

Risk Factors Comparison 2025-03-26 to 2024-03-12 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

This section describes circumstances or events that could have a negative effect on our financial results or operations or that could change, for the worse, existing trends in our businesses. The occurrence of one or more of the circumstances or events described below could have a material adverse effect on our financial condition, results of operations and cash flows and / or on the trading prices of our common stock. The risks and uncertainties described in this Annual Report on Form 10- K are not the only ones facing us. Additional risks and uncertainties that currently are not known to us or that we currently believe are immaterial also may adversely affect our businesses and operations. Risks Related to Our Business and the Industry The success of our business depends on our reputation and the strength of our brand. Our business depends on our reputation and the strength of our brand as a provider of luxury accommodations and experiences. We believe that the strength of our brand is particularly important to our ability to attract and retain members with at least one active paid member subscription (“ Subscription ”) and to compete for attractive new properties. Many factors can affect our reputation and the value of our brand, including the quality and location of our properties, the value we provide, our level of service, the safety of our members, our approach to health and cleanliness, publicized incidents in or around our properties, our ability to protect and use our brand and trademarks, the levels of marketing and the prevalence of other luxury accommodations and experiences in the destinations we serve. In addition, we rely on partners, landlords and third- party service providers and if such partners, landlords and third parties do not perform adequately or terminate their relationships, our brand may be negatively impacted, our costs may increase and our business, financial condition and results of operations could be adversely affected. If we fail to retain existing members or add new members, our business, results of operations and financial condition may be materially adversely affected. Our ability to grow our operations and revenue is dependent on our ability to retain existing members and add new Subscriptions, and we cannot be sure that we will be successful in these efforts or that member retention levels will not materially decline. There are a number of factors that could lead to a decline in members or that could prevent us from increasing our members, including: • our failure to deliver offerings that members find attractive; • **our ability to achieve and sustain market acceptance, particularly with respect to Inspirato Pass;** • harm to our brand and reputation; • **our failure to deliver compelling offerings to our members;** • **increases in pricing and perceived value the introduction of our offerings additional costs and fees**; • members engaging with competitive products and services; • problems affecting members’ experiences; • a decline in the public’ s interest in luxury travel ; • **deteriorating general or a change in economic conditions and or a change in consumer discretionary spending preferences or trends , including ; • an increase in inflation or and increases to federal interest rates; • and • global macroeconomic and geopolitical factors, including political, social , or economic instability , — such as conflicts in the Middle East and the other ongoing geopolitical tensions — changes related to conflicts in the Middle East, Russia’ s actions in Ukraine, and other — the geopolitical — political events; and • regulatory climate, including the policies and regulatory priorities of the new presidential administration, and** events beyond our control , such as global or regional pandemics and health concerns, **travel increased or continuing restrictions on travel, immigration restrictions policies , trade disputes , tariffs, and the impact effects of climate change (e. g. on travel, including fires, floods, severe weather , fires, floods, and other natural disasters and the), can significantly impact of climate change our operations and broader economic conditions** . In addition, if our platform is **difficult to navigate, fails to deliver satisfactory user experiences or does not effectively engage** easy to navigate; members have unsatisfactory sign- up, search, booking or payment experiences on our platform; the content on our platform is not displayed engagingly to members; we **risk losing new** are not effective in engaging members across our various offerings and tiers; or we fail to provide an **and** experience in a manner that meets rapidly changing demand, we could fail to acquire first- time members and fail to retain our existing members. As a result of these factors, we cannot be sure that our member levels will be adequate to maintain or permit the expansion of our operations. A decline in member levels could have an adverse effect on our business, financial condition and operating results. Our member support function is critical to the success of our business, and any failure to provide high- quality service could affect our reputation and ability to retain our existing members and attract new members. Our ability to provide high- quality support to our members is important for the growth of our business and any failure to maintain such standards of member support **care and vacation experience teams** , or any perception that we do not provide high- quality service, could affect our ability to attract and retain members. Meeting the support expectations of our members requires significant time and resources from our support team and significant investment in staffing and technology. In particular, many travel reservations made through us include planning assistance, daily housekeeping, related property services and a local concierge to assist members during their travel. If we or our third- party service providers fail to provide these services in a high- quality manner, or these services are not commensurate with those offered by other luxury travel providers such as hotel brands, our brand may be harmed. In addition, we need to be able to provide effective support that meets members’ expectations in a variety of countries. Our local support is performed by a combination of our internal teams and third- party service providers. We rely on our internal teams and these third parties to provide timely, responsive and high- quality service to our members. Reliance on these third parties requires that we provide proper standards for them to meet when interacting with our members and ensure acceptable levels of quality and member satisfaction are achieved. We rely on information provided by members and are at times limited in our ability to help members resolve issues due to our lack of information or control of local third- party staff. To the extent that members are not satisfied with the timeliness, responsiveness or quality of our support, we may not be able to retain members, and our reputation and brand, as well as our business, results of operations and financial condition, could be materially adversely affected. Providing

support that is timely, responsive and high- quality is costly, and such costs may rise in the future. We may not be able to obtain sufficient new and recurring supply of luxury accommodations and experiences or to renew our existing supply of luxury accommodations and experiences. We pursue new leases and renew and extend current leases as well as other occupancy arrangements with property owners, resorts, hotels and developers. If we fail to secure or renew leases or other occupancy arrangements for attractive luxury properties, resorts and hotels, we will not be able to expand our portfolio of locations, may not have sufficient properties to satisfy the demands of our members and may not achieve our financial forecasts. We may not be able to add sufficient properties that meet our brand standards at an acceptable cost to meet our strategic goals and financial forecasts. Due to the number of properties that we have already secured under leases or other occupancy arrangements in many locations and our emphasis on providing a luxury travel experience, we may find it more difficult to find additional attractive properties in those markets. When we identify suitable properties, we may not be able to negotiate leases or other occupancy arrangements on commercially reasonable terms or at all or may incur additional expenses engaging local counsel to assist with lease or other occupancy arrangement negotiations. Our leases and other occupancy arrangements are often complex and require substantial time to negotiate, which makes forecasting our revenue from new properties more difficult. In certain international markets, we have less experience and may not have real estate staff, and local regulations and real estate industry practices (including customary lease provisions and governing law) may make it more difficult to identify properties that are consistent with our brand and standards. ~~Where we succeed in signing a lease for a new property, the landlord or developer may be unable or unwilling to deliver the property at the time provided for, or we may encounter other unforeseen delays, such as construction delays in the case of new developments or in preparing the property for initial member stays.~~ In addition, the success of any new property will depend on our ability to integrate it into our existing operations and successfully market it to our members. Newly leased properties could be difficult or expensive to onboard, have undisclosed conditions that result in unanticipated expenses or claims against us for which we may have little or no effective recourse against the landlord or otherwise may not provide their anticipated benefits. ~~14~~ ~~In addition to providing luxury accommodations, our business also depends on our ability to provide high- quality, personalized service including travel planning, on- site concierges, daily housekeeping and unique travel experiences. If we are not successful in providing high- quality, luxury experiences to our members, the perceived benefits of Subscriptions may decrease and our business, financial condition and operating results may be adversely impacted.~~ The relatively long- term and fixed- cost nature of our leases may limit our operating flexibility and could adversely affect our liquidity and results of operations. We currently lease most of our properties. Our obligations to landlords under these agreements extend for periods that **occasionally** frequently significantly exceed the duration of Subscriptions, **often sometimes** by many years although many, but not all, of our leases provide us the ability to terminate leases with appropriate notice. Our leases generally provide for fixed monthly payments that are not tied to occupancy rates or revenues, and our leases typically contain minimum rental payment obligations. As a result, if we are unable to maintain sufficient occupancy rates, or if the rates we are able to charge are not sufficient, our lease expenses may not be sufficiently offset by our revenue from members which may reduce our margins and cash flow. We have limited flexibility to rapidly alter our portfolio of properties and our lease commitments in response to changing circumstances. Leases require substantial time to negotiate, and there is often a significant delay between a lease signing and the availability of a property to our members. Moreover, our leases contain a variety of contractual rights and obligations that may be subject to interpretation **and** ~~. Our interpretations of our leases have been, or may be, disputed~~ **disputes by with** landlords, **potentially** which may result **resulting** in expensive **costly** and disruptive litigation **in** some instances. ~~Our failure~~ **Failure** to satisfy **meet** our contractual obligations in these leases could result in **lead to** defaults under the **, early** leases ~~- lease terminations~~. Any default, **reputational** claim or dispute regarding our leases or our other occupancy arrangements could result in litigation, damage to our reputation, **operational** disruption **disruptions** of operations and our members' experiences at the affected property, a requirement that we exit the property earlier than planned and damages or other legal remedies against us, any of which could have a material and adverse **effect effects** on our business, results of operations and financial condition. ~~We face possible risks associated with natural disasters and the physical effects of climate change, which may include more frequent severe storms, hurricanes, flooding, rising sea levels, shortages of water, droughts and wildfires, any of which could have a material adverse effect on our business, results of operations and financial condition. We are subject to the risks associated with natural disasters and the physical effects of climate change, which may include more frequent severe storms, hurricanes, flooding, rising sea levels, shortages of water, droughts and wildfires, any of which could have a material adverse effect on our business, results of operations and financial condition. To the extent climate change causes changes in weather patterns, our coastal destinations could experience increases in storm intensity and rising sea levels causing damage to our properties and result in a reduced number of properties in these areas. Climate change may also affect our business by increasing the cost of, or making unavailable, property insurance on terms we or our landlords find acceptable in areas most vulnerable to such events, increasing operating costs, including the cost of water or energy, and requiring us or our landlords to expend funds as they seek to repair and protect their properties in connection with such events. As a result of the foregoing and other climate- related issues, we may be unable to provide properties in certain areas due to climate change, and we may lose both landlords and members, which could have a material adverse effect on our business, results of operations and financial condition.~~ We lease our properties in a relatively concentrated number of travel destinations, both in the United States and internationally. The relative concentration of our properties in certain areas may expose us to a disproportionate level of risk relating to those areas. The **location locations** of our **350** properties is **and 220 hotels are** relatively concentrated **in travel within 180** destinations **. This exposes us to**, including areas with possible risks associated ~~with natural disasters and the physical effects of climate change as well as risks associated with local regulatory changes, changes in currency exchange rates and security risks. As a result, we may be disproportionately affected by adverse developments in those areas relative to competitors with more geographically diversified operations.~~ ~~15~~ ~~The increasing complexity of the hospitality industry may have adverse effects on our business. Our business is becoming increasingly complex~~

due in part to the continued evolution of the hospitality industry and changing local and national regulatory requirements. This increased complexity has demanded, and will continue to demand, substantial resources and attention from our management. Our ability to retain existing and attract new members, obtain a sufficient supply of luxury accommodations and experiences, provide high-quality service, execute and integrate acquisitions and adapt to technological change may be impacted due to the increasing complexity of our business. Our business and results of operations may be negatively impacted if we are unable to effectively manage these potential changes. The hospitality market is highly competitive, and we may be unable to compete successfully with our current or future competitors. The market to provide hospitality services is very competitive and highly fragmented. In addition, the barriers to entry are low and new competitors may enter. Our current or potential competitors include global hotel brands, regional hotel chains, independent hotels, online travel agencies, home-sharing and rental services and short-term / vacation rental services. Our competitors may adopt aspects of our business model, which could reduce our ability to differentiate our offerings. Additionally, current or new competitors may introduce new business models or services that we may need to adopt or otherwise adapt to in order to compete, which could reduce our ability to differentiate our business or services from those of our competitors. Increased competition could result in a reduction in revenue, fewer attractive properties, higher lease rates, higher costs or reduced market share. **In addition to providing luxury accommodations, our business also depends on our ability to provide high-quality, personalized service including travel planning, on-site concierges, daily housekeeping and unique travel experiences. If we are not successful in providing high-quality, luxury experiences to our members, the perceived benefits of Subscriptions may decrease and our business, financial condition and operating results may be adversely impacted.** Our results of operations are subject to seasonal and other fluctuations. We have experienced and may continue to experience significant fluctuations in our results of operations, which make it difficult to forecast our future results. Additionally, the hospitality industry is subject to seasonal and cyclical volatility, which may contribute to fluctuations in our results of operations and financial condition. Based on historical results, we generally expect our revenues to be lower in the second quarter of each year than in each of the three other quarters. In addition, the hospitality industry is cyclical, and demand generally follows the general economy on a lagged basis. We rely on consumer discretionary spending and could be impacted by the broad macroeconomic environment. Our business is particularly sensitive to trends in the travel, real estate and vacation rental markets and in the general economy, all of which are unpredictable. Travel is significantly dependent on discretionary spending levels. As a result, sales of travel services tend to decline during general economic downturns, recessions and times of political or economic uncertainty as consumers engage in less discretionary spending. Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, could materially and adversely affect our business, financial condition and results of operations. **We have limited experience with inventory pricing for new products. We generate revenue primarily from travel bookings and Subscriptions to our Inspirato Club and Inspirato Pass offerings. Our Subscriptions provide varying degrees of travel booking rights, and additional bookings and travel-related services are available on an ad-hoc basis. We have limited experience with our pricing model for newer products, for example Inspirato Pass, IFG, and IFB, and may not accurately predict the long-term rate of member adoption or renewal or the impact these will have on our revenue or results of operations. Further, we may not be successful in operating our member loyalty program, Rewards. As the markets for our offerings mature, as we create new offerings or as new competitors introduce competing offerings, we may be unable to attract new members or retain existing members at the same price or based on the same pricing model we have used historically. We may not be successful in operating our member loyalty program, Rewards. We have limited experience in operating a loyalty program and there can be no assurance that Rewards will enhance member loyalty or that, if additional travel is booked with us as a result of Rewards, the benefits to us will be sufficient to offset the costs of operating Rewards. In operating and accounting for Rewards, management makes estimates and assumptions regarding member travel and usage of the associated benefits. Significant change in, or failure by management to reasonably estimate, actual member usage of Rewards benefits and associated costs could adversely affect our business. Many travel providers offer loyalty programs and may offer rewards and benefits that are similar to or more attractive than ours. If we fail to differentiate Rewards from these other loyalty programs, or if we otherwise curtail or terminate Rewards benefits in the future, member loyalty could decrease and our business could be adversely impacted.** Our success depends on our key personnel and our ability to attract, retain and motivate other highly skilled personnel. Our success depends to a significant degree on the retention of our senior management team, key technical, financial and operations employees and other highly skilled personnel. Our success also depends on our ability to identify, hire, develop, motivate, retain and integrate highly qualified and diverse personnel for all areas of our organization. We may not be successful in attracting and retaining qualified personnel to fulfill our current or future needs. **We may face challenges associated with implementing return-to-office policies as it relates to our ability to attract, retain, and motivate talent, particularly in a competitive labor market where flexible work arrangements may be valued by employees. Hiring in new markets, such as Edmonton, Canada, may present challenges if there is limited availability of specialized skills or heightened competition for skilled workers in the region.** 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~~ **August** of ~~2023~~ **2024**, we ~~appointed a new Executive Chairman and CEO and in October of 2024,~~ we appointed a new Chief Financial Officer ~~and in September of 2023 we appointed a new Chief Executive Officer.~~ Although we believe these leadership changes are in the best interest of our stakeholders, these changes were significant to our business. Any leadership transition and organizational changes may result in loss of personnel with deep institutional or technical knowledge and has the potential to disrupt our operations and relationships with employees and ~~customers~~ **members** due to added costs, operational inefficiencies, decreased employee morale and productivity, and increased turnover. If we experience turnover among our management team or other key employees, it may be difficult to find suitable replacements on a timely basis, on competitive terms or at all. We face intense competition in local markets for highly skilled personnel to service our members and properties. To attract and retain qualified

personnel, we must offer competitive compensation and benefits packages. Job candidates and existing personnel often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to attract and retain highly qualified personnel. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train and integrate such employees, and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts, employee morale, productivity and retention could suffer, which could adversely affect our business, financial condition and results of operations. Our success depends on our ability to accurately and effectively update our ~~member~~ **members'** experience within our technology platforms. Our ~~member experiences~~ **experience sits** on a technology platform that has allowed for flexibility in our product development strategy. We have invested significantly for many years in engineering, product, and design in order to build out the platform and we operate a modern technology stack that allows for rapid development and deployment as well as integrations. We rely on our own internal engineering team as well as third- party software to develop and maintain our technology platforms. We require our technology platform to adapt and scale as we develop new products or change the way current products operate within our technology platforms. If we fail to adapt appropriately or if we are unable to effectively update our technology platforms to keep up with our members' expectations, we may be unable to provide a satisfactory user experience for our members which may result in the loss of memberships or future revenues. We rely on third- party payment processors to process payments made by members. We rely on a limited number of third- party payment processors and credit card issuers to process payments made by our members. If any of our third- party payment processors terminates its relationship with us, refuses to renew its agreement with us on commercially reasonable terms or places additional constraints on us, such as significant cash reserves beyond our capabilities, we may be unable to accept payments from certain credit cards or would need to find a replacement payment processor and may not be able to secure similar terms or replace such payment processor in an acceptable time frame. Furthermore, the software and services provided by our third- party payment processors may fail to meet our expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions, which could adversely affect our ability to attract and retain members or disrupt our operations. Nearly all payments made by our members are made by credit card, debit card or through third- party payment services, which subjects us to certain regulations and to the risk of fraud. We may in the future offer new payment options to members that may be subject to additional regulations and risks. We are also subject to a number of other laws and regulations relating to the payments we accept from our members, including with respect to money laundering, money transfers, privacy and information security, and these regulations may differ by locality and can be expected to change over time. ~~17~~ **We** have a history of net losses and may not be able to achieve or sustain profitability. We incurred net losses attributable to Inspirato Incorporated of \$ ~~22.5~~ **2.4** million, ~~\$ 51.8 million and~~ \$ 24.1 million and ~~\$ 51.8~~ million for the years ended December 31, ~~2021~~ **2024**, ~~2023~~ **and 2022** and ~~2022~~ **and 2023**, respectively. As of December 31, ~~2023~~ **2024**, we had an accumulated deficit of \$ ~~285.291~~ **8.2** million. Our accumulated deficit and net ~~losses~~ **loss and comprehensive loss** attributable to Inspirato Incorporated historically resulted ~~in part~~ from the substantial investments required to grow our business. We ~~expect to~~ **may or may not** continue making investments in our business in the future. These efforts may prove more expensive than currently anticipated, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Further, actions we are taking to review and optimize our business in alignment with our strategic priorities may not be as effective as anticipated. These or similar events may adversely affect our ability to achieve and sustain profitability. We may become involved in claims, lawsuits and other proceedings, including those related to potential health and safety issues and hazardous substances at our properties. We are involved in various legal proceedings relating to matters incidental to the ordinary course of our business and may be subject to additional legal proceedings from time to time. Legal proceedings can be time- consuming, divert management' s attention and resources and cause us to incur significant expenses or liabilities. The expense of litigation and the timing of this expense from period to period are difficult to estimate and subject to change and could adversely affect our financial condition and results of operations. In particular, the international nature of a portion of our operations and the number of countries in which we operate could subject us to increased risk of litigation in foreign jurisdictions, which may be lengthier, costlier or less predictable than comparable litigation in the United States. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes even where we have meritorious claims or defenses. Any of the foregoing could adversely affect our business, financial condition and results of operations. Risks Relating to Financial and Market Matters **Sales of our Class A Common Stock in the public market may cause the trading price to fall. Sales of a substantial number of shares of our Class A Common Stock, either in the form of resales by existing stockholders or sales by us pursuant to our at- the- market offering program or otherwise, could depress the trading price of our Class A Common Stock. Such sales could also result in resales of our Class A Common Stock by our other current stockholders, potentially leading to further decreases in the trading price of the Class A Common Stock.** The price of our common stock has been and may continue to be highly volatile, which may make it difficult for stockholders to sell our common stock when desired or at attractive prices. ~~The~~ **Historically, the** market price of our ~~common~~ stock is highly volatile and ~~we expect it~~ **is possible for the volatility** to continue ~~to be volatile for the foreseeable future~~. Adverse events including volatility in our operating results, regulatory developments, changes in consumer discretionary spending, and changes in securities analysts' estimates of our financial performance could negatively impact the market price of our common stock. General market conditions, including the level of, and fluctuations in, the trading prices of securities generally could also have a similar negative impact. Further, we are an "emerging growth company" with reduced public company reporting requirements; we have identified material weaknesses in our internal controls related to financial reporting; and we have restated our previously issued ~~condensed~~ **Condensed** Consolidated Financial Statements for the quarterly periods ended March 31, 2022 and June 30, 2022 due to errors in our **Condensed** Consolidated Financial Statements. Each of these

factors may cause reduced investor confidence, limit our ability to raise capital and increased volatility to the market price of our common stock. Similar factors could also affect the trading price of our Public Warrants. **A small number of** ~~We are~~ **substantially controlled by Payam Zamani, who is able to exert a significant degree of influence over our operations and the outcome of stockholder votes. This limits the ability of other** stockholders to influence ~~have substantial control over the~~ Company. ~~A small number of stockholders have substantial control over the Company, and this significant concentration of ownership may have a negative impact on the trading price for our~~ **management and policies. As of December 31, 2024, Payam Zamani, our Executive Chairman and CEO, beneficially owns approximately 32 % of our outstanding** Class A common stock ~~not including~~ , par value \$ 0.0001 per share ~~shares (“ Class A Common Stock”)~~ because **issuable upon the exercise of warrants and approximately 48 % including shares issuable upon the exercise of warrants. Through this ownership and his role as officer and director, Mr. Zamani is able to exercise a substantial degree of control over the composition of our Board of Directors and our management and policies. Mr. Zamani's level of control could adversely affect** investors' **perceptions** often perceive disadvantages in owning stock in companies with controlling stockholders. In addition, these stockholders will be able to exercise influence over all matters requiring stockholder approval, including the election of **our** directors and approval of corporate transactions **governance**, such as a merger or other sale of the Company or our assets. This concentration of ownership could ~~limit~~ **limits the ability of** other stockholders' ability to influence corporate matters ~~our Company~~ and may have the effect of delaying or preventing a change in control ~~of~~, including a merger, consolidation or ~~our Company~~ other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that ~~the~~ change in control would benefit ~~the our~~ other stockholders. In addition, should these stockholders sell some or all of their shares, this may negatively impact the market price of Class A Common Stock. The Company has Public Warrants that it may amend or redeem. We have outstanding certain Public Warrants (as defined in Note 3 – **Reverse Recapitalization** to our Consolidated Financial Statements **included elsewhere in this Annual Report on Form 10-K**). We may amend the terms of the Public Warrants in a manner adverse to a holder if holders of at least a majority of the then outstanding Public Warrants approve of such amendment. Examples of such amendments could be amendments to, among other things, increase the exercise price ~~180f of~~ the Public Warrants, convert the Public Warrants into stock or cash, shorten the exercise period or decrease the number of warrant shares issuable upon exercise of a Public Warrant. Further, we may redeem outstanding Public Warrants in certain circumstances. Redemption of the outstanding Public Warrants could force warrant holders (i) to exercise their Public Warrants and pay the exercise price at a time when it may be disadvantageous for them to do so, (ii) to sell their Public Warrants at the then- current market price when they might otherwise wish to hold their Public Warrants or (iii) to accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of their Public Warrants. We have existing debt and may in the future require additional capital to continue to operate, which might not be available in a timely manner, on acceptable terms or at all. The issuance of additional securities may adversely affect existing stockholders. We cannot be certain when or if our operations will generate sufficient cash to fund our ongoing operations or the growth of our business. We intend to make investments to support our current business and may require additional funds to respond to business challenges, including the need to develop new features or enhance our software, improve our operating infrastructure or acquire complementary businesses and technologies. Additional financing may not be available on favorable terms, if at all. If adequate funds are not available on acceptable terms, we may be unable to satisfy existing obligations or invest in our future growth opportunities, which could harm our business, operating results and financial condition. Holders of our debt have rights senior to holders of our Class A Common Stock to make claims on our assets. The terms of any future debt could restrict, and the Note (as defined in Management' s Discussion and Analysis of Financial Condition and Results of Operations — “Overview — Capital One Ventures **Investment and Strategic Partnership and Investment**”) currently restricts, our operations, including our ability to pay dividends on our Class A Common Stock. If we issue additional equity securities in the future, including pursuant to our 2021 Equity Incentive Plan (the “ 2021 Plan ”), **or our at- the- market offering program**, stockholders will experience dilution, and ~~the any~~ new **class of** equity securities **issued** could have rights senior to those of our Class A Common Stock. Because the decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future issuances of debt or equity securities. As a result, stockholders will bear the risk that future issuances of debt or equity securities will reduce the value of their Class A Common Stock and dilute their interest. Further, servicing our existing and potential future debt, including the Note, may require a significant amount of cash, and we may not have sufficient cash flow from our business to satisfy our obligations. In particular, we may not have the ability to raise the funds necessary to repurchase the Note if and when required under the terms of the Note, and our future debt may contain limitations on our ability to repurchase the Note. The Note and related documents contain restrictions that will limit our flexibility in operating our business ~~and~~. **In addition**, the issuance of ~~our~~ **shares of Class A** Common Stock upon conversion of the Note could be significantly dilutive and may depress the market price of our Class A Common Stock. **Failure to maintain minimum liquidity requirement under the Master Services Agreement with Capital One Services LLC could adversely affect our business and financial condition. Our Master Services Agreement with Capital One requires us to maintain a minimum liquidity balance of \$ 10 million. On March 21, 2025, the Company entered into a twelve month Forbearance and Amendment Agreement with Oakstone Ventures, Inc. (an affiliate of Capital One), the holder of the Company' s 8 % Senior Secured Convertible Note due 2028. Pursuant to the agreement, Oakstone agreed to forbear from exercising its contractual right under the Note to require redemption in the event the Company fails to meet the minimum liquidity threshold (as defined in the related commercial agreements) during the forbearance period. The agreement is intended to provide the Company with increased operational flexibility as it continues to pursue long- term strategic initiatives. All other terms of the Note remain unchanged. If we fail to meet this liquidity requirement in the future, Capital One may exercise its contractual rights, which could include terminating the**

agreement, imposing additional fees, or demanding immediate payment of outstanding obligations. We do not currently have sufficient liquidity to pay those obligations if they became due and our ability to obtain such liquidity, if and when needed, in a timely manner and on acceptable terms is uncertain. Such actions could significantly disrupt our operations, limit our access to necessary capital, and adversely affect our ability to maintain customer relationships and meet our financial obligations. Furthermore, a breach of this liquidity covenant could impair our reputation with other financial partners, leading to increased borrowing costs or reduced access to future financing. Our ability to maintain this minimum liquidity balance depends on various factors, including our operating cash flow, capital expenditures, and other liquidity needs. If we are unable to generate sufficient cash flow from our operations or secure alternative sources of financing, we may be at risk of non-compliance with this requirement subsequent to the period covered by the forbearance. Any inability to maintain the \$ 10 million liquidity threshold could materially and adversely impact our financial condition, results of operations, and business prospects.

There can be no assurance that our securities will continue to be listed on Nasdaq or that we 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. Operating as a public company requires us to incur substantial costs and substantial management attention. In addition, key members of our management team have limited experience managing a public company. Further, there can be no assurance that our securities will continue to be listed on Nasdaq or that we will be able to comply with the continued listing standards of Nasdaq. From February 2022 through ~~September 2023~~, we ~~are currently~~ received four notices from Nasdaq that we were not in compliance with ~~the various Nasdaq listing standards, including standards relating to the minimum number of Nasdaq stockholders, failure to file Exchange Act reports in a timely manner, the failure to maintain the minimum trading price of our Class A Common Stock and having a majority of our directors be independent. Although we have been able to regain compliance with each of these standards, our ability to continue to satisfy all relevant standards is uncertain. In addition, in November 2023, we received a notice from Nasdaq that we were no longer in compliance with the Nasdaq listing standard relating to the minimum market value of publicly held shares. Under applicable Nasdaq rules, the Company will have 180 calendar days from the date of the Notice, or until May 28, 2024, to regain compliance by meeting the continued listing requirements.~~ ~~Although~~ ~~September 2023~~, we ~~are currently~~ received four notices from Nasdaq that we were not in compliance with ~~the various Nasdaq listing standards, including standards relating to the minimum number of Nasdaq stockholders, failure to file Exchange Act reports in a timely manner, the failure to maintain the minimum trading price of our Class A Common Stock and having a majority of our directors be independent. Although we have been able to regain compliance with each of these standards, our ability to continue to satisfy all relevant standards is uncertain. In addition, in November 2023, we received a notice from Nasdaq that we were no longer in compliance with the Nasdaq listing standard relating to the minimum market value of publicly held shares. Under applicable Nasdaq rules, the Company will have 180 calendar days from the date of the Notice, or until May 28, 2024, to regain compliance by meeting the continued listing requirements.~~ If Nasdaq delists the Company’s securities from trading on its exchange for failure to meet the listing standards, the Company and our stockholders could face significant negative consequences including: • limited availability of market quotations for the Company’s securities; • a determination that our Class A Common Stock is a “ penny stock ” which will require brokers trading in our Class A Common Stock to adhere to more stringent rules, • a possible reduction in the level of trading activity in the secondary trading market for shares of our Class A Common Stock; • a limited amount of analyst coverage; and • a decreased ability to issue additional securities or obtain additional financing in the future. Our management has identified material weaknesses in our internal control over financial reporting. Our management has identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls or effective disclosure controls and procedures, which may result in material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations. Further, the material weaknesses in our internal control may result in challenges related to the completeness and accuracy of data used for internal decision making and external reporting as well as the failure to monitor key performance indicators to understand financial performance and make sound business decisions. Due to errors in our **Condensed** Consolidated Financial Statements related to material weaknesses in our internal control over financial reporting, we restated our previously issued ~~condensed~~ **Condensed** Consolidated Financial Statements for the quarterly periods ended March 31, 2022 and June 30, 2022, which resulted in unanticipated costs and may have adversely affected investor confidence, our stock price, our ability to raise capital in the future and our reputation, and has resulted in stockholder litigation and may result in more stockholder litigation or regulatory actions. In particular, on February 16, 2023, a class action lawsuit was filed in the U. S. District Court in the District of Colorado captioned Keith Koch, Individually and on behalf of all others similarly situated v. Inspirato Incorporated, Brent Handler, and R. Webster Neighbor to recover damages allegedly caused by violations of federal securities law in connection with the restatements. Other potential plaintiffs may also file additional lawsuits in connection with the restatement. The outcome of any such litigation is uncertain. The defense or settlement of this litigation and any future additional litigation could be time-consuming and expensive, divert the attention of management away from our business, and, if any litigation is adversely resolved against us, could have a material adverse effect on our financial condition. Any additional regulatory consequences, litigation, claim or dispute, whether successful or not, could subject us to additional costs, divert the attention of our management, or impair our reputation. Each of these consequences could have a material adverse effect on our business, results of operations and financial condition. ~~Risks~~ **We have entered into a Related-related party transaction that may expose us to risks of conflicts of** ~~Our Organizational Structure~~ **Our principal asset is our controlling interest in Inspirato, increased scrutiny and unfavorable outcomes. On August 12, 2024, we entered into an investment agreement (the “ Investment Agreement ”) with One Planet Group LLC (“ One Planet Group ”), and we are dependent upon Inspirato LLC and its consolidated subsidiaries for our results of operations, cash flows and distributions. We are a Delaware holding company and have no material assets other than our ownership of limited liability company interests of Inspirato LLC (the “ Purchaser New Common Units ”). As such, we have no independent means of generating revenue or cash flow, and our ability to ~~sell~~ **2** pay taxes and operating expenses, including payments under the tax receivable agreement discussed below (the “ Tax Receivable Agreement ”), or declare and pay dividends in the future, if any, are dependent upon the results of operations and cash flows of Inspirato LLC and its consolidated subsidiaries and distributions we receive from Inspirato LLC. **9 million** Subject to the obligation of Inspirato LLC to make tax distributions and to reimburse us for corporate and other overhead expenses, the Inspirato LLC Board will have the right to determine when distributions will be made to the Inspirato LLC unitholders and the amount of any such distributions. If the Inspirato LLC Board authorizes a distribution, such distribution will**

be made to the Inspirato LLC unitholders, including the Company, on a pro rata basis in accordance with their respective percentage ownership of New Common Units. However, we are not required to distribute any corresponding amounts as dividends to the holders of our Class A Common Stock. Further, because the Company may have liabilities for taxes under the Tax Receivable Agreement or otherwise, any amounts we may distribute as dividends to the holders of our Class A Common Stock could be less on a per share basis than the amounts distributed by Inspirato LLC to the holders of New Common Units on a per unit basis. We are required to pay the Continuing Inspirato Members and Blocker Stockholders for certain tax benefits we may claim, and it is expected that the payments we are required to make may be substantial. Exchanges or redemptions of New Common Units for cash or shares of our Class A Common Stock are expected to produce favorable tax attributes for the Company. When the Company acquires New Common Units from Members of Inspirato LLC other than blocker corporations affiliated with certain institutional investors (the "Blockers", and the other Members of Inspirato LLC, the "Continuing Inspirato Members") through these exchanges or redemptions, anticipated tax basis adjustments are likely to increase (for tax purposes) our depreciation and amortization deductions and therefore reduce the amount of income tax we would be required to pay in the future in the absence of this increased basis. This increased tax basis may also decrease the gain (or increase the loss) on future dispositions of certain assets to the extent the tax basis is allocated to those assets. Under the Tax Receivable Agreement, we generally expect to retain the benefit of 15% of the applicable tax savings after our payment obligations as described below are taken into account. Under the Tax Receivable Agreement, we generally will be required to pay to the stockholders of the Blockers (the "Blocker Stockholders") or Continuing Inspirato Members, as applicable, 85% of the tax savings that we realized as a result of increases in tax basis in Inspirato LLC's assets resulting from the sale of New Common Units for the consideration paid pursuant to the Business Combination Agreement (as that term is defined in Note 1 to our Consolidated Financial Statements) and the exchange of New Common Units for shares of our Class A Common Stock (or cash), and certain pre-existing tax attributes of the Blocker Stockholders, as well as certain other tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement. The increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges or redemptions, the price of Class A Common Stock at \$ 3.43 per share the time of the exchange or redemption, whether such exchanges or redemptions are share taxable, the amount and timing of the taxable income we generate in the future, the U.S. federal and state tax rates then applicable, and the portion of our payments under the Tax Receivable Agreement constituting imputed interest. Payments under the Tax Receivable Agreement are expected to give rise to certain additional tax benefits attributable to either further increases in basis or in the form of deductions for imputed interest, depending on the circumstances. Any such benefits are covered by the Tax Receivable Agreement and will increase the amounts due thereunder. We anticipate that the payments that we will be required to make under the Tax Receivable Agreement may be substantial. To the extent that we are unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Nonpayment for a share specified period may constitute a material breach of Class A Common Stock a material obligation under the Tax Receivable Agreement and therefore may accelerate additional payments due under the Tax Receivable Agreement. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an aggregate purchase price acquisition, particularly in the case of \$ 10.0 million (the "One Planet Group Financing"). At the initial closing on August 13, 2024, the Purchaser acquired the first tranche of 1,335,271 shares for \$ 4.6 million. At the second closing on September 13, 2024, the Purchaser acquired the remaining 1,580,180 shares and the 2.9 million Investment Warrants for \$ 5.4 million. In addition, pursuant to the Investment Agreement, on December 9, 2024, the Purchaser exercised an additional option to acquire 728,863 additional shares of Class A Common Stock and 728,863 warrants each redeemable or for all a share of the tax benefits that may Class A Common Stock for \$ 3.43 per share for an aggregate purchase price of \$ 2.5 million. Each Investment Warrant can be deemed realized under exercised in exchange for a share of Class A Common Stock at \$ 3.43 per share and is exercisable for 5 years from issuance. In connection with the Tax Receivable exercise of the Purchaser's option, the Investment Warrant Agreement was amended to increase the Tax Receivable number of Investment Warrants issuable up to 3.6 million. The Purchaser named four new directors to the Inspirato Board of Directors pursuant to the Investment Agreement will be based, and the size of our Board of Directors remains at seven directors. Further, on October 22, 2024, we entered into two secondary investment agreements (collectively the tax reporting positions that "Secondary Investment Agreements") with two investors to sell a total of 757,576 shares of Class A Common Stock at \$ 3.96 per share, the closing price on October 22, 2024, for an aggregate purchase price of \$ 3.0 million. On February 24, 2025, the Purchaser exercised the Investment Warrants resulting in \$ 2.0 million of proceeds to Inspirato. In August of 2024, the Company entered into determines. Although we are not aware of any issue that would cause the U.S. Internal Revenue Service, or IRS, to challenge a tax basis increase or other -- the Lease Termination Surrender tax attributes subject to the Tax Receivable Agreement, if any subsequent disallowance of tax basis or other benefits were so determined by the IRS, generally it would not be reimbursed for any payments previously made under the Tax Receivable Agreement (although it would reduce future amounts otherwise the " Termination Agreement") of certain previously impaired, underperforming leases. Under the Termination Agreement, the Company agreed to pay a termination fee of \$ 6.6 million, subject to certain adjustments, payable under in installments from August 2024 to March 2025. As security for the Tax Receivable Agreement Company's obligation to pay the termination fee, One Planet Group agreed to guarantee such payment upon the occurrence of any of the following events: (i) As a result the Company's default in payment or performance of obligations, (ii) the Company's voluntary petition in bankruptcy or insolvency or (iii) any proceeding filed or brought against the Company. In exchange for One Planet Group's guarantee of the termination fee payment, the Company agreed to pay One Planet Group \$ 0.6 million ratably

over six months beginning January 2025. On December 11, 2024, the Board of Directors approved an amendment to the payment terms for One Planet Group's guarantee pursuant to which the Company issued to One Planet Group 177,515 shares of Class A Common Stock in lieu of the cash payments. The issuance could be required under the Tax Receivable Agreement in excess of the shares satisfied tax savings that the Company realizes in respect of the attributes to which the Tax Receivable Agreement relate. The amounts that we may be required to pay under the Tax Receivable Agreement may be accelerated in certain circumstances and may also significantly exceed the actual tax benefits that we ultimately realize. The Tax Receivable Agreement provides that if certain mergers, asset sales, other forms of business combination, or other changes of control were to occur or if, at any time, the Company elects an early termination of the Tax Receivable Agreement, then the Tax Receivable Agreement will terminate and our obligations, or our successor's obligations, with respect to make the payments owed in exchange for One Planet Group's guarantee and the settlement was reflected within the Consolidated Statements of Equity (Deficit) for the year ended December 31, 2024. Subsequent to the Investment Agreement with One Planet Group, the Company entered into various arrangements for expense reimbursements between One Planet Group and the Company relating to executive travel reimbursement and management consulting fees and may enter into other arrangements in the future. These transactions payments under the Tax Receivable Agreement would could accelerate and become immediately due and payable create actual or perceived conflicts of interest. In While these situations, transactions were reviewed and approved in accordance with our obligations under policies and procedures, such arrangements may not be negotiated on terms as favorable as the those Tax Receivable Agreement could have a substantial negative available in an arm's-length transaction with an unrelated third party. Transactions such as this may expose us to additional risks, including potential operational inefficiencies, limited recourse options, and impact on our liquidity and financial results. Any adverse developments related to these transactions could negatively impact have the effect of delaying, deferring or our preventing certain mergers, asset sales, other forms of business operations, combination or other changes of control. There can be no assurance that we will be able to finance financial condition, our or market perception obligations under the Tax Receivable Agreement. 21 Generally Additionally, increased regulatory oversight we will not be reimbursed for or shareholder dissatisfaction resulting from such transactions could create further operational or financial any payments made under the Tax Receivable Agreement in the event that any tax benefits are disallowed. If the IRS challenges the tax basis or other tax attributes that give rise to payments under the Tax Receivable Agreement and the tax basis or other tax attributes are subsequently required to be adjusted, generally the recipients of payments under the Tax Receivable Agreement will not reimburse us for any payments previously made to them. Risks Related Instead, any excess cash payments made by the Company under the Tax Receivable Agreement will be netted against any future cash payments that the Company might otherwise be required to Our Organizational Structure make under the terms of the Tax Receivable Agreement. However, a challenge to any tax benefits initially claimed by the Company may not arise for a number of years following the initial time of such payment or, even if challenged early, such excess cash payment may be greater than the amount of future cash payments that the Company might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments to net against. The applicable U. S. federal income tax rules are complex and factual in nature, and there can be no assurance that the IRS or a court will not disagree with our tax reporting positions. As a result, it is possible that we could make cash payments under the Tax Receivable Agreement that are substantially greater than our actual cash tax savings. Changes in our effective tax rate could harm our future operating results. The Company is subject to federal and state income taxes in the U. S. and in various international jurisdictions. Our provision for income taxes and our effective tax rate are subject to volatility and could be adversely affected by several factors, including: ● earnings being lower than anticipated in countries that have lower tax rates and higher than anticipated in countries that have higher tax rates; ● effects of certain non-tax-deductible expenses, including those arising from the requirement to expense stock-based compensation; ● changes in the valuation of our deferred tax assets and liabilities; ● adverse outcomes resulting from any tax audit, including transfer pricing adjustments with respect to intercompany transactions; ● limitations on our ability to utilize our net operating losses and other deferred tax assets; and ● changes in accounting principles or changes in tax laws and regulations, or the application of tax laws and regulations, including those relating to income tax nexus or possible U. S. changes to the deductibility of expenses attributable to foreign income or the foreign tax credit rules. Significant judgment is required in the application of accounting guidance relating to uncertainty with respect to income taxes. If tax authorities challenge our (including Inspirato LLC's) tax positions, any such challenges that are settled unfavorably could adversely impact our Consolidated Financial Statements provision for income taxes. Additionally, as the Inspirato LLC Members continue to exchange their New Common Units for shares of our Class A Common Stock, we will be responsible for a greater share of the tax payments due as a result of Inspirato LLC's operations. Our structure and intercompany arrangements cause us to be subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which could materially adversely affect our business, financial condition, results of operations and prospects. We generally conduct our international operations through wholly-owned subsidiaries and are or may be required to report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by tax authorities in various jurisdictions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of such jurisdictions, including the U. S., to our international business activities, changes in tax rates, new or revised tax laws, interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our structure and intercompany arrangements. The relevant tax authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. 22 If existing tax laws, rules or regulations are amended, or if new unfavorable tax laws, rules or regulations are

enacted, including with respect to occupancy, sales, value-added, excise, withholding or revenue-based taxes, unclaimed property or other tax laws applicable to multinational businesses, the results of these changes could increase our tax liabilities. Possible outcomes include double taxation, multiple levels of taxation, or additional obligations, prospectively or retrospectively, including the potential imposition of interest and penalties. If such costs are passed on to our members, demand for our products and services could decrease, or there could be increased costs to update or expand our technical or administrative infrastructure, or the scope of our business activities could be effectively limited should we decide not to conduct business in particular jurisdictions. We are subject to federal, state and local income, sales and other taxes in the U. S. and income, withholding, transaction and other taxes in numerous foreign jurisdictions. Evaluating our tax positions and our worldwide provision for taxes is complicated and requires exercising significant judgment. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles, and interpretations. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could differ materially from our historical tax provisions and accruals, which could have an adverse effect on our results of operations or cash flows in the period or periods for which a determination is made. There is also a high level of uncertainty in today's tax environment stemming from both global initiatives and unilateral measures being implemented by various countries due to a lack of consensus on these global initiatives. Tax authorities may successfully assert that we should have collected, or in the future should collect, sales and use, value added or similar taxes, and we could be subject to substantial liabilities with respect to past or future sales, which could materially adversely affect our business, financial condition and results of operations. We currently collect and remit applicable sales taxes and other applicable transfer taxes in jurisdictions where we, through our employees or economic activity, have a presence and where we have determined, based on applicable legal precedents, that our business activities are classified as taxable. We do not currently collect and remit state and local excise, utility user, or ad valorem taxes, fees or surcharges in jurisdictions where we believe we do not have sufficient "nexus." The application of indirect taxes, such as sales and use, value added, goods and services, business, and gross receipts taxes, to businesses that transact online, such as ours, is a complex and evolving area. There is uncertainty as to what constitutes sufficient nexus for a state or local jurisdiction to levy taxes, fees and surcharges on sales made over the Internet, and there is also uncertainty as to whether our characterization of our traveler accommodations in certain jurisdictions will be accepted by state and local tax authorities. It is possible that we could face indirect tax audits and that one or more states, local jurisdictions or foreign tax authorities could seek to impose additional indirect or other tax collection and record-keeping obligations on us or may determine that such taxes should have, but have not been, paid by us. There are substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous markets in which we conduct or may conduct business. The application of existing or future indirect tax laws, whether in the U. S. or internationally, or the failure to collect and remit such taxes, could materially adversely affect our business, financial condition and results of operations. Risks Related to Intellectual Property and Data Privacy We face risks related to our intellectual property. Our intellectual property is important to our success, and we rely on domain name registrations, registered and unregistered trademarks, copyright law, trade secret protection and confidentiality and / or license agreements with our employees, third party providers, partners and others to protect our proprietary rights. We have also applied for patent rights with respect to certain aspects of our technology. We endeavor to defend our intellectual property rights diligently, but intellectual property litigation is expensive and time-consuming and may divert managerial attention and resources from our business objectives. We may not be able to successfully defend our intellectual property rights, which could have a material adverse effect on our business, brand and results of operations. From time to time, in the ordinary course of business, we may be subject to legal proceedings and claims relating to the intellectual property rights of others, and we expect that third parties will continue to assert intellectual property claims, in particular trademark claims, against us. Successful claims against us could result in a significant monetary liability or prevent us from operating our business or portions of our business. In addition, resolution of claims may require us to obtain licenses to use intellectual property rights belonging to third parties, which may be expensive to procure, or to cease using those rights altogether. Any of these events could have a material adverse effect on our business, results of operations and financial condition. 23 Our technology contains third-party open-source software components, and failure to comply with the terms of the underlying open-source software licenses could restrict our ability to operate as intended or could increase our costs. Certain of our owned and third-party technology contains software modules licensed to us by third-party authors under "open-source" licenses. Use and distribution of open-source software may entail greater risks than use of third-party commercial software, as open-source licensors generally do not provide support, warranties, indemnification or other contractual protections regarding infringement claims or the quality of the code. In addition, the public availability of such software may make it easier for others to compromise or copy our technology. Some open-source licenses contain requirements that could obligate us to make available source code for modifications or derivative works we create based upon the type of open-source software we use or grant other licenses to our intellectual property. If we combine our proprietary software with open-source software in a certain manner, we could, under certain open-source licenses, be required to release the source code of our proprietary software to the public. This may allow our competitors to create similar offerings with lower development time and effort and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all of our software. Although we monitor our use of open-source software to avoid subjecting our technology to conditions we do not intend, the terms of many open-source licenses have not been interpreted by U. S. or foreign courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our technology. From time to time, there have been claims challenging the use of open-source software against companies that incorporate open-source software into their solutions. As a result, we could be subject to lawsuits by

parties claiming violation by us of the terms of an open- source license or ownership of what such parties believe to be their open- source software. Moreover, we cannot provide assurance that our processes for controlling our use of open- source software in our technology will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open- source software license, we could face infringement or other liability or be required to seek costly licenses from third parties to continue providing our offerings on terms that may not be economically feasible, re- engineer our technology, discontinue or delay the provision of our offerings if re- engineering could not be accomplished on a timely basis or make generally available, in source code form, our proprietary code, any of which could adversely affect our business, financial condition and results of operations. Our storage, use, disclosure and other processing of personal data **and other sensitive information** exposes us to risks of internal or external security incidents and breaches and could give rise to liabilities and / or damage to reputation. The security of data ~~when engaging in electronic commerce~~ is **essential critical** to maintaining consumer confidence. Among other things, we may collect members' credit card data, proof of identity and other Personal Identifiable Information (" PII ") as part of our business process. Additionally, we collect and process other personal information, such as the PII of our employees and contractors, and we process and maintain other confidential and proprietary information, such as our confidential and proprietary business information. Cyberattacks and other attempts to obtain unauthorized access to systems or data by individuals, groups of hackers and state- sponsored organizations are increasing in frequency and sophistication . **The growing integration of artificial intelligence (" AI") into cyberattack methods has further heightened risks, enabling attackers to execute more targeted, automated, and are constantly evolving adaptive attacks, such as deepfake fraud, AI-generated phishing schemes and advanced malware development** . Because our members are generally high- income or high net- worth individuals, we may be particularly attractive as a target for cyberattacks and other attacks. **Internally, our use of AI- driven decision- making and predictive modeling may introduce additional risks, including potential reliance on inaccurate or biased data, unintended consequences from algorithmic decision- making and operational disruptions caused by errors or failures in AI systems. Inaccuracies or flaws in these models could result in suboptimal business decisions, reputational harm, regulatory scrutiny or financial losses. As the prevalence of AI increases, ensuring transparency, reliability and proper oversight of AI applications is critical to mitigating these risks.** Security incidents and breaches may **result from** also occur due to misuse or misappropriation of members' PII **or sensitive information** by employees , or third- party contractors . Additionally, ~~or we make use of third- party service providers to store and otherwise process data on our behalf,~~ **which** and they face similar risks of security incidents and breaches and may suffer from security vulnerabilities or malicious code and may introduce them to our systems. Any security incident, breach or other cyberattack ; ~~— whether instigated internally--~~ **internal** or, ~~externally--~~ **external** on, our- ~~or involving systems or third parties —~~ **party systems, or even** the perception that any ~~of one could harm our reputation, operations, and financial results. Advances in technology, such breach or incident has--~~ **as** occurred, could significantly harm our reputation and therefore our business, brand, market share and results of operations. It is possible that computer circumvention capabilities, new discoveries or advances (e. g., Artificial Intelligence (" AI ") or other developments, **and evolving cyber threats like** including our own acts or omissions, could result in a compromise of systems used in our business or a security incident or breach impacting member data or other data stored or processed by us or on our behalf. For example, malicious actors may attempt to fraudulently induce employees, contractors, travel service provider partners or consumers to disclose usernames, passwords or other sensitive information (" phishing "), which may in turn be used to access our information technology systems, defraud our partners or members, encrypt our systems so they cannot be used until we pay a ransom (" ransomware , ") or use our processing power for the mining of cryptocurrencies (" cryptojacking "). Third parties may also attempt to take over members' accounts by using passwords, usernames and other personal information obtained elsewhere (" social engineering ") **increase these risks** . **As we expand** We have experienced targeted and **process** organized phishing and social engineering attacks and may experience more data, in the future. **These these risks are likely to increase as we expand grow. Despite our efforts to safeguard information, incidents may still our occur , leading to business losses and store and process more data , including personal information reputational damage, and disruption of services** . Our efforts to protect information from unauthorized access may ~~We have had security incidents primarily through phishing attempts, however, all were addressed and remediated and none of the incidents would be considered unsuccessful or may result in the rejection~~ **24** of legitimate attempts to book reservations, each of which could result in lost business and have a material adverse effect on our- **or require disclosure** business, reputation and results of operations. Our existing security measures may not be successful in preventing security incidents or breaches. A party (whether internal, external, an affiliate or unrelated third party) that is able to circumvent our security systems could gain unauthorized access to our systems and steal, modify, encrypt or otherwise render unavailable, destroy, disclose or otherwise without authorization process member information, transaction data or other information. In the last several years, major companies experienced high- profile security breaches that exposed their systems and information and / or their **consumers customers** ' or employees' PII, and it is expected that these types of events will continue to occur. It is virtually impossible for us to eliminate these risks, particularly as the frequency and sophistication of cyberattacks increases . ~~For example, cybersecurity researchers have warned of potential increases in cyberattack activity in connection with Russia's activities in Ukraine~~ . Additionally, the security risks we and our third- party service providers face are heightened by many of our respective employees and service providers working remotely. Security incidents or breaches, including ransomware attacks and other cyberattacks and attacks introducing other types of malicious code, could result in severe disruptions of and damage to our information technology infrastructure, including damage that could impair our ability to book stays, collect payments or otherwise operate our business, or the ability of consumers to make reservations or access our properties or in- room features and services, as well as loss or other unauthorized processing of member, financial or other data that could materially and adversely affect our ability to conduct our business or satisfy our commercial obligations. Cybersecurity incidents or breaches, or the perception that any of these has occurred, could also result in negative publicity, damage our reputation, expose us to risk

of loss or litigation and possible liability, subject us to regulatory investigations and other proceedings, penalties and sanctions or cause consumers to lose confidence in our security and not use our services, any of which may have a negative effect on our brand, market share, results of operations and financial condition. Our insurance policies have coverage limits which may not be adequate to reimburse us for all losses caused by security incidents or breaches. We also face risks associated with security incidents and breaches affecting third parties conducting business over the Internet. Consumers generally are concerned with security and privacy on the Internet, and any publicized security problems could negatively affect consumers' willingness to provide private information or affect online commercial transactions generally. Additionally, our members could be affected by security incidents and breaches at third parties such as travel service providers. A security incident or breach impacting any such third party could be perceived by consumers as a security breach or incident impacting our systems and could result in negative publicity, subject us to notification requirements, damage our reputation, expose us to risk of loss or litigation and possible liability and subject us to regulatory penalties and sanctions. In addition, such third parties may not comply with applicable disclosure requirements, which could expose us to liability. If we fail to comply with federal, state and foreign laws and regulations relating to privacy, data protection and information security, we may face potentially significant liability, negative publicity and an erosion of trust, and increased regulation could materially adversely affect our business, results of operations and financial condition. In our processing of travel transactions and information about members and their stays, we receive and store data, including personal data and other data relating to individuals. Numerous federal, state, local and international laws and regulations relate to privacy, data protection, information security and the storing, sharing, use, transfer, disclosure protection and other processing of personal information and other content, the scope of which are changing, subject to differing interpretations, and may be inconsistent among jurisdictions or conflict with other rules. These laws and regulations relating to privacy, data protection and information security are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. For example, the General Data Protection Regulation (the "GDPR") promulgated by the European Union (the "EU") provides for penalties for noncompliance of up to the greater of € 20 million or four percent of worldwide annual revenues. The **decision by the** Court of Justice of the European Union ("the CJEU") **decision** to not recognize the U. S. – EU Privacy Shield and other future legal challenges also could result in Inspirato being required to implement duplicative, and potentially expensive, information technology infrastructure and business operations or could limit our ability to collect or process personal information in Europe or other regions, may necessitate additional contractual negotiations and may serve as a basis for our personal data handling practices, or those of our service providers or other third parties we work with, to be challenged. Any of these or other changes or developments impacting cross-border data transfers could disrupt our business and otherwise adversely impact our business, financial condition and operating results. The number of data protection laws globally is rising as more jurisdictions explore new or updated comprehensive data protection regimes or propose or enact other laws or regulations addressing local storage of data or other matters. **25** **In** the U. S., the California Consumer Privacy Act (the "CCPA") went into effect on January 1, 2020. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and afford such consumers new abilities to access and delete their personal information and to opt-out of certain sales of personal information. The California Privacy Rights Act (the "CPRA"), which became effective January 1, 2023, significantly modifies the CCPA and further aligns California privacy laws with the GDPR. Similar legislation has been proposed or adopted in other states. For example, Virginia, Colorado, Utah, and Connecticut have all enacted omnibus privacy legislation that went into effect in 2023. These state laws in Virginia, Colorado, Utah and Connecticut share similarities with the CCPA, CPRA and legislation proposed in other states. Aspects of the CCPA, the CPRA and these other state laws and regulations, as well as their enforcement, remain unclear. Additionally, the U. S. federal government is contemplating data security and privacy legislation. We will need to closely monitor developments, including enforcement actions or private litigation under the GDPR, CCPA, CPRA and other laws to determine whether we will need to modify our data processing practices and policies, which may result in us incurring additional costs and expenses in an effort to comply. We are also subject to the terms of our privacy policies and contractual obligations to third parties related to privacy, data protection and information security and may be subject to other actual or asserted obligations, including industry standards, relating to privacy, data protection and information security. We strive to comply with applicable laws, regulations, policies and other legal obligations relating to privacy, data protection and information security to the extent possible. However, the regulatory frameworks for privacy, data protection and information security worldwide are evolving rapidly, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to members or other third parties, applicable laws or regulations or any of our other legal obligations could materially adversely affect our business. Additionally, if third parties we work with, such as subprocessors, vendors or developers, violate applicable laws or regulations, contractual obligations or our policies, or if it is perceived that such violations have occurred, such actual or perceived violations may also have an adverse effect on our business. Further, any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security, disclosure or other processing of data, or regarding the manner in which the express or implied consent of users for the collection, use, retention, disclosure or other processing of data is obtained, could increase our costs and require us to modify our business practices. Cybersecurity incidents could have adverse effects on our business. We have implemented enhanced security measures to safeguard our systems and data, and we intend to continue implementing additional measures in the future. Our measures may not be sufficient to maintain the confidentiality, security, or availability of the data we collect, store, and use to operate our business. Security measures implemented by our service providers or other third parties or their service providers also may not be sufficient. Efforts to hack or circumvent security measures, efforts to gain unauthorized access to, exploit or disrupt the operation or integrity of our data or systems, failures of systems or software to operate as designed or intended, viruses, "ransomware" or other malware, "supply chain" attacks, "phishing" or other types of business

communications compromises, operator error, or inadvertent releases of data could impact our information systems and records or those of our service providers or other third parties. Security measures, no matter how well designed or implemented, may only mitigate and not fully eliminate risks, and security events, when detected by security tools or third parties, may not always be immediately understood or acted upon. Our reliance on computer, Internet-based, and mobile systems and communications, and the frequency and sophistication of efforts by third parties to gain unauthorized access or prevent authorized access to such systems, have greatly increased in recent years. Our increased reliance on cloud-based services and on remote access to information systems increases our exposure to potential cybersecurity incidents. Any significant theft of, unauthorized access to, compromise or loss of, loss of access to, or fraudulent use of **our data or our member members ' or our** data could adversely impact our reputation and could result in legal, regulatory and other consequences, including remedial and other expenses, fines, or litigation. Depending on the nature and scope of the event, compromises in the security of our information systems or those of our service providers or other third parties or other future disruptions or compromises of data or systems, could lead to future interruptions in, or other adverse effects on, the operation of our systems or those of our service providers or other third parties. This could result in operational interruptions and / or outages and a loss of profits, as well as negative publicity and other adverse effects on our business, **26 including lost sales, loss of consumer confidence, boycotts, loss of members, litigation, diminished satisfaction, and / or retention and recruiting difficulties, all of which could materially affect our market share, reputation, business, financial condition and operating results.**