

Risk Factors Comparison 2025-03-03 to 2024-02-29 Form: 10-K

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Readers should carefully consider the risks described below before making an investment decision. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and investors may lose all or part of their investment. Risks Related to Allegiant Regulatory review of Boeing's operations could delay its production schedule, which could impact us as any delivery delays may result in lower profitability than expected and delayed growth as well as bad publicity and other consequences. We are relying on Boeing to deliver our new 737 MAX aircraft to support airline growth and to replace aircraft we have designated for retirement **or whose leases are expiring**. The FAA is working with Boeing to address quality control procedures at Boeing and its suppliers in the aftermath of the ~~recent~~ **2024** emergency landing of an Alaska Airlines Boeing 737 MAX 9 aircraft and subsequent temporary grounding of all 737 MAX 9 aircraft pending inspections of the door plug which was the source of the issue. As part of the focused attention on Boeing's production, inspection and quality assurance processes, the FAA has indicated that aircraft production rates will be capped until they are fully satisfied with Boeing's quality practices. **Although deliveries under the contract have begun and we have accepted delivery of seven aircraft as of February 21, 2025, these** ~~these~~ factors could delay **future** deliveries to us. **As a result, our expectation of the number of deliveries in each year differs from the contractual provisions**. Delays in delivery will likely delay our ability to capitalize on the expected profitability from the addition of these aircraft to our fleet, **increase maintenance costs for aircraft that would have otherwise been retired** and increase our interest costs for funds borrowed for pre-delivery deposits. In addition, our inability to add these aircraft to our operating fleet as planned may adversely impact our unit costs as fewer available seat miles will be produced without these aircraft in our operating fleet and given our announced plan to retire certain of our Airbus aircraft. We are also counting on the timely addition of our firm 737 MAX order to meet environmental goals we have published in our ~~2022~~ sustainability ~~report~~ **reports**. Any subsequent FAA action or any future adverse 737 MAX events or safety concerns might disproportionately impact us as we rely on these new aircraft to augment our fleet as well as to replace aircraft to be retired. ~~Our firm order with Boeing calls for the delivery of a mix of 737 MAX-8200 aircraft and 737 MAX-7 aircraft. The -7 version has yet to be certificated by the FAA. These recent events will likely impact the timing of the -7 certification, which could affect our order.~~ As more than 1,100 737 MAX aircraft remain in service throughout the world and FAA oversight and Boeing process improvements should further assure the public regarding safety issues, we continue to believe that the addition of the 737 MAX aircraft will be safe, reliable and accretive to our profitability. However, negative publicity from these or future events could reflect poorly on our planned 737 service and our Company. Increases in fuel prices or unavailability of fuel would harm our business and profitability. Fuel costs constituted approximately ~~30-22, 4-8~~ percent of our total operating expenses in ~~2023-~~ ~~Although average fuel cost per gallon was lower in 2023 than 2022, the price per gallon as of early 2024 remains significantly higher than in prior years.~~ Significant increases in fuel costs have negatively affected our operating results in the past, and future fuel cost volatility could materially affect our financial condition and results of operations. Both the cost and availability of aircraft fuel are subject to many economic and political factors and events occurring throughout the world over which we have no control. Meteorological events may also result in short-term disruptions in the fuel supply. Aircraft fuel availability is also subject to periods of market surplus and shortage, and is affected by demand for heating oil, gasoline, and other petroleum products. Due to the effect of these events on the price and availability of aircraft fuel, our ability to control this cost is limited, and the price and future availability of fuel cannot be predicted with any degree of certainty. Due to the high percentage of our operating costs represented by fuel, a relatively small increase in the price of fuel could have a significantly negative impact on our operating costs. A fuel supply shortage or higher fuel prices could result in reduction of our service during the period affected. We have made a business decision not to purchase financial derivatives to hedge against increases in the cost of fuel. This decision may make our operating results more vulnerable to the impact of fuel price increases. **Our reputation and financial results could be harmed in the event of an accident or restrictions affecting aircraft in our fleet. As of February 1, 2024, our operating fleet consists of 126 Airbus A320 series aircraft, of which 13 were acquired new and 113 were acquired used. Our aircraft range from 5 to 26 years from their manufacture date at February 1, 2024, with an average age of 15.5 years.** An accident involving one of our aircraft, even if fully insured, could result in a public perception that we are less safe or reliable than other airlines, which would harm our business. Further, there is no assurance that the amount of insurance we carry would be sufficient to protect us from material loss. Because we are smaller than most airlines, an accident would likely adversely affect us to a greater degree than a larger, more established airline. ~~In addition, any other airline accident would receive national attention and could depress demand for air travel in general for a period of time.~~ In-flight emergencies affecting our aircraft, and resulting media attention, could also contribute to a public perception regarding safety concerns and a loss of business. The FAA could suspend or restrict the use of our aircraft in the event of actual or perceived mechanical problems or safety issues while it conducts its own investigation, whether involving our aircraft or another U.S. or foreign airline's aircraft. Our business could also be significantly harmed if the public avoids flying our aircraft due to an adverse perception of the aircraft we utilize because of safety concerns or other problems, whether real or perceived, or in the event of an accident involving these aircraft. ~~Our low-cost structure is one of our primary competitive advantages, and many factors could affect our ability to control our costs. Our low-cost structure is one~~ Increased labor costs, could result from industry conditions and could be impacted by labor-related disruptions. **As we indicate in " — Increases in fuel costs or unavailability of fuel could harm our business and profitability ", the cost of fuel is subject to many economic and political factors and events over**

which we have no control. In addition, we have limited control over airport and related costs, taxes, the cost of meeting changing regulatory requirements, our interest cost to access financing and the effect of inflation on our costs. If our unit costs increase and we are no longer able to maintain a competitive cost advantage, it could have a material adverse effect on our business, results of operations and financial condition as low costs enable us to offer low fares on which we rely to stimulate demand for our airline services. Increased labor costs could result from industry conditions and could be impacted by labor-related disruptions. Labor costs constituted approximately 30-29.0-8 percent of our total operating costs in 2023-2024, our second-largest expense line item. Labor costs are generally rising and there is much competition for qualified candidates. Further, we have four employee groups (pilots, flight attendants, flight dispatchers and maintenance technicians) which have elected union representation. These groups represent approximately 53-61.4-8 percent of our employees (full-time equivalent). In 2016, we reached a collective bargaining agreement with the International Brotherhood of Teamsters, representing our pilots. The pilot agreement is now has been amendable since and in 2022-2021 and in 2023, the parties jointly sought mediation through the National Mediation Board (the "NMB"). We continue to mediate with the union through the NMB. Pilot pay scales have increased significantly in the industry and we expect our next contract with this work group to reflect industry competitive rates which will be significantly higher than our current pilot rates. In the meantime and in recognition of these higher prevailing pilot pay rates, in May 2023, we began to accrue a retention bonus which will become payable to our pilots who remain with us until a new collective bargaining agreement is ratified. An agreement with the Transport Workers Union for the flight attendant group was approved in 2017 and became amendable in 2022. A new We reached a tentative agreement with this union, but the tentative agreement was rejected by ratified in April 2024 under which the flight attendants received in July 2023 by a 39 percent to 61 percent vote ratification bonus and will receive pay increases during the term of the agreement. As such, we continue to negotiate with this. This work group contract will become amendable in 2029. We also have agreements with the International Brotherhood of Teamsters for the our flight dispatchers and for our maintenance technicians. In 2023, we entered into agreements with both groups to increase pay rates and extend all other terms of the these agreement agreements by two years, extending the CBA amendable dates until 2026 for our flight dispatchers and until 2028 for maintenance technicians. Future union contracts with these, or other, work groups could put additional pressure on our labor costs. If we are unable to reach agreement on the terms of collective bargaining agreements in the future, or if we experience wide-spread employee dissatisfaction, higher attrition in these work groups, difficulty in hiring sufficient personnel or work slow downs or stoppages could have an adverse effect on our operations and future results. The inability to attract and retain qualified flight crew and other airline personnel could limit our growth plans and operations and adversely affect our business and results of operations. We compete against other U. S. airlines for pilots, aircraft maintenance technicians and other labor. Recently In 2023 and early 2024, there was has been a scarcity of pilots for hire. Due to COVID related early retirements, more pilots in mandatory age-related retirements, and pent-up consumer demand for travel, the industry experienced a period of unprecedented growth and hiring from virtually every carrier, which also drove significant increases in compensation through collective bargaining. This industry-wide growth slowed significantly in the second half of 2024, driven by aircraft availability (e. g., production delays), failed mergers, and the inability of certain carriers to execute on their plans to grow to profitability. While at the current time, we are appropriately staffed approaching mandatory retirement age and there our attrition rate is significant competition to hire new pilots. Attrition beyond normal levels stable, another unprecedented period of industry-wide growth and hiring could negatively impact or our the inability ability to attract new pilots could negatively impact our or retain our current growth, operations and results of operations. The scarcity of pilots and opportunities at other carriers could encourage our captains and first officers to leave our airline, exacerbating the challenge to maintain sufficient numbers of pilots to fly our published schedule and to grow our network. The lack of a new collective bargaining agreement with our pilots union (under now in negotiation since 2021) could also contribute exacerbate the challenge to attrition and serve as an impediment to our being able to hire and maintain sufficient numbers of pilots to fly our published schedule and to grow our network. Additionally Beyond pilot staffing, the entire airline industry, including our third party vendors, has experienced the same challenges during that period of unprecedented growth, and may continue to experience challenges in hiring and retaining other labor positions, such as aircraft maintenance technicians, ground handling and customer service agents, and flight attendants should that trend resurface. Our and our vendors' inability to attract and retain personnel for these positions could negatively impact our results of operations and growth plans. Additionally, we may be required to increase our wage and benefit packages, or pay increased rates to our vendors, to retain these positions. This would result in increased overall costs and may adversely impact our results of operations. Our reputation and financial results could..... event of an accident involving these aircraft. A breach in the security of personal information, breach in credit card data or system disruptions caused by security breaches or cyberattacks – including attacks on those parties we do business with – could harm our ability to conduct our operations and could have a material adverse effect on our financial position or results of operations. We receive, retain, and transmit certain personal information about our customers. Additionally, our online operations rely on the secure transmission of customer data. We use third party systems, integrated software, and advanced cyber security tools in order to protect the customer data we obtain through the course of our business. Although we use a variety of security techniques to protect customer information, a compromise of our physical or network security systems through a cyberattack would create the risk that customers' personal information might be obtained by unauthorized persons. In addition, such security related events could be widely publicized and could adversely affect our reputation with our customers, vendors and stockholders, could harm our competitive position particularly with respect to our e-commerce-commerce operations, and could thereby materially adversely affect our operations, revenues, results of operations and financial position. Consequences could include litigation, other legal actions against us, and / or the imposition of penalties, fines, fees or liabilities. We currently are self-insured against these risks. Moreover, a security compromise or ransomware event could disrupt flight operations, e-commerce, in part or whole, and / or require us to

devote significant management resources to address the problems created by the issue and to expend significant additional resources to further upgrade the security measures we employ to guard personal and confidential information against cyberattacks and other attempts to access or otherwise compromise such information and could result in a disruption of our operations, particularly our digital operations. The way organizations handle customer data is subject to increasing legislation and regulation, typically intended to protect the privacy of customer data received, retained, and transmitted. We could be adversely affected if we fail to comply with existing rules or practices, or if legislation or regulations are expanded to require changes in our business practices. These privacy developments are difficult to anticipate and could adversely affect our business, financial condition, and results of operations. We rely heavily on automated systems to operate our business and any failure of these systems could harm our business. We depend on automated systems to operate our business, including our air reservation system, telecommunication systems, our website, and other automated systems. Our continuing initiatives to enhance the capabilities of our automated systems could increase the risk of automation failures. Any failure by us to handle our automation needs could negatively affect our internet sales (on which we rely heavily) and customer service, and result in lost revenues and increased costs. Our website and reservation system must be able to accommodate a high volume of traffic and deliver necessary functionality to support our operations. Our automated systems cannot be completely protected against events that are beyond our control, such as natural disasters, telecommunications failures, malware, ransom ware, security breaches or cyber- security attacks. Although we have implemented security measures and have information systems disaster recovery plans in place, we cannot assure investors that these measures are adequate to prevent disruptions or losses. Substantial or repeated website, reservations system, or telecommunication system failures could decrease the attractiveness of our services. Any disruption to these systems could result in the loss of important data and revenue, increase in expenses, and harm to our business. Unfavorable economic conditions may adversely affect travel from our markets to our leisure destinations. The airline industry is particularly sensitive to changes in economic conditions. Unfavorable U. S. economic conditions have historically driven changes in travel patterns and have resulted in reduced discretionary spending for leisure travel. Unfavorable economic conditions could impact demand for airline travel in our under- served cities to our leisure destinations. During difficult economic times, we may be unable to raise prices in response to fuel cost increases, labor, or other operating costs, which could adversely affect our results of operations and financial condition. The successful operation of our Sunseeker Resort **is and ability to enter into a suitable arrangement with a capital partner are** dependent on commercial and economic factors, some of which are beyond our control. We opened Sunseeker Resort in Southwest Florida in December 2023 **and incurred significant operating losses in 2024. Although we are seeing improvement in recent months, we expect losses to continue in 2025.** The successful operation of the project will be subject to the usual risks of any new business, including risks of gaining sufficient interest from vacationers to stay in our hotel and suites, the desirability of the project’ s location, competition, retention of the management team, unfavorable weather, the ability to attract, train and retain sufficient numbers of suitable line employees and the ability to profitably operate the hotel and related offerings at the rates offered. **We have announced that we are in the process of seeking a capital partner to purchase the Resort or an interest in the Resort. We cannot assure investors whether or when we will be able to consummate such a transaction on acceptable terms or at all.** The success of our **proposed** alliance with VivaAerobus will depend on our ability to obtain necessary government approvals and other factors. We will be able to implement the joint alliance with VivaAerobus as planned only if the DOT grants us antitrust immunity, **and we receive similar assuming the continued** approval from Mexican authorities. Although we believe we should qualify for these approvals, there can be no assurance when or if we will be able to obtain them. DOT approval has now been held up indefinitely pending the outcome of diplomatic engagement on broader treaty issues. **We cannot assure investors that the change in Presidential administration will bring a resolution to this matter.** Many of the U. S. airports from which we hope to offer this service do not currently qualify to offer international service. The initiation of this service from these airports will depend on the airport satisfying the requirements for international service, for which we can provide no assurance. Prior to offering international service on our website, we will need to implement the necessary systems to accommodate international travel and to meet the various requirements imposed by the U. S. and Mexico. **Although in 2023, we have** implemented many of these systems. ~~However,~~ there is no assurance that these requirements will be met in time for the expected launch of these services. For Mexican routes to be operated by VivaAerobus, we will be relying on them to provide our customers with the quality flight experience our customers expect when traveling on our airline. Otherwise, the success of the joint alliance and our reputation may suffer. Increases in taxes could impact demand for our services. ~~In 2024~~ **At any time**, Congress may consider legislation that could increase the amount of Federal Excise Tax (“ FET ”) and / or one or more of the other government fees imposed on air travel. By increasing the overall price charged to passengers, any additional taxes or fees could lessen the demand for air travel or force carriers to lower fares to maintain demand. Increased taxes and fees per passenger may impact our load factors more than other airlines as our lower fares are designed to stimulate demand for our services, and taxes and fees may represent a higher proportion of our overall price than for other airlines. FAA limitations could impact our ability to grow in the future. As with all scheduled airlines, the FAA must approve each aircraft we utilize and each airport we serve. Although there are no generic restrictions on growth in place at the current time, future limitations from the FAA could potentially hinder our growth. Our indebtedness, debt service obligations and other commitments could adversely affect our business, financial condition and results of operations as well as limit our ability to react to changes in the economy or our industry and prevent us from servicing our debt and operating our business. Our debt and finance lease obligations as of December 31, ~~2023~~ **2024** totaled \$ 2. ~~26~~ **07** billion net of related costs. In addition, ~~in December 2021, we entered into~~ **are party to** a purchase agreement with The Boeing Company to purchase 50 Boeing 737 MAX aircraft, **of which 46** are expected to deliver in ~~2024, 2025, and 2026~~ **and 2027**. This indebtedness, the Boeing purchase agreement and other commitments with debt service and fixed charge obligations could: • make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including financial and other restrictive covenants, could result in an

event of default under agreements governing our indebtedness; • make it more difficult to satisfy our other future obligations, including our obligations to pay the purchase price in respect of current and future aircraft purchase contracts; • require us to dedicate a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available to fund internal growth through working capital, capital expenditures, and for other purposes; • limit our flexibility in planning for, or reacting to, changes in our business, the competitive environment, legislation and our industry; • make us more vulnerable to adverse changes in our business, economic, industry, market or competitive conditions and adverse changes in government regulation; • expose us to interest rate and pricing increases on indebtedness and financing arrangements as general interest rates rise; • restrict us from pursuing strategic acquisitions or exploiting certain business opportunities; • subject us to a greater risk of non-compliance with financial and other restrictive covenants in financing arrangements; • limit, among other things, our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, execution of our business strategy and other purposes or raise equity capital in the future and increasing the costs of such additional financings; and • place us at a competitive disadvantage compared to our competitors who may not be as highly leveraged or who have less debt in relation to cash flow. In addition, our ability to service our indebtedness will depend on our future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond our control and could materially adversely affect our business, results of operations, cash flows and financial condition. At maturity, or in the event of an acceleration of payment obligations, we may be unable to pay our outstanding indebtedness with our cash and cash equivalents then on hand. In such event, we would be required to seek alternative sources of funding, which may not be available on commercially reasonable terms, terms as favorable as our current agreements, or at all. If we are unable to refinance our indebtedness or find alternative means of financing our operations, we may be required to take actions that are inconsistent with our current business practices or strategy. Covenants in our senior secured notes, ~~and~~ revolving credit facility ~~and construction loan~~ could limit how we conduct our business, which could affect our long-term growth potential. As of December 31, ~~2023~~ **2024**, the principal balance of our Senior Secured Notes due 2027 (the "Senior Secured Notes") was \$ 550.0 million. ~~This~~ ~~and the principal balance of our Sunseeker construction loan was \$ 350.0 million. These loan agreements-~~ ~~agreement and~~ ~~as well as~~ one of our revolving credit facilities contain covenants limiting our ability to, among other things, make certain types of restricted payments, including paying dividends, incur debt or liens, merge or consolidate with others, dispose of assets, enter into certain transactions with affiliates, engage in certain business activities or make certain investments. In addition, ~~the loan agreements~~ ~~one of our revolving credit facilities~~ ~~contains~~ ~~contains~~ financial covenants, including requiring us, at the end of each calendar quarter ~~in which the facility is drawn to a certain extent~~, to maintain a maximum total leverage ratio and to maintain a minimum aggregate amount of liquidity of \$ 300.0 million. We have pledged our assets to secure the Senior Secured Notes and revolving credit facility with the exceptions of aircraft and aircraft engines, ~~the Sunseeker Resort and certain other exceptions~~. ~~The Sunseeker Resort is pledged to secure the \$ 350.0 million construction loan agreement to finance the construction of the Resort.~~ This will limit our ability to obtain debt secured by these pledged assets while these loans are outstanding. These loan agreements contain various events of default (including failure to comply with the covenants under the loan agreements), and upon an event of default the lenders may, subject to various cure rights, require the immediate payment of all amounts outstanding under the these loans. As a result of these restrictive covenants, we may be limited in how we conduct business, and we may be unable to raise additional debt or equity financing to operate during difficult times or to take advantage of new business opportunities. Any inability to obtain financing for aircraft under contract could harm our fleet growth plan. We typically finance our aircraft through debt financing ~~after purchase~~. ~~As~~ ~~Although we have entered into agreements which had undrawn financing commitments of \$ 25.1 million for our Boeing order at~~ ~~February 1, 2024~~ **2025**, ~~we have committed financing for our next four Boeing 737 MAX deliveries and~~ we have secured revolving lines of credit for up to \$ 275.0 million to offset the risk that financing may not be available on acceptable terms when needed ~~and~~. ~~while~~ ~~While~~ we believe debt financing will be available for the aircraft we will acquire, we cannot provide assurance that we will be able to secure such financing on terms attractive to us or at all. To the extent we cannot secure such financing on acceptable terms or at all, we may be required to modify our aircraft acquisition plans, incur higher than anticipated financing costs, or use more of our cash balances for aircraft acquisitions than we currently expect. Our maintenance costs may increase as our fleet ages. ~~The~~ ~~While~~ ~~we~~ ~~have~~ ~~introduced~~ ~~new~~ ~~Boeing~~ ~~737~~ ~~MAX~~ ~~aircraft~~ ~~to~~ ~~our~~ ~~fleet~~ ~~in~~ ~~late~~ ~~2024~~, ~~the~~ average age of our **Airbus** aircraft as of February 1, ~~2024~~ **2025**, is ~~15~~ **16** ~~5-0~~ years, which is older than the fleets of many other carriers. In general, the cost to maintain aircraft increases as they age, and exceeds the cost to maintain newer aircraft. FAA regulations, including aging aircraft airworthiness directives, require additional and enhanced maintenance inspections for older aircraft. These regulations can directly impact the frequency of inspections as an aircraft ages, and vary by aircraft or engine type, depending on the unique characteristics of each aircraft and / or engine. In addition, we may be required to comply with any future law changes, regulations, or airworthiness directives. We cannot assure investors our maintenance costs will not exceed our expectations. We rely on third parties to provide us with aircraft, facilities and services that are integral to our business. We rely on Boeing and ~~as applicable~~, the owners of used aircraft ~~under~~ ~~with whom we may~~ ~~contract~~ ~~in the future~~ to be able to deliver aircraft in accordance with the terms of executed agreements in a timely manner. Delivery schedules for newly built aircraft frequently slip which could delay deliveries to us. Our planned ~~initiation of~~ ~~induction into~~ service ~~of with these~~ aircraft ~~under contract for~~ ~~delivery~~ in the future could be adversely affected if Boeing or other third parties fail to perform as contractually obligated. See also Risk Factors- Regulatory review of Boeing's operations could delay its production schedule, which could impact us as any delivery delays may result in lower profitability than expected and delayed growth as well as bad publicity and other consequences. We have entered into agreements with third party contractors to provide certain facilities and services required for our operations, such as aircraft maintenance, ground handling, baggage services, and ticket counter space. Our reliance on others to provide essential services on our behalf gives us less control over costs and the efficiency, timeliness and quality of contract services. As our aircraft age ~~and as we add a new aircraft type~~, we will need to rely further on outside MRO (maintenance,

repair, overhaul) facilities to complete the necessary work. Currently, there is a concern about whether the capacity of the MRO's we use is sufficient to handle all of our needed maintenance as well as their other business. If not, the cost of our maintenance events may increase and delays may occur in servicing our aircraft which could result in fewer aircraft available for our scheduled service. We may not be able to maintain or grow our ancillary revenues. Our business strategy includes expanding our ancillary products and services. We cannot ~~ensure~~ **assure investors** that passengers will pay for additional ancillary products and services we offer in the future, or that they will continue to pay for the ancillary products and services we currently offer. Regulatory changes could also adversely affect our ancillary revenue opportunities. Failure to maintain our ancillary revenues could have a material adverse effect on our results of operations, financial condition and stock price. If we are unable to maintain and grow these revenues, we may be unable to execute our strategy to continue to offer low base fares in order to stimulate demand. Our business could be harmed if we lose the services of key personnel. Our business depends upon the efforts of our chief executive officer ~~and~~ **Maury Gallagher**, president, Gregory Anderson, and a small number of executive management ~~and operating~~ personnel. We do not currently maintain key- man life insurance on Mr. ~~Gallagher, Mr.~~ Anderson or any other executives. We may have difficulty replacing management or other key personnel who leave and, therefore, the loss of the services of any of these individuals could harm our business. Our reputation and brand could be harmed if various stakeholders are not satisfied with our **ESG-sustainability** disclosures, goals and progress. We operate in a public- facing industry dependent on fossil fuels to a large extent. **Sustainability** ~~ESG (environmental, social and governance)~~ has become a more prominent focus for public companies and the SEC has proposed rules **(now paused) and the State of California has adopted rules** which will mandate ~~certain~~ **ESG-GHG emissions reporting and climate risk assessment** disclosures. Although ~~we are working with a recognized consultant in this area and~~ we intend to comply with any **SEC legal** requirements, our brand and reputation may suffer if our stakeholders are not satisfied with our **ESG-sustainability** disclosures, the goals we have set in that area or our progress toward meeting those goals. Failure to achieve our environmental, social and governance goals and public pressure from investors or policy groups' perception of the environmental impact of air travel could also adversely impact our reputation and brand. Our ability to meet our environmental goal depends on various actions from third parties outside of our control. These include policy changes from federal and state governments, significant capital investment from third parties and research and development from manufacturers and other stakeholders, all to support or incentivize pursuit of commercially viable sustainable fuel alternatives or new technologies to support the industry's achievement of its carbon abatement goals. Additionally, meeting our environmental goal will require the adoption of sustainable aviation fuels (SAF), the supply of which currently falls short of the aviation industry requirements and would likely be commercially viable only with the support and incentives from governmental initiatives. Risks Associated with the Airline and Travel Industry Our operating results could be affected by outbreaks of communicable diseases. As has resulted from the COVID- 19 pandemic, contagious illness and fear of contagion could have a material adverse impact on the airline industry. Any general reduction in airline passenger traffic as a result of an outbreak of disease or other travel advisories could dampen demand for our services even if not applicable to our markets. Resulting decreases in passenger volume would harm our load factors, could increase our cost per passenger and adversely affect our operating results. The extent of impact of any future pandemic or contagion on our business and our financial and operational performance will depend on **factors such as** the duration, spread, severity and recurrences of the disease; the possible imposition of testing requirements before ~~domestic-air~~ travel; the duration and scope of any federal, state and local government restrictions; the availability and effectiveness of vaccines; the extent of the impact of the outbreak on overall demand for air travel; and our access to capital during the affected periods, all of which could be highly uncertain and cannot be predicted. Future pandemics or contagions may cause public health officials to recommend precautions to mitigate the spread of the disease. During the COVID- 19 pandemic, these resulted in federal, state and local authorities instituting measures such as imposing self- quarantine requirements, requiring testing before entry into certain states; issuing directives forcing businesses to temporarily close, restricting air travel and issuing shelter- in- place and similar orders limiting the movement of individuals. To the extent in effect to address communicable diseases in the future, such measures could depress demand for air travel, disrupt our operations, and materially adversely affect our business. Moreover, the ability to attract and retain passengers depends, in part, upon the perception and reputation of our ~~company~~ **Company** and the public's concerns regarding the health and safety of air travel generally. Actual or perceived risk of infection could have a material adverse effect on the public's comfort with air travel, in general or on our flights, which could harm our reputation and business. The airline industry is highly competitive and future competition in our under- served markets could harm our business. The airline industry is highly competitive. The under- served cities we serve on a scheduled basis have traditionally attracted considerably less attention from our potential competitors than larger markets, and in most of our small city markets, we are the only provider of nonstop service to our leisure destinations. If other airlines or new airline start- ups begin to provide nonstop services to and from these or similar markets, or otherwise target these or similar markets, the increase in the amount of direct or indirect competition could cause us to reconsider service to affected markets, could impact our margins or could impact our future planned service. A future act of terrorism, the threat of such acts, or escalation of U. S. military involvement overseas could adversely affect our industry. Even if not directed at the airline industry, a future act of terrorism, the threat of such acts, or escalation of U. S. military involvement overseas could have an adverse effect on the airline industry. In the event of a terrorist attack, the industry would likely experience significantly reduced demand for travel services. These actions, or consequences resulting from these actions, would likely harm our business and the airline and travel industry. If we are called on to provide aircraft in the event of national emergencies as a result of our participation in the CRAF program, our operations would be disrupted. Changes in government laws and regulations imposing additional requirements and restrictions on our operations could increase our operating costs. Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, the FAA has issued a number of directives and other regulations relating to the maintenance and operation of aircraft that have required us to incur significant expenditures. FAA

requirements cover, among other things, retirement of older aircraft, fleet integration of newer aircraft, safety management systems, collision avoidance systems, airborne windshear avoidance systems, noise abatement, aircraft weight and payload limits, assumed average passenger weight, employee drug and alcohol testing, pilot **training and certification, pilot** and flight attendant duty time limitations, and increased inspection and maintenance procedures to be conducted on aging aircraft. The future cost of complying with these and other laws, rules and regulations, including new federal legislative and DOT regulatory requirements in the consumer- protection area, cannot be predicted and could significantly increase our costs of doing business. Over the past 15 years the DOT has adopted revisions and expansions to a variety of its consumer protection regulations and policies. Additional expanded regulations ~~have been proposed by DOT~~ **took and may take** effect in 2024 or thereafter, **and January 2025** as ~~may did~~ new consumer protection legislation ~~proposed in~~ **passed by** Congress. ~~These~~ **We are not able to predict the impact of** new consumer protection rules **and legislation have imposed additional costs** on our business **by requiring**, ~~though we monitor the~~ **development of new technological and operational systems. While we do not currently anticipate significant new consumer protection rules or legislation during the current Presidential administration and progress** **Congress, we** of potential laws and rulings. We are subject to fines or other enforcement actions if the DOT believes we are not in compliance with ~~current these or other rules or~~ regulations or with the federal consumer protection laws administered by the DOT. Even if our actions or practices are found to be compliant, we could incur substantial costs defending our actions or practices. Federal funding to airports and / or airport bond financing could be affected through future deficit reduction legislation, which could result in higher fees, rates, and charges at many of the airports we serve. Additionally, from time to time legislative proposals have been made to re- regulate the airline industry in varying degrees- for example, to specify minimum seat- size and legroom requirements- which if adopted could affect our costs materially. **While we do not anticipate** ~~Such such~~ legislation ~~from~~ **may be proposed and could be adopted in 2024, particularly in the** ~~current U~~ **course of FAA reauthorization. S Congress** ~~Proposed consumer- protection enhancements in reauthorization legislation include a requirement for fee- free family seating,~~ a mandatory five- year validity of airline vouchers and credits, and substantially increased civil penalties for noncompliance by airlines with consumer- protection and other regulatory requirements **became law in 2024**. We (i. e., our airline subsidiary) and VivaAerobus, a Mexican airline, submitted to DOT in December 2021 a joint application requesting approval of and antitrust immunity for a comprehensive alliance agreement applicable to all routes we and / or Viva may operate between points in the United States and points in Mexico. Over a period of 20 months, the DOT’ s review and analysis progressed substantially, but on July 31, 2023, the DOT suspended processing of the joint application pending resolution of an aviation trade dispute between the governments of Mexico and the United States that arose earlier in 2023. The dispute remains unresolved and there is no assurance when or whether DOT will ultimately approve the agreement and grant antitrust immunity. While Mexican regulatory approval was issued in late 2022, that approval will require renewal (which is not assured) and both parties have stated they do not intend to proceed under the agreement in the absence of antitrust immunity issued by DOT. In addition, full performance under the agreement is contingent upon Mexico retaining Category 1 status under the FAA’ s International Aviation Safety Assessment (“ IASA ”) program. The FAA found Mexico to be noncompliant from May 2021 until September 2023, when Mexico’ s IASA Category 1 status was reinstated. An adverse outcome in one or more of these respects would likely thwart our plans to enter the U. S.- Mexico market for a number of years, despite the significant effort and expense we have incurred and continue to incur on the project. ~~We anticipate~~ **At the current time, it appears unlikely** that ~~in 2024~~ **the current Presidential administration** and thereafter, **U. S Congress will continue the prior** legislative and regulatory concern with the environmental impacts of the air transportation industry **will**. **However, such concerns may again** increase **at some point in the future**, and ~~that in which case,~~ the longer- term effects on our fleet and operating costs ~~may could~~ be substantial. In the past, legislation to address climate change issues as they relate to the transportation industry has been introduced in the U. S. Congress, including a proposal to require transportation fuel producers and importers to acquire market- based allowances to offset the emissions resulting from combustion of their fuels. Similarly, **the U. S. Congress as has passed** recently as February 2021, legislation ~~was introduced in the U. S. Congress to incentivize~~ **incentivizing** the production of sustainable aviation fuel (also known as biofuel) and to assist the aviation industry in reducing emissions. According to a September 2021 White House announcement, civil aviation accounts for 11 percent of emissions by the U. S. transportation sector as a whole. The FAA has announced a U. S. aviation sector goal of net- zero greenhouse gas (“ GHG ”) emissions by 2050, consistent with the broader federal objective of achieving net- zero GHG emissions economy- wide by 2050. We cannot predict whether **further** legislation to implement these goals will pass the Congress or, if enacted into law, how it ultimately would apply to our operations or the airline industry. In addition, the EPA concluded in 2016 that current and projected concentrations of GHG emitted by various aircraft, including all of the aircraft we and other carriers operate, threaten public health and welfare. This finding may be a precursor to increased EPA regulation of commercial aircraft emissions in the United States, as has taken effect for operations within the European Union under EU legislation. Binding international measures adopted under the auspices of the International Civil Aviation Organization (“ ICAO ”), a specialized agency of the United Nations, are scheduled to become effective over the next several years, with the pilot phase having begun in 2021. In January 2021 the EPA adopted regulations setting emissions standards equivalent to ICAO’ s for newly- designed aircraft, with immediate effect, and for in- production aircraft, effective 2028. Similarly, in December 2022, the EPA adopted particulate matter emission standards and test procedures for newly- designed aircraft, with immediate effect, and for in- production aircraft, effective 2028. In February 2024, the FAA adopted regulations implementing these EPA requirements. These new EPA and FAA standards and procedures harmonize with ICAO requirements. The aircraft we currently operate are not affected by these standards, and those we have on order would be affected only if manufactured after December 31, 2027. ~~As noted~~ **In the future, there may be** ~~however, we anticipate an ever-~~ increasing legislative and regulatory focus on aviation’ s impacts on the environment. These developments and any additional legislation or regulations addressing climate change are likely to increase our costs of doing business in the future and the increases could be material. With respect to aircraft weight and balance,

consumer protection, climate change, taxation, and other matters affecting the airline industry, whether the source of new requirements is legislative or regulatory, increased costs will adversely affect our profitability if we are unable to pass the costs on to our customers or adjust our operations to offset the new costs. Existing and proposed state- specific labor laws could affect our ability to schedule and operate flights efficiently, and as a result could increase our operating costs and liability exposure. Various states and localities across the country are attempting to impose requirements, such as wage and hour requirements, meal and rest break and sick leave laws, on flight attendants and pilots (“ flight crew ”) who spend the vast majority of their working hours in the air and in various states and jurisdictions on a daily basis. These requirements would create significant operational challenges for air carriers by creating a patchwork of state and local laws which undermine the federal deregulation of the airline industry and, in theory, could require airlines to simultaneously comply with rules which conflict with those of other jurisdictions, federal regulations, and the provisions of labor agreements. Courts continue to remain divided on whether federal deregulation preempts these state laws and Congress has not addressed the issue. The impact on flight crew staffing, pay and scheduling technology may potentially increase our costs of doing business and could make certain routes cost prohibitive. Flight crews have filed class action lawsuits against air carriers in a number of states with varied results and, in many cases, the results have been appealed. Such suits are costly to defend and could result in sizeable liability exposure for any air carrier. Airlines are often affected by factors beyond their control, including air traffic congestion, weather conditions, increased security measures, and a reduction in demand to any particular market, any of which could harm our operating results and financial condition. Like other airlines, we are subject to delays caused by factors beyond our control, including air traffic congestion at airports and en route, **air traffic controller staffing and limitations**, adverse weather conditions, increased security measures, and the outbreak of disease. Delays frustrate passengers and increase costs, which in turn could affect profitability. During periods of fog, snow, rain, storms or other adverse weather conditions, flights may be canceled or significantly delayed **and travel to certain markets could be impacted during and for a period of time after the weather event**. Cancellations or delays due to weather conditions, traffic control problems, and breaches in security could harm our operating results and financial condition. A substantial proportion of our scheduled flights have Las Vegas, Orlando, Phoenix / **Mesa**, Tampa / St. Petersburg, Punta Gorda, Destin or Sarasota as either their destination or origin. Our business could be harmed by any circumstances causing a reduction in demand for air transportation to one or more of these markets, or our other leisure destinations, such as adverse changes in local economic conditions, negative public perception of the ~~particular~~ city, significant price increases, or the impact of future terrorist attacks or natural disasters. Risks Related to Our Stock Price The market price of our common stock may be volatile, which could cause the value of an investment in our stock to decline. The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including: • the impact of pandemics and other communicable diseases on air travel and any related government restrictions impacting air travel • fuel price volatility, and the effect of economic and geopolitical factors and worldwide oil supply and consumption on fuel availability • **labor costs or work actions** • announcements **and developments** concerning our competitors, new market entrants, the airline industry, or the economy in general • strategic actions by us or our competitors, such as acquisitions or restructurings • media reports and publications about the safety of our aircraft or the aircraft types we operate • **airline accidents** • new regulatory pronouncements and changes in regulatory guidelines • announcements concerning our business strategy • our ability to grow service in the future as rapidly as the market anticipates • general and industry- specific economic conditions • changes in financial estimates or recommendations by securities analysts • substantial sales of our common stock or other actions by investors with significant shareholdings • additional issuances of our common stock • ~~labor costs or work actions~~ • general market conditions The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. These types of broad market fluctuations may adversely affect the trading price of our common stock. In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Although we have insurance to cover these claims up to policy limits, these lawsuits or similar litigation could result in substantial costs, divert management’ s attention and resources, and harm our business or results of operations. Other companies may be deterred from attempting to acquire us or our stock, even at prices in excess of current market prices, due to the effects of Nevada statutes. We are subject to a Nevada statute (NRS 78. 411 through 78. 444) that prohibits us from engaging in certain “ combinations, ” including mergers, consolidations, sales and leases of assets, issuances of securities and similar transactions, with a stockholder who is the beneficial owner of 10 percent or more of our stock (an “ interested stockholder ”), for a period of up to four years after the date that person became an interested stockholder, unless either our board of directors approves, in advance, the transaction by which the person became an interested stockholder, or such combination is approved at a meeting by at least 60 percent of voting power of our stock that is not beneficially owned by the interested stockholder ~~or its affiliates or associates~~. Between two and four years after the date the person first became an interested stockholder, a combination may also be ~~permitted if~~ **prohibited unless approved by our board of directors and stockholders holding at least a majority of the stock not owned by the interested stockholder and its affiliates or unless** the interested stockholder satisfies certain requirements with respect to the aggregate consideration to be received by holders of outstanding shares in the combination. In addition, another Nevada statute (NRS 78. 378 through 78. 3793) may eliminate the voting rights of shares of our stock to the extent the shares are acquired by a holder in connection with, or within 90 days prior to, an acquisition of a “ controlling interest ” that causes such holder to exceed certain thresholds (one- fifth, one- third and a majority or more) of the total voting power of our stock. In such event, the holder will only obtain such voting rights in the “ control shares ” so acquired as may be approved by **stockholders owning at least a resolution majority of our the stock of the Company (excluding stock held by the interested stockholders- stockholder) of the corporation at a special or annual meeting**. The statute also provides a mechanism for us to force the redemption of the control shares at the average price paid therefor. Our board of directors may, however, exempt any acquisition of a controlling interest by certain existing or future stockholders by amending the corporation’ s bylaws

(or articles of incorporation) within 10 days following such acquisition. These Nevada statutes could discourage or make more difficult a takeover attempt that certain stockholders may consider in their best interests. These provisions may also adversely affect prevailing market prices for our common stock. We have not opted out of either of these statutes. Our corporate charter and bylaws include provisions limiting voting by non- U. S. citizens. To comply with restrictions imposed by federal law on foreign ownership of U. S. airlines, our articles of incorporation and bylaws restrict voting of shares of our capital stock by non- U. S. citizens. The restrictions imposed by federal law currently require no more than 25 percent of our stock be voted, directly or indirectly, by persons who are not U. S. citizens, and that our president and at least two- thirds of the members of our board of directors be U. S. citizens. Our bylaws provide no shares of our capital stock may be voted by or at the direction of non- U. S. citizens unless such shares are registered on a separate stock record, which we refer to as the foreign stock record. Our bylaws further provide no shares of our capital stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. Registration on the foreign stock record is made in chronological order based on the date we receive a written request for registration. Non- U. S. citizens will be able to own and vote shares of our common stock only if the combined ownership by all non- U. S. citizens does not violate these requirements.