounts, if any, to which the holders of Preferred Stock having a preference over the Class V Common Stock as to distributions upon dissolution, liquidation, winding up or a Deemed Liquidation Event, the holders of shares of Class V Common Stock shall be entitled to receive \$0.0001 per share, and upon receiving such amount, such holders of shares of Class V Common Stock, as such, shall not be entitled to receive any other assets or funds of the Corporation. Thereafter, the holders of all outstanding shares of Class A Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution ratably in proportion to the number of shares held by each such stockholder. For purposes of this Amended and Restated Certificate, "**Deemed Liquidation Event**" shall mean (i) any consolidation or merger of the Corporation with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the shares of capital stock of the Corporation immediately prior to such consolidation, merger or reorganization continue to represent a majority of the voting power of the surviving entity (or, if the surviving entity is a wholly owned subsidiary, its Parent) immediately after such consolidation, merger or reorganization; provided, that, for the purpose of this Section 4.3(c), all stock, options, warrants, purchase rights or other securities exercisable for or convertible into Common Stock outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of capital stock are converted or exchanged; (B) any transaction or series of related transactions to which the Corporation is a party in which shares of the Corporation are transferred such that in excess of fifty percent (50%) of the Corporation's voting power is transferred; provided, that, an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Corporation or any successor or indebtedness of the Corporation is cancelled or converted or a combination thereof; or (C) a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation.

(d) *Cancellation of Class V Common Stock.* In the event that any outstanding share of Class V Common Stock shall cease to be held directly or indirectly by a holder of a Common Unit, as set forth in the books and records of Inspirato LLC (including pursuant to an Exchange), such share shall automatically and without further action on the part of the Corporation or any holder of Class V Common Stock be transferred to the Corporation and cancelled for no consideration. The Corporation shall not issue additional shares of Class V Common Stock after the Effective Time other than in connection with the valid issuance of Common Units in accordance with Sections 4.1 and 4.3 of the LLC Agreement, such that after such issuance of Class V Common Stock such holder of Common Units holds an identical number of Common Units and shares of Class V Common Stock.

(e) *Reservation of Stock.* The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock an amount equal to the number of then-outstanding Common Units subject to Exchange from time to time.

(f) *Splits.* If the Corporation at any time combines or subdivides (by any stock split, stock dividend, recapitalization, reorganization, merger, amendment of this Amended and Restated Certificate, scheme, arrangement or otherwise (each, a “*Split*”)) any series of Common Stock into a greater or lesser number of shares, the shares of each other series of Common Stock outstanding immediately prior to such combination or subdivision shall be proportionately similarly combined or subdivided such that the ratio of shares of Class V Common Stock to shares of outstanding Class A Common Stock immediately prior to such combination or subdivision shall be maintained immediately after such combination or subdivision; provided, that such actions with respect to the Class V Common Stock shall be subject to Section 4.1(i) and the last sentence of Section 3.1 of the LLC Agreement. Any adjustment described in this Section 4.3(f) shall become effective at the close of business on the date the combination or subdivision becomes effective.

ARTICLE V BOARD OF DIRECTORS

Section 5.1 Board Powers. The business and affairs of the Corporation shall be managed by, or under the direction of, the Board.

Section 5.2 Number, Election and Term.

(a) The number of directors of the Corporation, other than those who may be elected by the holders of one or more series of the Preferred Stock voting separately by class or series, shall be fixed from time to time exclusively by the Board pursuant to a resolution adopted by a majority of the total number of authorized directors.

(b) Subject to Section 5.5 hereof, the Board shall be divided into three classes, as nearly equal in number as possible and designated Class I, Class II and Class III. The Board is authorized to assign members of the Board already in office to Class I, Class II or Class III. The term of the initial Class I Directors shall expire at the first annual meeting of the stockholders of the Corporation following the Effective Time, the term of the initial Class II Directors shall expire at the second annual meeting of the stockholders of the Corporation following the Effective Time and the term of the initial Class III Directors shall expire at the third annual meeting of the stockholders of the Corporation following the Effective Time. At each annual meeting of the stockholders of the Corporation, beginning with the first annual meeting of the stockholders of the Corporation following the Effective Time, each of the successors elected to the class of directors whose term expires at that annual meeting shall be elected for a three-year term or until the election and qualification of their respective successors in office, subject to their earlier death, resignation or removal. Subject to Section 5.5 hereof, if the number of directors that constitutes the Board is changed, any increase or decrease shall be apportioned by the Board among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors constituting the Board shorten the term of any incumbent director.

(c) Subject to Section 5.5 hereof, a director shall hold office until the annual meeting for the year in which his or her term expires and until his or her successor has been elected and qualified, subject, however, to such director’s earlier death, resignation, retirement, disqualification or removal.

(d) Unless and except to the extent that the Bylaws of the Corporation, as may be amended from time to time (the “*Bylaws*”) shall so require, the election of directors need not be by written ballot. There is no cumulative voting with respect to the election of directors.

Section 5.3 Newly Created Directorships and Vacancies. Subject to Section 5.5 hereof, newly created directorships resulting from an increase in the number of directors and any vacancies on the Board resulting from death, resignation, retirement, disqualification, removal or other cause may be filled solely and exclusively by a majority vote of the directors then in office, even if less than a quorum or by a sole remaining director (and not by

stockholders), and any director so chosen shall hold office for the remainder of the full term of the class of directors to which the new directorship was added or in which the vacancy occurred and until his or her successor has been elected and qualified, subject, however, to such director's earlier death, resignation, retirement, disqualification or removal.

Section 5.4 Removal. Subject to Section 5.5 hereof, any or all of the directors may be removed from office at any time, but only for cause and only by the affirmative vote of holders of a majority of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 5.5 Preferred Stock—Directors. Notwithstanding any other provision of this *Article V*, and except as otherwise required by law, whenever the holders of one or more series of the Preferred Stock shall have the right, voting separately by class or series, to elect one or more directors, the term of office, the filling of vacancies, the removal from office and other features of such directorships shall be governed by the terms of such series of the Preferred Stock as set forth in this Amended and Restated Certificate (including any Preferred Stock Designation) and such directors shall not be included in any of the classes created pursuant to this *Article V* unless expressly provided by such terms.

Section 5.6 Quorum. A quorum for the transaction of business by the directors shall be set forth in the Bylaws.

ARTICLE VI BYLAWS

In furtherance and not in limitation of the powers conferred upon it by law, the Board shall have the power and is expressly authorized to adopt, amend, alter or repeal the Bylaws. The affirmative vote of a majority of the total number of authorized directors shall be required to adopt, amend, alter or repeal the Bylaws. The Bylaws also may be adopted, amended, altered or repealed by the stockholders. Notwithstanding anything to the contrary contained in this Amended and Restated Certificate or any provision of law which might otherwise permit a lesser vote of the stockholders, in addition to any vote of the holders of any class or series of capital stock of the Corporation required herein (including any Preferred Stock Designation), by the Bylaws or pursuant to applicable law, the affirmative vote of the holders of at least 66.7% of the total voting power of the outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required in order for the stockholders of the Corporation to alter, amend, repeal or rescind, in whole or in part, any provision of Article II, Section 3.1, Section 3.2, Section 3.4, Section 3.11, Article VIII, Section 9.5 or Article X of the Bylaws of the Corporation, or to adopt any provision inconsistent therewith and, with respect to any other provision of the Bylaws, the affirmative vote of the holders of at least a majority of the total voting power of the outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required in order for the stockholders of the Corporation to alter, amend, repeal or rescind, in whole or in part, any such provision of the Bylaws, or to adopt any provision inconsistent therewith.

ARTICLE VII MEETINGS OF STOCKHOLDERS; ACTION BY WRITTEN CONSENT

Section 7.1 Meetings. Subject to the rights, if any, of the holders of any outstanding series of the Preferred Stock, and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only by the Chairperson of the Board, Chief Executive Officer of the Corporation, or the Board pursuant to a resolution adopted by a majority of the total number of authorized directors, and the ability of the stockholders to call a special meeting is hereby specifically denied. Except as provided in the foregoing sentence, special meetings of stockholders may not be called by another person or persons.

Section 7.2 Advance Notice. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws.

Section 7.3 Action by Written Consent. Except (i) for the rights of the holders of the Class V Common Stock to vote separately as a class as specifically set forth in this Amended and Restated Certificate or (ii) as may be otherwise provided for pursuant to any Preferred Stock Designation, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such stockholders and may not be effected by written consent of the stockholders.

ARTICLE VIII LIMITED LIABILITY; INDEMNIFICATION

Section 8.1 Limitation of Director Liability. A director of the Corporation shall not be personally liable to the Corporation or its 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 as the same exists or may hereafter be amended. Any amendment, modification, elimination or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification, elimination or repeal.

Section 8.2 Indemnification and Advancement of Expenses.

(a) To the fullest extent permitted by applicable law, as the same exists or may hereafter be amended, the Corporation shall indemnify and hold harmless each person who is or was made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a “**proceeding**”) by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (an “**indemnitee**”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent, or in any other capacity while serving as a director, officer, employee or agent, against all liability and loss suffered and expenses (including, without limitation, attorneys’ fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred by such indemnitee in connection with such proceeding. The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys’ fees) incurred by an indemnitee in defending or otherwise participating in any proceeding in advance of its final disposition; provided, however, that, to the extent required by applicable law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking, by or on behalf of the indemnitee, to repay all amounts so advanced if it shall ultimately be determined that the indemnitee is not entitled to be indemnified under this Section 8.2 or otherwise. The rights to indemnification and advancement of expenses conferred by this Section 8.2 shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. Notwithstanding the foregoing provisions of this Section 8.2(a), except for proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify and advance expenses to an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board.

(b) The rights to indemnification and advancement of expenses conferred on any indemnitee by this Section 8.2 shall not be exclusive of any other rights that any indemnitee may have or hereafter acquire under law, this Amended and Restated Certificate, the Bylaws, an agreement, vote of stockholders or disinterested directors, or otherwise.

(c) Any elimination, repeal of or amendment to this Section 8.2 by the stockholders of the Corporation or by changes in law, or the adoption of any other provision of this Amended and Restated Certificate inconsistent with this Section 8.2, shall, unless otherwise required by law, be prospective only (except to the extent such elimination, repeal of or amendment or change in law permits the Corporation to provide broader indemnification rights on a retroactive basis than permitted prior thereto), and shall not in any way diminish, eliminate, impair or adversely affect any right or protection existing at the time of such elimination, repeal of, amendment or adoption of such inconsistent provision in respect of any proceeding (regardless of when such proceeding is first threatened, commenced or completed) arising out of, or related to, any act or omission occurring prior to such elimination, repeal of or amendment or adoption of such inconsistent provision.

(d) This Section 8.2 shall not limit the right of the Corporation, to the extent and in the manner authorized or permitted by law, to indemnify and to advance expenses to persons other than indemnitees.

ARTICLE IX BUSINESS COMBINATION REQUIREMENTS; EXISTENCE

Section 9.1 General.

(a) The provisions of this *Article IX* shall apply during the period commencing upon the effectiveness of this Amended and Restated Certificate and terminating upon the consummation of the Corporation's initial Business Combination and no amendment to this *Article IX* shall be effective prior to the consummation of the initial Business Combination unless approved by the affirmative vote of the holders of at least sixty-five percent (65%) of all then outstanding shares of the Common Stock.

(b) Immediately after the Offering, a certain amount of the net offering proceeds received by the Corporation in the Offering (including the proceeds of any exercise of the underwriters' over-allotment option) and certain other amounts specified in the Corporation's registration statement on Form S-1, initially filed with the U.S. Securities and Exchange Commission (the "**SEC**") on October 8, 2020, as amended (the "**Registration Statement**"), shall be deposited in a trust account (the "**Trust Account**"), established for the benefit of the Public Stockholders (as defined below) pursuant to a trust agreement described in the Registration Statement. Except for the withdrawal of interest to pay taxes, none of the funds held in the Trust Account (including the interest earned on the funds held in the Trust Account) will be released from the Trust Account until the earliest to occur of (i) the completion of the initial Business Combination, (ii) the redemption of 100% of the Offering Shares (as defined below) if the Corporation is unable to complete its initial Business Combination within 18 months from the closing of the Offering and (iii) the redemption of the Offering Shares in connection with a vote seeking to amend such provisions of this Amended and Restated Certificate as described in Section 9.7. Holders of shares of Common Stock included as part of the units sold in the Offering (the "**Offering Shares**") (whether such Offering Shares were purchased in the Offering or in the secondary market following the Offering and whether or not such holders are the Sponsor or officers or directors of the Corporation, or affiliates of any of the foregoing) are referred to herein as "**Public Stockholders**."

Section 9.2 Redemption Rights.

(a) Prior to the consummation of the initial Business Combination, the Corporation shall provide all holders of Offering Shares with the

opportunity to have their Offering Shares redeemed upon the consummation of the initial Business Combination pursuant to, and subject to the limitations of, Sections 9.2(b) and 9.2(c) (such rights of such holders to have their Offering Shares redeemed pursuant to such Sections, the "**Redemption Rights**") hereof for cash equal to the applicable redemption price per share determined in accordance with Section 9.2(b) hereof (the "**Redemption Price**"); provided, however, that the Corporation shall not redeem Offering Shares in an amount that would cause the Corporation to have net tangible assets to be less than \$5,000,001 (such limitation hereinafter called the "**Redemption Limitation**"). Notwithstanding anything to the contrary contained in this Amended and Restated Certificate, there shall be no Redemption Rights or liquidating distributions with respect to any warrant issued pursuant to the Offering.

(b) If the Corporation offers to redeem the Offering Shares other than in conjunction with a stockholder vote on an initial Business Combination with a proxy solicitation pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") (or any successor rules or regulations) and filing proxy materials with the SEC, the Corporation shall offer to redeem the Offering Shares upon the consummation of the initial Business Combination, subject to lawfully available funds therefor, in accordance with the provisions of Section 9.2(a) hereof pursuant to a tender offer in accordance with Rule 13e-4 and Regulation 14E of the Exchange Act (or any successor rule or regulation) (such rules and regulations hereinafter called the "**Tender Offer Rules**") which it shall commence prior to the consummation of the initial Business Combination and shall file tender offer documents with the SEC prior to the consummation of the initial Business Combination that contain substantially the same financial and other information about the initial Business Combination and the Redemption Rights as is required under Regulation 14A of the Exchange Act (or any successor rule or regulation) (such rules and regulations hereinafter called the "**Proxy Solicitation Rules**"), even if such information is not required under the

Tender Offer Rules; provided, however, that if a stockholder vote is required by law to approve the proposed initial Business Combination, or the Corporation decides to submit the proposed initial Business Combination to the stockholders for their approval for business or other legal reasons, the Corporation shall offer to redeem the Offering Shares, subject to lawfully available funds therefor, in accordance with the provisions of Section 9.2(a) hereof in conjunction with a proxy solicitation pursuant to the Proxy Solicitation Rules (and not the Tender Offer Rules) at a price per share equal to the Redemption Price calculated in accordance with the following provisions of this Section 9.2(b). In the event that the Corporation offers to redeem the Offering Shares pursuant to a tender offer in accordance with the Tender Offer Rules, the Redemption Price per share of the Common Stock payable to holders of the Offering Shares tendering their Offering Shares pursuant to such tender offer shall be equal to the quotient obtained by dividing: (i) the aggregate amount on deposit in the Trust Account as of two business days prior to the consummation of the initial Business Combination, including interest not previously released to the Corporation to pay its taxes, by (ii) the total number of then outstanding Offering Shares. If the Corporation offers to redeem the Offering Shares in conjunction with a stockholder vote on the proposed initial Business Combination pursuant to a proxy solicitation, the Redemption Price per share of the Common Stock payable to holders of the Offering Shares exercising their Redemption Rights (irrespective of whether they voted in favor or against the Business Combination) shall be equal to the quotient obtained by dividing: (x) the aggregate amount on deposit in the Trust Account as of two business days prior to the consummation of the initial Business Combination, including interest not previously released to the Corporation to pay its taxes, by (y) the total number of then outstanding Offering Shares.

(c) If the Corporation offers to redeem the Offering Shares in conjunction with a stockholder vote on an initial Business Combination pursuant to a proxy solicitation, a Public Stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a “**group**” (as defined under Section 13(d)(3) of the Exchange Act), shall be restricted from seeking Redemption Rights with respect to more than an aggregate of 15% of the Offering Shares without the prior consent of the Corporation.

(d) In the event that the Corporation has not consummated an initial Business Combination within 18 months from the closing of the Offering, the Corporation shall (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter subject to lawfully available funds therefor, redeem 100% of the Offering Shares in consideration of a per-share price, payable in cash, equal to the quotient obtained by dividing (A) the aggregate amount then on deposit in the Trust Account, including interest not previously released to the Corporation to pay its taxes (less taxes payable and up to \$100,000 of interest to pay dissolution expenses), by (B) the total number of then outstanding Offering Shares, which redemption will completely extinguish rights of the Public Stockholders (including the right to receive further liquidating distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining stockholders and the Board in accordance with applicable law, dissolve and liquidate, subject in each case to the Corporation’s obligations under the DGCL to provide for claims of creditors and other requirements of applicable law.

(e) If the Corporation offers to redeem the Offering Shares in conjunction with a stockholder vote on an initial Business Combination, the Corporation shall consummate the proposed initial Business Combination only if (i) such initial Business Combination is approved by the affirmative vote of the holders of a majority of the shares of the Common Stock that are voted at a stockholder meeting held to consider such initial Business Combination and (ii) the Redemption Limitation is not exceeded.

(f) If the Corporation conducts a tender offer pursuant to Section 9.2(b), the Corporation shall consummate the proposed initial Business Combination only if the Redemption Limitation is not exceeded.

Section 9.3 Distributions from the Trust Account.

(a) A Public Stockholder shall be entitled to receive funds from the Trust Account only as provided in Sections 9.2(a), 9.2(b), 9.2(d) or 9.7 hereof. In no other circumstances shall a Public Stockholder have any right or interest of any kind in or to distributions from the Trust Account, and no stockholder other than a Public Stockholder shall have any interest in or to the Trust Account.

(b) Each Public Stockholder that does not exercise its Redemption Rights shall retain its interest in the Corporation and shall be deemed to have given its consent to the release of the remaining funds in the Trust Account to the Corporation, and following payment to any Public Stockholders exercising their Redemption Rights, the remaining funds in the Trust Account shall be released to the Corporation.

(c) The exercise by a Public Stockholder of the Redemption Rights shall be conditioned on such Public Stockholder following the specific procedures for redemptions set forth by the Corporation in any applicable tender offer or proxy materials sent to the Public Stockholders relating to the proposed initial Business Combination, including the requirement that any Public Stockholder holder that holds Offering Shares beneficially through a nominee must identify itself to the Corporation in connection with any redemption election in order to validly redeem such Offering Shares. Holders of Offering Shares seeking to exercise their Redemption Rights may be required to either tender their certificates (if any) to the Corporation's transfer agent or to deliver their shares to the transfer agent electronically using The Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System, at the holder's option, in each case up to two business days prior to the originally scheduled vote on the proposal to approve a Business Combination. Payment of the amounts necessary to satisfy the Redemption Rights properly exercised shall be made as promptly as practical after the consummation of the initial Business Combination.

Section 9.4 Share Issuances. Prior to the consummation of the Corporation's initial Business Combination, the Corporation shall not issue any additional shares of capital stock of the Corporation that would entitle the holders thereof to receive funds from the Trust Account or vote as a class with the Class A Common Stock on: (a) any initial Business Combination; (b) on any pre-Business Combination activity; (c) any amendment to this Amended and Restated Certificate to modify the substance or timing of the Corporation's obligation to allow redemption in connection with our initial Business Combination or to redeem 100% of the Offering Shares if the Corporation has not consummated an initial Business Combination within 18 months from the date of the closing of the Offering; or (d) on any amendment to this *Article IX*.

Section 9.5 Transactions with Affiliates. In the event the Corporation enters into an initial Business Combination with a target business that is affiliated with the Sponsor, or the directors or officers of the Corporation, the Corporation, or a committee of the independent directors of the Corporation, shall obtain an opinion from an independent accounting firm or an independent investment banking firm that is a member of the Financial Industry Regulatory Authority that such Business Combination is fair to the Corporation from a financial point of view.

Section 9.6 No Transactions with Other Blank Check Companies. The Corporation shall not enter into an initial Business Combination with another blank check company or a similar company with nominal operations.

Section 9.7 Additional Redemption Rights. If, in accordance with Section 9.1(a), any amendment is made to this Amended and Restated Certificate (a) to modify the substance or timing of the Corporation's obligation to allow redemption in connection with our initial Business Combination or to redeem 100% of the Offering Shares if the Corporation has not consummated an initial Business Combination within 18 months from the date of the closing of the Offering or (b) with respect to any other provisions relating to stockholders' rights or pre-initial Business Combination activity, the Public Stockholders shall be provided with the opportunity to allow redemption in connection with our initial Business Combination or to redeem their Offering Shares upon the approval of any such amendment, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest not previously released to the Corporation to pay its taxes, divided by the number of then outstanding Offering Shares; provided, however, that any such amendment will be voided, and this *Article IX* will remain unchanged, if any stockholders who wish to redeem are unable to redeem due to the Redemption Limitation.

Section 9.8 Minimum Value of Initial Business Combination. The Corporation's initial Business Combination must be comprised of one or more Business Combinations having an aggregate fair market value of at least 80% of the value of the assets held in the Trust Account (excluding any deferred underwriting commissions and taxes payable on the interest earned on the Trust Account) at the time the Corporation signs a definitive agreement in connection with the initial Business Combination.

**ARTICLE X
CORPORATE OPPORTUNITY**

To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in any business opportunity, transaction or other matter in which the Thayer Ventures Acquisition Holdings LLC, any officer, director, partner or employee of the Sponsor or, and any portfolio company in which such entities or persons have an equity interest (other than the Corporation and its subsidiaries) (each, a “*Specified Party*”) participates or desires or seeks to participate even if the opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so and each such Specified Party shall have no duty to communicate or offer such business opportunity to the Corporation and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation or any of its subsidiaries or any stockholder for breach of any fiduciary or other duty, as a director or officer or controlling stockholder or otherwise, by reason of the fact that such Specified Party pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries. Notwithstanding the foregoing, the Corporation, on behalf of itself and its subsidiaries, does not hereby renounce any interest or expectancy it or its subsidiaries may have in any business opportunity, transaction or other matter that is offered in writing solely to (1) a director or officer of the Corporation or its subsidiaries who is not also a Specified Party, or (2) a Specified Party who is a director, officer or employee of the Corporation and who is offered such opportunity solely in his or her capacity as a director, officer or employee of the Corporation. Any person purchasing or otherwise acquiring any interest in any shares of stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article X.

**ARTICLE XI
AMENDMENT OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**

The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate (including any Preferred Stock Designation), and other provisions authorized by the laws of the State of Delaware at the time in force that may be added or inserted, in the manner now or hereafter prescribed by this Amended and Restated Certificate and the DGCL. Notwithstanding anything contained in this Amended and Restated Certificate to the contrary, in addition to any vote required by applicable law, the following provisions in this Amended and Restated Certificate may be amended, altered, repealed or rescinded, in whole or in part, or any provision inconsistent therewith or herewith may be adopted, only by the affirmative vote of the holders of at least 66 2/3% of the total voting power of all the then outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class: Article V, Article VI, Article VII, Article VIII, Article XII and this Article XI. Except as expressly provided in the foregoing sentence and the remainder of this Amended and Restated Certificate (including any Preferred Stock Designation), including Section 9.1, this Amended and Restated Certificate may be amended by the affirmative vote of the holders of at least a majority of the total voting power of all the then outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. Except as set forth in Article VIII, all rights, preferences and privileges of whatever nature herein conferred upon stockholders, directors or any other persons by and pursuant to this Amended and Restated Certificate in its present form or as hereafter amended are granted subject to the right reserved in this Article XI.

**ARTICLE XII
SEVERABILITY**

If any provision or provisions (or any part thereof) of this Amended and Restated Certificate shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby, and (ii) the provisions of this Amended and Restated Certificate (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their service or for the benefit of the Corporation to the fullest extent permitted by law.

[Signature Page Follows]

IN WITNESS WHEREOF, Thayer Ventures Acquisition Corporation has caused this Amended and Restated Certificate to be duly executed and acknowledged in its name and on its behalf by an authorized officer on this 11th day of February, 2022.

THAYER VENTURES ACQUISITION CORPORATION

By: /s/ Mark E. Farrell
Name: Mark E. Farrell
Title: Co-Chief Executive Officer

[Signature Page to Amended and Restated Certificate of Incorporation]

**CERTIFICATE OF AMENDMENT TO THE
SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
INSPIRATO INCORPORATED**

Inspirato Incorporated, a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), hereby certifies as follows:

A. The Corporation was originally incorporated under the name of Thayer Ventures Acquisition Corporation, and the original certificate of incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on July 31, 2020.

B. This Certificate of Amendment was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware, as amended from time to time (the “**DGCL**”).

C. Article IV of the Certificate of Incorporation of the Corporation is hereby restated and amended in its entirety to read as follows:

**ARTICLE IV
CAPITALIZATION**

Section 4.1 Authorized Capital Stock. The total number of shares of all classes of capital stock, each with a par value of \$0.0001 per share, which the Corporation is authorized to issue is 1,700,000,000 shares, consisting of (a) 1,600,000,000 shares of common stock (the “**Common Stock**”), including (i) 1,000,000,000 shares of Class A common stock (the “**Class A Common Stock**”), (ii) 500,000,000 shares of Class V common stock (the “**Class V Common Stock**”) and (iii) 100,000,000 shares of Class B non-voting common stock (the “**Class B Non-Voting Common Stock**”), and (b) 100,000,000 shares of preferred stock (the “**Preferred Stock**”). The number of authorized shares of either Common Stock (including, for the avoidance of doubt, the number of authorized shares of Class A Common Stock, Class V Common Stock and Class B Non-Voting Common Stock) or Preferred Stock may be increased or decreased (but not below the number of shares of such class then outstanding or, in the case of Common Stock, then necessary for issuance in connection with the exchange of Common Units of Inspirato LLC (the “**Common Units**”) pursuant to Section 4.6 (an “**Exchange**”) of that certain Ninth Amended and Restated Limited Liability Company Agreement of Inspirato LLC (the “**LLC Agreement**”) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of the Common Stock or Preferred Stock, as applicable, voting separately as a class shall be required therefor, unless a separate vote is required pursuant to any Preferred Stock Designation (as defined below).

Except as expressly provided herein, the rights, preferences and powers of the Class A Common Stock and Class B Non-Voting Common Stock shall be in all respects and for all purposes and in all circumstances absolutely and completely identical.

The term “**Business Combination**”, as used in this Amended and Restated Certificate, shall mean a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination involving the Corporation and one or more businesses. The term “**Offering**” as used in this Amended and Restated Certificate shall mean the Corporation’s initial public offering of securities.

Section 4.2 Preferred Stock. Subject to *Article IX* of this Amended and Restated Certificate, the Board of Directors of the Corporation (the “**Board**”) is hereby expressly authorized to provide out of the unissued shares of the Preferred Stock for one or more series of Preferred Stock and to establish from time to time the number of shares to be included in each such series and to fix the voting rights, if any, designations, powers, preferences and relative, participating, optional, special and other rights, if any, of each such series and any qualifications, limitations and restrictions thereof, as shall be stated in the resolution or resolutions adopted by the Board providing for the issuance of such series and included in a certificate of designation (a “**Preferred Stock Designation**”) filed pursuant to the DGCL, and the Board is hereby expressly vested with the authority to the full extent provided by law, now or hereafter, to adopt any such resolution or resolutions.

Section 4.3 Common Stock.

(a) *Voting*.

(i) Except as otherwise provided in this Amended and Restated Certificate or as required by applicable law, each holder of record of Class A Common Stock, as such, shall be entitled to one vote for each share of Class A Common Stock held of record as of the applicable record date by such holder on all matters on which stockholders generally are entitled to vote.

(ii) Except as otherwise provided in this Amended and Restated Certificate or as required by applicable law, each holder of record of Class V Common Stock, as such, shall be entitled to one vote for each share of Class V Common Stock held of record as of the applicable record date by such holder on all matters on which stockholders generally or holders of Class V Common Stock as a separate class are entitled to vote (whether voting separately as a class or together with one or more classes of the Corporation’s capital stock).

(iii) Except as otherwise provided in this Amended and Restated Certificate or required by applicable law, at any annual or special meeting of the stockholders of the Corporation, holders of the Class A Common Stock and holders of the Class V Common Stock shall vote together as a single class (or, if the holders of one or more series of Preferred Stock are entitled to vote together with holders of the Class A Common Stock and holders of the Class V Common Stock, as a single class with the holders of such other series of Preferred Stock) on all matters submitted to a vote of the stockholders having voting rights generally, and, subject to the terms of any Preferred Stock, shall have the exclusive right to vote for the election of directors and all other matters properly submitted to a vote of the stockholders. Notwithstanding the foregoing, except as otherwise required by law or this Amended and Restated Certificate (including any Preferred Stock Designation), holders of shares of any series of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate (including any amendment to any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock or other series of Common Stock if the holders of such affected series of Preferred Stock or Common Stock, as applicable, are entitled exclusively, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate (including any Preferred Stock Designation) or the DGCL.

(iv) Notwithstanding any stated or statutory voting rights, except as otherwise provided in Section 4.3(g) hereof, the Class B Non-Voting Common Stock shall be non-voting for purposes of the BHC Act (as defined below), and the holders of the Class B Non-Voting Common Stock shall have no voting power, and shall not have the right to participate in any meeting of stockholders or to have notice thereof, to the fullest extent permitted by applicable law.

(b) *Dividends and Distributions.*

(i) *Class A Common Stock and Class B Non-Voting Common Stock.* Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock having a preference over or the right to participate with the Class A Common Stock and Class B Non-Voting Common Stock with respect to the payment of dividends and other distributions in cash, stock of any corporation or property of the Corporation, the holders of Class A Common Stock and the holders of Class B Non-Voting Common Stock shall be entitled to receive equally and ratably, taken together as a single class, in proportion to the number of shares held by each such stockholder such dividends and other distributions as may from time to time be declared by the Board in its discretion out of the assets of the Corporation that are by law available therefor at such times and in such amounts as the Board in its discretion shall determine. In no event shall any dividends or other distributions be declared or made on the Class A Common Stock or Class B Non-Voting Common Stock unless the shares of Class A Common Stock and Class B Non-Voting Common Stock at the time outstanding are treated equally and identically, *provided* that, in the event of a dividend of Common Stock or rights to acquire Common Stock, shares of Class B Non-Voting Common Stock shall only be entitled to receive shares of Class B Non-Voting Common Stock or rights to acquire Class B Non-Voting Common Stock and shares of Class A Common Stock shall only be entitled to receive an equal number of shares of Class A Common Stock or rights to acquire Class A Common Stock.

(ii) *Class V Common Stock.* Dividends and other distributions shall not be declared or paid on the Class V Common Stock.

(c) *Liquidation, Dissolution or Winding Up; Deemed Liquidation Events.* In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, or any Liquidation Event, after payment or provision for payment of the debts and other liabilities of the Corporation and of the preferential and other amounts, if any, to which the holders of Preferred Stock having a preference over the Class V Common Stock as to distributions upon dissolution, liquidation, winding up or a Deemed Liquidation Event, the holders of shares of Class V Common Stock shall be entitled to receive \$0.0001 per share, and upon receiving such amount, such holders of shares of Class V Common Stock, as such, shall not be entitled to receive any other assets or funds of the Corporation. Thereafter, the holders of all outstanding shares of Class A Common Stock and Class B Non-Voting Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution equally and ratably in proportion to the number of shares held by each such stockholder. For purposes of this Amended and Restated Certificate, "**Deemed Liquidation Event**" shall mean (i) any consolidation or merger of the Corporation with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the shares of capital stock of the Corporation immediately prior to such consolidation, merger or reorganization continue to represent a majority of the voting power of the surviving entity (or, if the surviving entity is a wholly owned subsidiary, its Parent) immediately after such consolidation, merger or reorganization; provided, that, for the purpose of this Section 4.3(c), all stock, options, warrants, purchase rights or other securities exercisable for or convertible into Common Stock outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of capital stock are converted or exchanged; (B) any transaction or series of related transactions to which the Corporation is a party in which shares of the Corporation are transferred such that in excess of fifty percent (50%) of the Corporation's voting power is transferred; provided, that, an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Corporation or any successor or indebtedness of the Corporation is cancelled or converted or a combination thereof; or (C) a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation.

(d) *Cancellation of Class V Common Stock.* In the event that any outstanding share of Class V Common Stock shall cease to be held directly or indirectly by a holder of a Common Unit, as set forth in the books and records of Inspirato LLC (including pursuant to an Exchange), such share shall automatically and without further action on the part of the Corporation or any holder of Class V Common Stock be transferred to the Corporation and cancelled for no consideration. The Corporation shall not issue additional shares of Class V Common Stock after the Effective Time other than in connection with the valid issuance of Common Units in accordance with Sections 4.1 and 4.3 of the LLC Agreement, such that after such issuance of Class V Common Stock such holder of Common Units holds an identical number of Common Units and shares of Class V Common Stock.

(e) *Reservation of Stock.* The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock an amount equal to the number of then-outstanding Common Units subject to Exchange from time to time. Furthermore, the Corporation shall at all times reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Class A Common Stock or Class B Non-Voting Common Stock, as the case may be, pursuant to Section 4.3(h)(ii) hereof, such number of its duly authorized shares of Class A Common Stock or Class B Non-Voting Common Stock, as the case may be, as shall from time to time be sufficient to effect the conversion of outstanding Class A Common Stock or Class B Non-Voting Common Stock, as applicable, according to the respective conversion rights in Section 4.3(h)(ii). If at any time the number of authorized but unissued shares of Class A Common Stock or Class B Non-Voting Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Class A Common Stock or Class B Non-Voting Common Stock, as the case may be, that are convertible pursuant to Section 4.3(h)(ii), the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of each such type of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Amended and Restated Certificate.

(f) *Splits.* If the Corporation at any time combines or subdivides (by any stock split, reverse stock split, stock dividend, recapitalization, reorganization, merger, amendment of this Amended and Restated Certificate, scheme, arrangement or otherwise (each, a “*Split*”)) any series of Common Stock into a greater or lesser number of shares, the shares of each other series of Common Stock outstanding immediately prior to such Split shall be equally proportionately combined or subdivided such that the proportion of shares of outstanding Class V Common Stock, Class A Common Stock and Class B Non-Voting Common Stock immediately prior to such Split shall be maintained immediately after such Split; provided, that such actions with respect to the Class V Common Stock shall be subject to Section 4.1(i) and the last sentence of Section 3.1 of the LLC Agreement. Any adjustment described in this Section 4.3(f) shall become effective at the close of business on the date the Split becomes effective.

(g) *Class B Non-Voting Common Stock Protective Provisions.*

(i) The Corporation shall not (in any case, by merger, consolidation, operation of law or otherwise) alter or repeal any provision of this Amended and Restated Certificate or the Bylaws of the Corporation (and any such act or transaction entered into shall be null and void *ab initio*, and of no force or effect):

(A) other than pursuant to the terms of any Preferred Stock, in a manner that significantly and adversely affects the preferences, rights, privileges or powers of the Class B Non-Voting Common Stock, including, but not limited to, the authorization of a series of Common Stock senior to the Class B Non-Voting Common Stock, the modification of the terms of the Class B Non-Voting Common Stock, any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, or the payment of dividends by the Corporation when preferred dividends are in arrears, without (in addition to any other vote required by applicable law or this Amended and Restated Certificate) the affirmative vote of at least a majority of the shares of Class B Non-Voting Common Stock then outstanding, voting separately as a class; or

(B) in a manner that would change the status of Class B Non-Voting Common Stock to become a Class of Voting Securities (as defined below), without (in addition to any other vote required by law or in this Amended and Restated Certificate) the written consent of each Regulated Investor (as defined below).

(h) *Conversion of Class A Common Stock and Class B Non-Voting Common Stock.*

(i) *Definitions.* For all purposes of this Article IV, the following terms have the following meanings:

(A) “**BHC Act**” means Bank Holding Company Act of 1956, as amended and as interpreted and implemented by the Board of Governors of the Federal Reserve System, whether pursuant to regulation, interpretation or otherwise.

(B) “**Class of Voting Securities**” means a “class of voting securities” as defined for purposes of the BHC Act.

(C) “**Permitted Regulatory Transfer**” means a transfer of capital stock of the Corporation by a Regulated Investor or Transferee to a party that is not an affiliate (as the term “affiliate” is used for purposes of the BHC Act) of such Regulated Investor or Transferee:

(1) in a widespread public distribution;

(2) to the Corporation;

(3) in which no transferee (or group of associated or affiliated transferees) would receive two percent (2%) or more of the outstanding securities of any Class of Voting Securities (as such percentage is calculated for purposes of the BHC Act) of the Corporation; or

(4) to a person or entity that would control greater than fifty percent (50%) of every Class of Voting Securities of the Corporation (as such percentage is calculated for purposes of the BHC Act), without giving effect to such transfer.

(D) “**Permitted Regulatory Transferee**” means a party who acquires shares of capital stock of the Corporation from a Regulated Investor or its Transferee in a Permitted Regulatory Transfer.

(E) “**Regulated Investor**” means a holder of any shares of the Corporation’s capital stock that is a bank holding company or financial holding company or an affiliate thereof under the BHC Act, together with any affiliates (as defined under the BHC Act) of such holder.

(F) “**Transferee**” means a party to whom a Regulated Investor directly or indirectly transfers shares of capital stock of the Corporation, including any subsequent transferee of any such party, except for a Permitted Regulatory Transferee.

(ii) *Conversion.*

(A) *Conversion of Class A Common Stock into Class B Non-Voting Common Stock.* Any holder of Class A Common Stock who is a Regulated Investor or Transferee shall, at its option, at any time and from time to time, have the right to convert each share of Class A Common Stock held by such holder into one fully paid and nonassessable share of Class B Non-Voting Common Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares), without the payment of additional consideration by the Regulated Investor or Transferee.

(B) *Conversion of Class B Non-Voting Common Stock into Class A Common Stock.* Except as otherwise provided in this provision, shares of Class B Non-Voting Common Stock held by a Regulated Investor or a Transferee shall not be convertible into Class A Common Stock; provided that any shares of Class B Non-Voting Common Stock held by a Permitted Regulatory Transferee shall be convertible, at the option of such Permitted Regulatory Transferee, upon (but not before) the transfer thereof in a Permitted Regulatory Transfer, with each such share of Class B Non-Voting Common Stock converting into one fully paid and nonassessable share of Class A Common Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares); provided, further, that if at any time the Corporation issues additional shares of Class A Common Stock and as a result, a Regulated Investor's or its Transferee's ownership percentage in the Class A Common Stock falls below its original ownership percentage of Class A Common Stock, then such Regulated Investor or its Transferees shall be permitted to convert such number of shares of Class B Non-Voting Common Stock into fully paid and nonassessable shares of Company Class A Common Stock on a 1:1 basis (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) without the payment of additional consideration by the Regulated Investor or its Transferees, to the extent, and solely for the purposes of allowing such Regulated Investor or its Transferees to maintain its original ownership percentage of Class A Common Stock and in no event greater than 4.99% of any "class" of "voting securities" (each as defined and as such percentage is calculated under the BHC Act).

(iii) *Mechanics of Conversion.*

(A) *Notice of Conversion.* In order for a holder of Class A Common Stock to voluntarily convert shares of Class A Common Stock into shares of Class B Non-Voting Common Stock or a holder of Class B Non-Voting Common Stock to voluntarily convert shares of Class B Non-Voting Common Stock into shares of Class A Common Stock pursuant to Section 4.3(h)(ii), as the case may be, such holder shall provide written notice (the "**Conversion Notice**") to the Corporation's transfer agent at the office of the transfer agent for the Common Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder's shares of Class A Common Stock or Class B Non-Voting Common Stock and, if applicable, any event on which such conversion is contingent. The Conversion Notice shall state such holder's name or the names of the nominees in which such holder wishes the converted shares to be issued. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of the Conversion Notice or the happening of a future event specified in such Conversion Notice shall be the time of conversion, and the shares of Class A Common Stock or Class B Non-Voting Common Stock, as the case may be, issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date; provided, however, that any delivery of a Conversion Notice on any date when the stock transfer books of the Corporation shall be closed shall constitute the person or persons in whose name or names the shares of Class B Non-Voting Common Stock and Class A Common Stock are to be issued as the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which such stock transfer books are open.

(B) *Confirmation of Conversion.* As promptly as practicable after the delivery of a Conversion Notice, the Corporation will deliver or cause to be delivered, as specified in the Conversion Notice, a confirmation of book-entry transfer of shares of stock representing the number of fully paid and non-assessable shares of Class A Common Stock or Class B Non-Voting Common Stock, as applicable, issuable upon such conversion, issued in such name or names as were specified in the Conversion Notice.

(C) *Cancellation upon Conversion.* When shares of Class B Non-Voting Common Stock have been converted into Class A Common Stock pursuant to this Amended and Restated Certificate, they shall automatically be cancelled and become authorized but unissued shares of Class B Non-Voting Common Stock. When shares of Class A Common Stock have been converted into Class B Non-Voting Common Stock pursuant to this Amended and Restated Certificate, they shall automatically be cancelled and become authorized but unissued shares of Class A Common Stock.

(iv) *Taxes.* The Corporation shall bear and pay any and all issue, transfer, stamp, documentary and other similar taxes that may be payable in respect of any issuance or delivery of shares of Class A Common Stock or Class B Non-Voting Common Stock, as the case may be, or upon conversion of shares of Class A Common Stock or Class B Non-Voting Common Stock, as the case may be, pursuant to Section 4.3(h)(ii). The Corporation shall not, however, be required to pay any such tax to the extent such tax is payable in respect of any transfer involved in the issuance and delivery of shares of Class A Common Stock or Class B Non-Voting Common Stock, as applicable, upon a conversion pursuant to Section 4.3(h)(ii) in a name other than that in which the shares of Class A Common Stock or Class B Non-Voting Common Stock, as applicable, so converted were registered at the request of the registered holder.

(signature page follows)

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its duly authorized officer this 29th day of September, 2023.

INSPIRATO INCORPORATED

By: /s/ Robert Kaiden

Name: Robert Kaiden

Title: Chief Financial Officer

**CERTIFICATE OF AMENDMENT TO THE
SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
INSPIRATO INCORPORATED**

Inspirato Incorporated, a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), hereby certifies as follows:

A. The Corporation was originally incorporated under the name of Thayer Ventures Acquisition Corporation, and the original certificate of incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on July 31, 2020.

B. This Certificate of Amendment was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware, as amended from time to time (the “**DGCL**”).

C. The first paragraph of Article IV, Section 4.1 of the Corporation’s Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:

“Effective immediately upon the filing and effectiveness of this Certificate of Amendment (the “**Reverse Stock Split Effective Time**”), each twenty (20) shares of Class A Common Stock, Class B Non-Voting Common Stock, or Class V Common Stock (each as defined below) that are issued and outstanding or held in treasury at the Reverse Stock Split Effective Time shall be reverse split and combined into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock, Class B Non-Voting Common Stock or Class V Common Stock, respectively, subject to the treatment of fractional share interests as described below (the “**Reverse Stock Split**”). The Reverse Stock Split shall also apply to any outstanding securities or rights convertible into, or exchangeable or exercisable for, Class A Common Stock, Class B Non-Voting Common Stock or Class V Common Stock of the Corporation, in each case in accordance with the terms thereof. No fractional shares shall be issued upon the Reverse Stock Split and, in lieu of any fractional shares of Common Stock (as defined below) to which the holder would otherwise be entitled, any such fractional share of Common Stock shall be paid out in cash, with reference to the closing stock price on Nasdaq (or, if the Common Stock is no longer trading on Nasdaq, on the principal trading market therefor) of the Common Stock on the trading day immediately preceding the Reverse Stock Split Effective Time (as adjusted to give effect to the Reverse Stock Split), without interest.

The total number of shares of all classes of capital stock, each with a par value of \$0.0001 per share, which the Corporation is authorized to issue is 85,000,000 shares, consisting of (a) 80,000,000 shares of common stock (the “**Common Stock**”), including (i) 50,000,000 shares of Class A common stock (the “**Class A Common Stock**”), (ii) 5,000,000 shares of Class B Non-Voting common stock (“**Class B Non-Voting Common Stock**”) and (iii) 25,000,000 shares of Class V common stock (the “**Class V Common Stock**”); and (b) 5,000,000 shares of preferred stock (the “**Preferred Stock**”). The number of authorized shares of either Common Stock (including, for the avoidance of doubt, the number of authorized shares of Class A Common Stock, Class V Common Stock and Class B Non-Voting Common Stock) or Preferred Stock may be increased or decreased (but not below the number of shares of such class then outstanding or, in the case of Common Stock, then necessary for issuance in connection with the exchange of Common Units of Inspirato LLC (the “**Common Units**”) pursuant to Section 4.6 (an “**Exchange**”) of that certain Tenth Amended and Restated Limited Liability Company Agreement of Inspirato LLC, as amended (the “**LLC Agreement**”), or then required to be reserved in compliance with Article IV, Section 4.3(e) of this Certificate of Incorporation) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of the Common Stock or Preferred Stock, as applicable, voting separately as a class shall be required therefor, unless a separate vote is required pursuant to any Preferred Stock Designation (as defined below).”

(signature page follows)

IN WITNESS WHEREOF, INSPIRATO INCORPORATED has caused this Certificate of Amendment to be signed by its Chief Financial Officer this 16th day of October, 2023.

INSPIRATO INCORPORATED

By: /s/ Robert Kaiden
Robert Kaiden
Chief Financial Officer

(Signature Page to Certificate of Amendment of Inspirato Incorporated)

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

I, Eric Grosse, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: November 9, 2023

By: /s/ Eric Grosse

Eric Grosse
Chief Executive Officer
(Principal Executive Officer)

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

I, Robert Kaiden, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: November 9, 2023

By: /s/ Robert Kaiden

Robert Kaiden

Chief Financial Officer

(Principal Financial and Accounting Officer)

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

I, 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 Quarterly Report on Form 10-Q of Inspirato Incorporated for the fiscal quarter ended September 30, 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 Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Inspirato Incorporated.

Date: November 9, 2023

By: /s/ Eric Grosse

Name: Eric Grosse

Title: Chief Executive Officer

(Principal Executive Officer)

I, 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 Quarterly Report on Form 10-Q of Inspirato Incorporated for the fiscal quarter ended September 30, 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 Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Inspirato Incorporated.

Date: November 9, 2023

By: /s/ Robert Kaiden

Name: Robert Kaiden

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)
