Risk Factors Comparison 2024-02-14 to 2023-02-15 Form: 10-K

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You should carefully consider the risks and uncertainties described below, as well as the other information contained in this Annual Report, including our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report and " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Any of the following risks could materially adversely affect our business, financial condition and results of operations. Risks Related to Our Industry The rapid spread of the COVID-...... risks identified in this Annual Report. The demand for airline services is highly sensitive to changes in economic conditions, and a recession or similar or worse economic downturn in the United States would weaken demand for our services and have a material adverse effect on our business, results of operations and financial condition. The demand for travel and ~~cargo~~ **Cargo** services is affected by U. S. and global economic conditions. Unfavorable economic conditions have historically reduced aviation spending. For most passengers visiting friends and relatives and cost- conscious leisure travelers (our primary market), travel is a discretionary expense, and during periods of unfavorable economic conditions **,** travelers have often elected to replace air travel at such times with car travel or other forms of ground transportation or have opted not to travel at all. Additionally, any significant increases in unemployment in the United States would likely have a negative impact on passenger bookings, especially when the customers we serve are generally paying with their own money. Likewise, during periods of unfavorable economic conditions, businesses have deferred air travel or forgone it altogether. Additionally, retail and thus cargo demand can also decrease. Furthermore, most of our ~~charter~~ **Charter** revenue is generated from ad hoc ~~or~~ **,** short- term contracts with repeat customers, **or long- term customers with utilization variability** and these customers may cease **, or limit,** using our services or seek to negotiate more aggressive pricing during periods of unfavorable economic conditions. Any reduction in ~~charter~~ **Charter** or ~~cargo~~ **Cargo** revenue during such periods could also increase our unit costs and thus have a material adverse effect on our business, results of operations and financial condition. Travelers have also reduced spending by purchasing fewer ancillary services, which can result in a decrease in average revenue per seat. Because airlines typically have relatively high fixed costs as a percentage of total costs, much of which cannot be mitigated during periods of lower demand for air travel or ~~cargo~~ **Cargo** services, the airline business is particularly sensitive to changes in economic conditions. A reduction in the demand for air travel or ~~cargo~~ **Cargo** services due to unfavorable economic conditions also limits our ability to raise fares or fees for ~~cargo~~ **Cargo** services to counteract increased fuel, labor and other costs. If U. S. or global economic conditions are unfavorable or uncertain for an extended period of time, it would have a material adverse effect on our business, results of operations and financial condition. Inflation may have an adverse impact on our business, results of operations and financial condition. Inflation risk is the risk that the value of assets or income will be worth less in the future as inflation decreases the value of money. Recently, there have been market indicators of a pronounced rise in inflation. As a result, the Federal Reserve has raised certain benchmark interest rates in an effort to combat inflation. Inflation generally results in increased costs of goods and services, including those we use in our operations, which would increase our expenses. In addition, our customers could also be affected by inflation, which could have a negative impact on demand for air travel. If the U. S. economy continues to feel the effects of inflationary pressures, our business, results of operations and financial condition could be materially adversely affected. Our business has been, and in the future may be, materially adversely affected by the price and availability of aircraft fuel. Unexpected increases in the price of aircraft fuel or a shortage or disruption in the supply of aircraft fuel could have a material adverse effect on our business, results of operations and financial condition. The cost of aircraft fuel is highly volatile and is one of our largest individual operating expenses, accounting for approximately **27 % and** 32 ~~%, 25 % and 22~~ % of our operating expenses for the years ended December 31, **2023 and** 2022 ~~, 2021 and 2020~~, respectively. High fuel prices or increases in fuel costs (or in the price of crude oil) could have a **materialadverse** ~~material adverse~~ effect on our business, results of operations and financial condition, including as a result of legacy network airlines and LCCs adapting more rapidly or effectively to higher fuel prices through new- technology aircraft that is more fuel efficient than our aircraft. Over the past several years, the price of aircraft fuel has fluctuated substantially and prices continue to be highly volatile. In addition, prolonged low fuel prices could limit our ability to differentiate our product and low fares from those of the legacy network airlines and LCCs, as prolonged low fuel prices could enable such carriers to, among other things, substantially decrease their costs, fly longer stages or utilize older aircraft. Our business is also dependent on the availability of aircraft fuel (or crude oil), which is not predictable. Weather-related events, natural disasters, terrorism, wars (including as a result of the Russia- Ukraine military conflict), supply chain disruptions, political disruption or instability involving oil- producing countries, changes in governmental or cartel policy concerning crude oil or aircraft fuel production, labor strikes or other events affecting refinery production, transportation, taxes or marketing, environmental concerns, market manipulation, price speculation, changes in currency exchange rates and other unpredictable events may drive actual or perceived fuel supply shortages. Shortages in the availability of, or increases in demand for, crude oil in general, other crude oil- based fuel derivatives and aircraft fuel in particular could result in increased fuel prices and could have a material adverse effect on our business, results of operations and financial condition. We may not be able to increase ticket prices sufficiently to cover increased fuel costs, particularly when fuel prices rise quickly. We sell a significant number of tickets to passengers well in advance of travel, and, as a result, fares sold for future travel may not reflect increased fuel costs. In addition, our ability to increase ticket prices to offset an increase in fuel costs is limited by the competitive nature of the airline industry and the price sensitivity associated with air travel, particularly leisure travel, and any increases in fares may reduce the general demand for air travel. Additionally, our ~~cargo~~ **Cargo** and ~~charter~~ **Charter** customers may choose to refuse fuel pass- through contracts, which could drive down the profitability of those agreements. From time- to- time, we may enter into fuel derivative contracts in order to mitigate the risk to our business from future volatility in fuel prices **,** but such contracts may not fully protect us from all related risks. In general, our ~~charter~~ **Charter** and ~~cargo~~ **Cargo** operations have pass- through provisions for fuel costs, and as such we do not hedge our fuel requirements for that portion of our business. As of December 31, ~~2022~~ **2023** , we had no outstanding fuel derivative contracts. We may enter into derivatives that do not qualify for hedge accounting, which can impact our results of operations and increase the volatility of our earnings due to recognizing the mark- to- market impact of our hedge portfolio as a result of changes in the forward markets for oil and / or jet fuel. We cannot assure you our fuel hedging program will be effective or that we will maintain a fuel hedging program. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our hedge contracts will provide an adequate level of protection against increased fuel costs or that the counterparties to our hedge contracts will be able to perform. Additionally, our ability to realize the benefit of declining fuel prices will be limited by the impact of any fuel hedges in place, we may incur additional expenses in connection with entering into derivative contracts and we may record significant losses on fuel hedges during periods of declining prices. A failure of our fuel hedging strategy, potential margin funding requirements, overpaying for fuel through the use of hedging arrangements or our failure to maintain a fuel hedging program could prevent us from adequately mitigating the risk of fuel price increases and could have a material adverse effect on our business, results of operations and financial condition. Threatened or actual terrorist attacks **, war,** or **other** security concerns involving airlines could have a material adverse effect on our business, results of operations and financial condition. Past terrorist attacks or attempted attacks, particularly those involving airlines, **heightened security and military action in response thereto, and war** have caused substantial revenue losses and increased security costs, and **such event** ~~any actual or threatened terrorist attack or security breach~~ , even if not directly ~~against~~ **involving** an airline, could have a material adverse effect on our business, results of operations and financial condition. Security concerns resulting in enhanced passenger screening, increased regulation governing carry- on baggage and cargo and other similar restrictions on passenger travel and cargo may further increase passenger inconvenience and reduce the demand for air travel or increase costs associated with providing ~~cargo~~ **Cargo** service. In addition, increased or enhanced security measures have tended to result in higher governmental fees imposed on airlines, resulting in higher operating costs for airlines, which we may not be able to pass on to customers in the form of higher prices. Terrorist attacks, **war,** or the fear of such ~~attacks~~ **matters** or other hostilities (including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats), even if not ~~made directly on or~~ involving the airline industry, could have a negative impact on the airline industry and have a material adverse effect on our business, results of operations and financial condition. The airline industry is exceedingly competitive, and we compete against new entrants, LCCs, ULCCs, legacy network airlines and cargo carriers; if we are not able to compete successfully in our markets, our business will be materially adversely affected. We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with new airlines, ULCCs, LCCs and legacy network airlines for airline passengers traveling on the routes we serve, particularly customers traveling in economy or similar classes of service. Competition on most of the routes we presently serve is intense, due to the large number of carriers in those markets. Furthermore, other airlines or new airlines may begin service or increase existing service on routes where we currently face no or little competition. In almost all instances, our competitors are larger than we are and possess significantly greater financial and other resources than we do. The airline industry is particularly susceptible to price discounting because once a flight is scheduled, airlines incur only nominal additional costs to provide service to passengers occupying otherwise unsold seats. Increased fare or other price competition could adversely affect our operations. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to increase revenue per available seat mile. The prevalence of discount fares can be particularly acute when a competitor has excess capacity to sell. Moreover, many other airlines have unbundled their services, at least in part, by charging separately for services such as baggage and advance seat selection, which previously were offered as a component of base fares. This unbundling and other cost- reducing measures could enable competitor airlines to reduce fares on routes that we serve. The availability of low- priced fares coupled with an increase in domestic capacity has led to dramatic changes in pricing behavior in many U. S. markets. Many domestic carriers began matching lower cost airline pricing, either with limited or unlimited inventory. During economic downturns, including during a health crisis, our competitors may choose to take an aggressive posture toward market share growth on routes where we compete, which would flood a low demand market with additional capacity that drives down fares, which could have a material adverse effect on our business, results of operations and financial condition. Our growth and the success of our high- growth, low- cost business model could stimulate competition in our markets through our competitors' development of their own LCC or ULCC strategies, new pricing policies designed to compete with LCCs, ULCCs or new market entrants. Airlines increase or decrease capacity in markets based on perceived profitability. If our competitors increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route that we serve, it could have a material adverse impact on our business. If a legacy network airline were to successfully develop a low- cost product or if we were to experience increased competition from LCCs, our business could be materially adversely affected. Regardless of cost structure, the domestic airline industry has often been the source of fare wars undertaken to grow market share or for other reasons. A competitor adopting an LCC or ULCC strategy may have greater financial resources and access to lower cost sources of capital than we do, which could enable them to operate their business with a lower cost structure or lower marginal revenues without substantial adverse effects than we can. If these competitors adopt and successfully execute an LCC or ULCC business model, our business could be materially adversely affected. Similarly, our competitors may choose to commence or expand their existing ~~charter~~ **Charter** operations, which could adversely impact our ability to obtain or renew ~~charter~~ **Charter** contracts, especially in periods of low demand. This could result in decreases in our ~~charter~~ **Charter** ~~services~~ **Services** market share and reduced profitability for our ~~charter~~ **Charter** operations, which would have a material adverse effect on our business, results of operations and financial condition. Our competitors may also choose to commence, or expand their existing, ~~cargo~~ **Cargo** operations. In addition, our competitors could seek to provide ~~cargo~~ **Cargo** services to Amazon, which could adversely impact our ability to maintain or renew the ATSA. This could result in reduced frequencies for our ~~cargo~~ **Cargo** operations, which could have a material adverse effect on our business, results of operations and financial condition. There has been significant consolidation within the airline industry, including, for example, the combinations of American Airlines and US Airways, Delta Air Lines and Northwest Airlines, United Airlines and Continental Airlines, Southwest Airlines and AirTran Airways, and Alaska Airlines and Virgin America. In the future, there may be additional consolidation in our industry ~~, such as the planned merger of JetBlue Airways and Spirit Airlines~~ . Business combinations could significantly alter industry conditions and competition within the airline industry and could permit our competitors to reduce their fares. The extremely competitive nature of the airline industry could prevent us from attaining the level of passenger traffic or maintaining the level of fares or ancillary revenues required to sustain profitable operations in new and existing markets and could impede our growth strategy, which could harm our operating results. Due to our relatively small size, we are susceptible to a fare war or other competitive activities in one or more of the markets we serve, which could have a material adverse effect on our business, results of operations and financial condition. Airlines are often affected by factors beyond their control, including: air traffic congestion at airports; air traffic control inefficiencies; air traffic control staffing; government shutdowns or mandates; FAA grounding of aircraft; major construction or improvements at airports; adverse weather conditions, such as hurricanes or blizzards; increased security measures; new travel- related taxes; or the outbreak of disease, any of which could have a material adverse effect on our business, results of operations and financial condition. Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, major construction or improvements at airports at which we operate, increased security measures, new travel- related taxes and fees, adverse weather conditions, natural disasters and the outbreak of disease. Factors that cause flight delays frustrate passengers and increase costs and decrease revenues, which in turn could adversely affect profitability. The federal government controls all U. S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient and affordable manner. The air traffic control system, which is operated by the FAA, faces challenges in managing the growing demand for U. S. air travel. U. S. and foreign air traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes resulting in delays. The federal government also controls airport security. In addition, there are proposals before Congress that would treat a wide range of consumer protection issues, which could increase the costs of doing business. Further, implementation of the Next Generation Air Transportation System, or NextGen, by the FAA would result in changes to aircraft routings and flight paths that could lead to increased noise complaints and lawsuits, resulting in increased costs. NextGen is a multi- year modernization project with a target of having all major components in place by 2025. In addition, federal government shutdowns can affect the availability of federal resources necessary to provide air traffic control and airport security. Furthermore, a federal government grounding of our aircraft type could result in flight cancellations and adversely affect our business. Governmental mandates requiring certain behaviors from employees, such as vaccine mandates, could limit our ability to staff to meet demand because employees may choose to resign or decide not to apply for or accept open positions. Adverse weather conditions and natural disasters, such as hurricanes, thunderstorms, winter snowstorms or earthquakes, can cause flight cancellations or significant delays, and in the past have led to Congressional demands for investigations. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors may affect us to a greater degree than other, larger airlines that may be able to recover more quickly from these events, and therefore could have a material adverse effect on our business, results of operations and financial condition to a greater degree than other air carriers. Because of our day of week, limited schedule and optimized utilization and point- to- point network, operational disruptions can have a disproportionate impact on our ability to recover. In addition, many airlines reaccommodate their disrupted passengers on other airlines at prearranged rates under flight interruption manifest agreements. We have been unsuccessful in procuring any of these agreements with our peers, which makes our recovery from disruption more challenging than for larger airlines that have these agreements in place. Similarly, outbreaks of pandemic or contagious diseases, such as ~~ebola~~ **Ebola** , measles, avian flu, severe acute respiratory syndrome (SARS), COVID- 19, H1N1 (swine) flu, pertussis (whooping cough) and zika virus, or their respective variants, could result in significant decreases in passenger traffic and the imposition of government restrictions in service and could have a material adverse impact on the airline industry. Any increases in travel- related taxes could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition. Moreover, U. S. federal government shutdowns may cause delays and cancellations or reductions in discretionary travel due to longer security lines, including as a result of furloughed government employees or reductions in staffing levels, including air traffic controllers. U. S. government shutdowns may also impact our ability to take delivery of aircraft and commence operations in new domestic stations. Another extended shutdown like the instance in December 2018- January 2019 may have a negative impact on our operations and financial results. The industry is experiencing a higher than normal number of pilot retirements, increased competition in pilot hiring, more stringent duty time regulations, increased flight hour requirements for commercial airline pilots, reductions in the number of military pilots entering the commercial workforce, increased training requirements and other factors that have led to a shortage of pilots, which could materially adversely affect our business. Large numbers of pilots in the industry are approaching the FAA' s mandatory retirement age of 65 or have otherwise accepted an early retirement during the COVID- 19 pandemic. Commercial airline pilots are subject to rigorous certification standards and must adhere to flight time and rest requirements. **The** ~~Commencing in 2013, the~~ minimum flight hour requirement to achieve a commercial pilot' s license in the United States increased from 250 to 1, 500 hours, thereby significantly increasing the time and cost commitment required to become licensed to fly a commercial aircraft. Additionally, the number of military pilots being trained by the U. S. armed forces and available as commercial pilots upon their retirement from military service has been decreasing. These and other factors have led to a shortage of qualified, entry- level pilots and increased compensation costs, particularly at carriers other than the large legacy carriers. The foregoing factors have led to additional competition from carriers attempting to meet their hiring needs. With the current pilot shortage, airlines may be unable to hire adequate numbers of pilots to meet their needs, resulting in a reduction in the number of flights offered, disruptions, increased costs of operations, financial difficulties and other adverse effects, and these circumstances may become more severe in the future and thereby cause a material adverse effect on our business. Risks associated with our presence in international markets, including political or economic instability, and failure to adequately comply with existing and changing legal requirements, may materially adversely affect us. Some of our target growth markets include countries with less developed economies, legal systems, financial markets and business and political environments that are vulnerable to economic and political disruptions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments, as well as health and safety concerns. The occurrence of any of these events in markets served by us now or in the future and the resulting instability may have a material adverse effect on our business, results of operations and financial condition. **Our international business also exposes us to trade and economic sanctions and other restrictions imposed by the United States or other governments or organizations. The U. S. Departments of Justice, Commerce, State and Treasury, and other foreign authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the FCPA and other federal statutes and regulations, including the International Traffic in Arms Regulations and those established by the OFAC, and similar or more restrictive foreign laws, rules and regulations, which may also apply to us. Under these laws and regulations, the government may require export licenses, or impose restrictions that would require modifications to business practices, including cessation of business activities in sanctioned countries or with sanctioned persons or entities, and modifications to compliance programs, which may increase compliance costs. Failure to implement changes may subject us to fines, penalties and other sanctions.** We emphasize compliance with all applicable laws and regulations in all jurisdictions where we operate and have implemented and continue to implement and refresh policies, procedures and certain ongoing training of our employees, third- party providers and partners with regard to business ethics and key legal requirements; however, we cannot assure that our employees, third- party providers or partners will adhere to our code of ethics ~~,~~ **and** other policies **. We also cannot assure you that such individuals or entities will not engage in unlawful conduct** ~~or~~ **for** ~~other legal requirements~~ **which we may be held responsible** . If we fail to enforce our policies and procedures properly or maintain adequate recordkeeping and internal accounting practices to record our transactions accurately, we may be subject to sanctions. In the event we believe or have reason to believe our employees, third- party providers or partners have or may have violated applicable laws or regulations, we may incur investigation costs, potential penalties and other related costs, which in turn may materially adversely affect our reputation and could have a material adverse effect on our business, results of operations and financial condition. Increases in insurance costs or reductions in insurance coverage may have a material adverse effect on our business, results of operations and financial condition. If any of our aircraft were to be involved in a significant accident or if our property or operations were to be affected by a significant natural catastrophe or other event, we could be exposed to material liability or loss. If insurance markets harden due to other airline global incidents, general aviation incidents or other economic factors, we could be unable to obtain sufficient insurance (including aviation hull and liability insurance and property and business interruption coverage) to cover such liabilities or losses, our business could be materially adversely affected. We currently obtain war risk insurance coverage (terrorism insurance) as part of our commercial aviation hull and liability policy, and additional excess third- party war risk insurance through the commercial aviation war risk market. Our current war risk insurance from commercial underwriters excludes nuclear, radiological and certain other events. The global insurance market for aviation- related risks has been faced with significant losses, resulting in substantial tightening in insurance markets with reduced capacity and increased prices. If we are unable to obtain adequate third- party hull and liability or third- party war risk (terrorism) insurance or if an event not covered by our insurance were to take place, our business could be materially adversely affected. The airline industry is heavily taxed. The airline industry is subject to extensive government fees and taxation that negatively impact our revenue and profitability. The U. S. airline industry is one of the most heavily taxed of all industries. These fees and taxes have grown significantly in the past decade for domestic flights, and various U. S. fees and taxes also are assessed on international flights. For example, as permitted by federal legislation, most major U. S. airports impose a passenger facility charge per passenger on us. In addition, the governments of foreign countries in which we operate impose on U. S. airlines, including us, various fees and taxes, and these assessments have been increasing in number and amount in recent years. Moreover, we are obligated to collect a federal excise tax, commonly referred to as the " ticket tax, " on domestic and international air transportation. We collect the excise tax, along with certain other U. S. and foreign taxes and user fees on air transportation (such as passenger security fees), and pass along the collected amounts to the appropriate governmental agencies. Although these taxes and fees are not our operating expenses, they represent an additional cost to our customers, that can drive down demand as we operate in a highly elastic environment ~~, drives down demand~~ . There are continuing efforts in Congress and in other countries to raise different portions of the various taxes, fees, and charges imposed on airlines and their passengers, including the passenger facility charge, and we may not be able to recover all of these charges from our customers. Increases in such taxes, fees and charges could negatively impact our business, results of operations and financial condition. Under regulations set forth by ~~the Department of Transportation, or~~ the DOT, all governmental taxes and fees must be included in the prices we quote or advertise to our customers. Due to the competitive revenue environment, many increases in these fees and taxes have been absorbed by the airline industry rather than being passed on to the customer. Further increases in fees and taxes may reduce demand for air travel, and thus our revenues. Restrictions on or increased taxes applicable to charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition. For the years ended December 31, **2023 and** 2022 ~~, 2021 and 2020~~ we generated ancillary revenues of $ **276, 133 and $** 192, 506 ~~, $ 117, 237 and $ 68, 055~~ , respectively. Our ancillary revenue consists primarily of revenue generated from air travel- related services such as baggage fees, seat selection and upgrade fees, priority check- in and boarding fees, **other** ~~itinerary service~~ fees and on- board sales. The DOT has rules governing many facets of the airline- consumer relationship, including, for instance, consumer notice requirements, handling of consumer complaints, price advertising, lengthy tarmac delays, oversales and denied boarding process / compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage, consumer disclosures and the transportation of passengers with disabilities. The DOT periodically audits airlines to determine whether such airlines have violated any of the DOT rules. If the DOT determines that we are not, or have not been, in compliance with these rules or if we are unable to remain compliant, the DOT may subject us to fines or other enforcement action. The DOT may also impose additional consumer protection requirements, including adding requirements to modify our websites and computer reservations system, which could have a material adverse effect on our business, results of operations and financial condition. The U. S. Congress and the DOT have examined the increasingly common airline industry practice of unbundling the pricing of certain products and ancillary services, a practice that is a core component of our business strategy. If new laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, or if new taxes are imposed on ancillary revenues, our business, results of operations and financial condition could be negatively impacted. Congressional, Federal agency and other government scrutiny may also change industry practice or the public' s willingness to pay for ancillary services. **See also " — Risks Related to Our Business — We are subject to extensive regulation by the FAA, the DOT, the TSA, CBP and other U. S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition. "** We are subject to risks associated with climate change, including increased regulation to reduce emissions of greenhouse gases. Concern about climate change and greenhouse gases has resulted, and is expected to continue to result, in additional regulation or taxation of aircraft emissions in the United States and abroad. In particular, on March 6, 2017, ICAO, an agency of the United Nations established to manage the administration and governance of the Convention on International Civil Aviation, adopted new CO2 certification standards for new aircraft beginning in 2020. The new CO2 standards will apply to new aircraft type designs from 2020, and to aircraft type designs already in production as of 2023. In- production aircraft that do not meet the standard by 2028 will no longer be able to be produced unless their designs are modified to meet the new standards. In August 2016, the ~~Environmental Protection Agency, or the~~ EPA ~~,~~ made a final endangerment finding that aircraft engine ~~greenhouse gas, or~~ GHG ~~,~~ emissions cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare, which obligates the EPA under the Clean Air Act to set GHG emissions standards for aircraft. On January 11, 2021, the EPA issued a **proposed** rule regulating GHG emissions from aircraft that largely conforms to the March 2017 ICAO standards. ~~However~~ **Like the ICAO standards** , **the final EPA standards would not apply retroactively to engines** on **in- service aircraft. These final standards have been challenged by several states and environmental groups, and the Biden Administration has issued an executive order requiring review of these final standards. On** November 15, 2021, the EPA announced that it ~~will press for~~ **would not rewrite the existing aircraft engine GHG emissions standards but would seek more** ~~ambitions~~ **ambitious** new ~~airplane~~ **aircraft** GHG emission standards **within the** ~~at international negotiations organized by~~ ICAO **process** ~~in late 2022~~ . The **outcome of the legal challenge and whether there will be any** development of new ~~airplane~~ **aircraft** GHG emissions standards cannot be predicted at this time. ~~Additionally~~ **On November 23** , **2022, the EPA published the final rule for particulate matter** ~~President Biden is expected to promote more aggressive policies with respect to climate change and carbon emissions~~ - **emission standards and test procedures for civil aircraft engines** , **which took effect on January 1** ~~including in the aviation sector. Accordingly~~ , **2023.** ~~there~~ **There** may be future rulemaking that may result in stricter GHG emissions standards than those contained in the **proposed** rule. In addition, federal climate legislation, including the " Green New Deal " resolution, has been introduced in Congress recently, although Congress has yet to pass a bill specifically addressing GHG regulation. Several states are also considering or have adopted initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and / or regional cap- and- trade programs. In addition, in October 2016, ICAO adopted CORSIA, which is a global, market- based emissions offset program designed to encourage carbon- neutral growth beyond 2020. Further, in June 2018 ICAO adopted standards pertaining to the collection and sharing of information on international aviation emissions beginning in 2019. CORSIA will increase operating costs for us and other U. S. airlines that operate internationally. CORSIA is being implemented in phases, with information sharing beginning in 2019 and a pilot phase beginning in 2021, to be followed by a first phase of the program beginning in 2024 and a second phase beginning in 2027. **ICAO member states have agreed that 2019 emissions would continue to be used as the baseline for the CORSIA " pilot phase " (2021- 2023) and that 85 % of 2019 emissions would be used as the baseline for the remainder of CORSIA' s term (2024- 2035). Accordingly, ICAO member countries further agreed to a long- term aspirational goal of reaching net zero aviation emissions by 2050.** Countries can voluntarily participate in the pilot and first phase, and the United States agreed to participate in these voluntary phases. Participation in the second phase is mandatory for certain countries, including the United States. Certain details are still being developed and the impact cannot be fully predicted. The potential impact of CORSIA or other emissions- related requirements on our costs will ultimately depend on a number of factors, including baseline emissions, the price of emission allowances or offsets that we would need to acquire, the efficiency of our fleet and the number of flights subject to these requirements. These costs have not been completely defined and could fluctuate. **In October 2023, the State of California adopted broad climate reporting laws that will require large businesses to report on GHG emissions and climate- related financial risk. The California laws include: SB- 253 and SB- 261. SB- 253 requires reporting entities to publicly disclose their GHG emissions on an annual basis, beginning in 2026. SB- 261 requires covered entities to publicly disclose their climate- related financial risk and the measures adopted to reduce and adapt to those risks. The**

first report required by SB- 261 will be due by January 1, 2026. It is not yet clear whether the Company will be considered a reporting entity or covered entity under SB- 253 or SB- 261, respectively. We also expect the SEC **or other regulating entities to which we are subject** to adopt rules requiring certain new disclosures, including environmental- related disclosures, which could be costly and difficult to implement. Compliance with existing and future environmental laws and regulations can require significant expenditures and operational changes and violations can lead to significant fines and penalties and reputational harm. In the event that legislation or regulation with respect to GHG emissions associated with aircraft or applicable to the fuel industry is enacted in the United States or other jurisdictions where we operate or where we may operate in the future, or as part of international conventions to which we are subject, it could result in significant costs for us and the airline industry. In addition to direct costs, such regulation may have a greater effect on the airline industry through increases in fuel costs that could result from fuel suppliers passing on increased costs that they incur under such a system. We face competition from air travel substitutes. In addition to airline competition from legacy network airlines, LCCs and ULCCs, we also face competition from air travel substitutes. Our business serves primarily leisure travelers, for whom travel is entirely discretionary. On our domestic routes, particularly those with shorter stage lengths, we face competition from some other transportation alternatives, such as bus, train or automobile. The presidential administration and the Secretary of the Department of Transportation have indicated strong support for trains. In addition, technology advancements may limit the demand for air travel. For example, video teleconferencing and other methods of electronic communication may reduce the need for in- person communication and add a new dimension of competition to the industry as travelers seek lower- cost substitutes for air travel. The COVID- 19 pandemic accelerated adoption of such technology and customers may be more likely to think it is sufficient for their needs, which could reduce demand for air travel. If we are unable to stimulate demand for air travel with our low base fares or if we are unable to adjust rapidly in the event the basis of competition in our markets changes, it could have a material adverse effect on our business, results of operations and financial condition. **The rapid spread of a viral or bacterial infection,disease or similar public health threat,may have an adverse impact on our business,operating results,financial condition and liquidity.The rapid spread of a viral or bacterial infection,disease or similar public health threat could result in the implementation of restrictions and regulations,including travel restrictions,quarantines,** limitations on aircraft capacity,testing requirements and restrictions on our ability to access our facilities or aircraft or requirements to collect additional passenger data.In addition,governments,non- governmental organizations and entities in the private sector may issue non- binding advisories or recommendations regarding air travel or other physical distancing measures,including limitations on the number of persons that should be present at public gatherings,which may significantly reduce demand.These and other restrictions and regulations,as well as ~~the~~ general ~~concern~~ **concerns** about ~~the virus among travelers~~ **traveling during a public health threat** , **could** have ~~had,and could continue to have,~~ a material adverse impact on our business,operating results,financial condition and liquidity. ~~Future outbreaks of COVID- 19 or another disease could have a material negative impact on demand.Reduced demand would have an adverse impact on our revenues and lower levels of flying can lead to higher unit costs.Actual or perceived risk of infection from COVID- 19 or another disease could have a material adverse effect on the public' s demand for and willingness to use air travel,which could harm our reputation and business.Demand for scheduled service business has been negatively correlated to case counts of COVID- 19 in Minnesota and the destinations of our scheduled flights in the past,and to the extent that future variants cause higher case counts,or there is an outbreak of another disease,we could see reductions in demand.Furthermore,historically~~ **Historically** ,unfavorable U.S.economic conditions as a result of **disease outbreak drove** ~~COVID- 19 have driven~~ changes in travel patterns ~~in the past~~ ,including significantly and materially reduced spending for both leisure and business travel.Unfavorable economic conditions,when low fares are often used to stimulate traffic,have also historically hampered the ability of airlines to raise fares to counteract any increases in fuel,labor and other costs.Additionally, **in the past,** passenger bookings ~~have also~~ **during a significant disease outbreak were** ,on average, ~~been~~ closer to the date of service than in prior periods,which ~~has~~ reduced our visibility into future revenue.Our operations may be further impacted in the event of ~~additional instances of~~ actual or perceived risk of **a viral or bacterial** infection **,** ~~of COVID- 19 or another~~ disease **or similar public health threat** among our employees,suppliers or business partners,and this impact may have a material adverse effect if we are unable to maintain a suitably skilled and sized workforce and address related employee matters.In addition,supply chain disruptions may **impede our cargo customers' ability to deliver freight to the airports we serve,which could reduce their need for our services and thus have a material adverse effect on our business,results of operations and financial condition.The impact of a viral or bacterial infection,disease or similar public health threat on our businesses,operating results,financial condition and liquidity could exacerbate the other risks identified in this Annual Report.** We cannot assure you that compliance with laws, regulations, orders, rulings and guidance will not have a material adverse effect on our business, results of operations and financial condition. Compliance with the laws, regulations, orders, rulings and guidance applicable to the airline industry may increase our costs, which could have a material adverse effect on our business. For example, if our current standards do not meet the FAA' s rules regarding minimum dimensions for passenger seats, the number of seats on our aircraft would be reduced and our operating costs would increase. In addition, the TSA imposes security procedures and requirements on U. S. airports and airlines serving U. S. airports, some of which are funded by a security fee imposed on passengers and collected by airlines, which impedes our ability to stimulate demand through low fares. We cannot forecast what additional security and safety requirements may be imposed in the future or the costs or revenue impact that would be associated with complying with such requirements. Furthermore, the DoD continues to issue new IT systems security requirements which require expenditures in order to bring our systems into compliance. Our ability to operate as an airline is dependent on our obtaining and maintaining authorizations issued to us by the DOT and the FAA. The FAA has the authority to issue mandatory orders relating to, among other things, operating aircraft, the grounding of aircraft, maintenance and inspection of aircraft, installation of new safety- related items, and removal and replacement of aircraft parts that have failed or may fail in the future. A decision by the FAA to ground, or require time- consuming inspections of or maintenance on, our aircraft, for any reason, could negatively affect our business, results of operations and financial condition. Federal law requires that air carriers operating ~~scheduled~~ **Scheduled** ~~service~~ **Service** be continuously " fit, willing and able " to provide the services for which they are licensed. Our " fitness " is monitored by the DOT, which considers managerial competence, operations, finances, and compliance record. In addition, under federal law, we must be a U. S. citizen (as determined under applicable law). Please see " Business — Foreign Ownership. " While the DOT has seldom revoked a carrier' s certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. The DOT may also institute investigations or administrative proceedings against airlines for violations of regulations. International routes are regulated by air transport agreements and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change because the applicable agreements between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by the applicable air transport agreements between the United States and foreign governments and our ability to obtain the necessary authority from the United States and foreign governments to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals and airport slots and restrictions on competitive practices. We are subject to numerous foreign regulations in the countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see " Business — Government Regulation. " Changes in law, regulation and government policy have affected, and may in the future have a material adverse effect on our business. Changes in, and uncertainty with respect to, law, regulation and government policy at the local, state or federal level have affected, and may in the future significantly impact, our business and the airline industry. For example, the Tax Cuts and Jobs Act ~~,~~ enacted on December 22, 2017, limits deductions for borrowers for net interest expense on debt. Changes to law, regulations or government policy that could have a material impact on us in the future include, but are not limited to, infrastructure renewal programs; changes to operating and maintenance requirements; foreign and domestic changes in customs, immigration and security policy and requirements that impede travel into or out of the United States; modifications to international trade policy, including withdrawing from trade agreements and imposing tariffs; changes to consumer protection laws; changes to public health policy; changes to financial legislation, including the partial or full repeal of the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, or Dodd-Frank Act; public company reporting requirements; environmental regulation, including new environmental, social and governance disclosures required by the SEC; and antitrust enforcement. Any such changes could make it more difficult and / or more expensive for us to obtain new aircraft or engines and parts to maintain existing aircraft or engines or make it less profitable or prevent us from flying to or from some of the destinations we currently serve. To the extent that any such changes have a negative impact on us or the airline industry, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations and cash flows. We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition. We are subject to increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment and noise, including those relating to emissions to the air (including air emissions associated with the operation of our aircraft), discharges (including storm water discharges) to surface and subsurface waters, safe drinking water and the use, management, disposal and release of, and exposure to, hazardous substances, oils and waste materials. We are or may be subject to new or amended laws and regulations that may have a direct effect (or indirect effect through our third- party providers, including the petroleum industry, or airport facilities at which we operate) on our operations. In addition, U. S. airport authorities are exploring ways to limit de- icing fluid discharges. Any such existing, future, new or potential laws and regulations could have an adverse impact on our business, results of operations and financial condition. Similarly, we are subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws current and former owners or operators of facilities, as well as generators of waste materials disposed of at such facilities, can be subject to liability for investigation and remediation costs at facilities that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or compliance with applicable law when the disposal occurred or the amount of wastes directly attributable to us. In addition, ICAO and jurisdictions around the world have adopted noise regulations that require all aircraft to comply with noise level standards, and governmental authorities in several U. S. and foreign cities are considering or have already implemented aircraft noise reduction programs, including the imposition of overnight curfews and limitations on daytime take- offs and landings. Compliance with existing and future environmental laws and regulations, including emissions limitations and more restrictive or widespread noise regulations, that may be applicable to us could require significant expenditures, increase our cost base and have a material adverse effect on our business, results of operations and financial condition, and violations thereof can lead to significant fines and penalties, among other sanctions. We participate with other airlines in fuel consortia and fuel committees at our airports where economically beneficial, which agreements generally include cost- sharing provisions and environmental indemnities that are generally joint and several among the participating airlines. Any costs (including remediation and spill response costs) incurred by such fuel consortia could also have an adverse impact on our business, results of operations and financial condition. ~~We are subject to extensive regulation by the FAA, the DOT, the TSA, CBP and other U. S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition.~~ Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that impose significant costs. In the last several years, Congress has passed laws and the FAA, DOT and TSA have issued regulations, orders, rulings and guidance relating to consumer protections and to the operation, safety, and security of airlines that have required significant expenditures. We expect to continue to incur expenses in connection with complying with such laws and government regulations, orders, rulings and guidance. Additional laws, regulations, taxes and increased airport rates and charges have been proposed from time- to- time that could significantly increase the cost of airline operations or reduce the demand for air travel. For example, the ~~FAA Reauthorization Act of 2018 directed the FAA to issue rules establishing minimum dimensions for passenger seats, including seat pitch, width and length. If adopted, these measures could have the effect of raising ticket prices, reducing revenue, and increasing costs. For example, the~~ DOT has broad authority over airlines and their consumer and competitive practices, and has used this authority to issue numerous regulations and pursue enforcement actions, including rules and fines relating to the handling of lengthy tarmac delays, consumer notice requirements, consumer complaints, price and airline advertising, distribution, oversales and involuntary denied boarding process and compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage and the transportation of passengers with disabilities. ~~Among~~ **For example,** ~~these~~ -- **the** ~~is the series of Enhanced Airline Passenger Protection~~ **DOT or FAA has pending proposed rulemakings and / or published final** rules **regarding** ~~issued by the DOT. In addition, the adoption of FAR Part 117 in 2014 modified required pilot rest periods and work hours and Congress has enacted a law and the FAA issued regulations requiring U. S. airline pilots to have a minimum number of hours as a pilot in order to qualify for an Air Transport Pilot certificate, which all pilots on U. S. airlines must obtain. Furthermore, in October 2018, Congress passed the FAA Reauthorization Act of 2018, which extends FAA funds through fiscal year 2023. The legislation contains provisions which could have effects on our results of operations and financial condition. Among other provisions, the new law requires the DOT to clarify that, with respect to a passenger who is involuntarily denied boarding as a result of an oversold flight, there is no maximum level of compensation an air carrier may pay to such passenger and the compensation levels set forth in the regulations are the minimum levels of compensation an air carrier must pay to such a passenger, and to create new requirements for the treatment of disabled passengers. In addition it provides that the maximum civil penalty amount for damage to wheelchairs and other mobility aids or for injuring a disabled passenger may be trebled. The FAA must issue rules establishing minimum dimensions for passenger seats, including seat pitch, width and length. The FAA Reauthorization Act of 2018 also establishes new rest requirements for flight attendants and requires, within one year, that the FAA issue an order requiring installation of a secondary cockpit barrier on each new aircraft. The FAA Reauthorization Act of 2018 also provides for several other new requirements and rulemakings related to airlines, including but not limited to~~ : ~~1) prohibition on voice communication cell phone use during certain flights, 2) insecticide use disclosures, 3) new training policy best practices for training regarding racial, ethnic, and religious non- discrimination, 4) training on human trafficking for certain staff, 5) departure gate stroller check- in, 6) the protection of pets on airplanes and service animal standards, 7) requirements to refund promptly to passengers any ancillary fees paid for services not received, 8) consumer complaint process improvements, 9) pregnant passenger assistance, 10) restrictions on the ability to deny a revenue passenger permission to board or involuntarily remove such passenger from the aircraft, 11) minimum customer service standards for large ticket agents, 12) information publishing requirements for widespread disruptions and passenger rights, 13) submission of plans pertaining to employee and contractor training consistent with the Airline Passengers with Disabilities Bill of Rights, 14) ensuring assistance for passengers with disabilities, 15) flight attendant duty period limitations and rest requirements, including submission of a fatigue risk management plan, 16) submission of policy concerning passenger sexual misconduct and 17) development of Employee Assault Prevention and Response Plan related to the customer service agents. Furthermore, in September 2019, the FAA published an Advance Notice of Proposed Rulemaking regarding flight attendant duty period limitations and rest requirements. The DOT also published a Notice of Proposed Rulemaking in January 2020 regarding, for example,~~ the accessibility features of lavatories and onboard wheelchair requirements on certain single- aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from the aircraft seat, and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier' s website, and in printed or electronic form on the aircraft concerning the accessibility of aircraft lavatories **;** ~~. The DOT also recently published Final Rules regarding~~ traveling by air with service animals ~~and~~ **;** defining unfair or deceptive practices **;** ~~. The DOT also recently published a Final Rule~~ clarifying that the maximum amount of denied boarding compensation that a carrier may provide to a passenger denied boarding involuntarily is not limited, prohibiting airlines from involuntarily denying boarding to a passenger after the passenger' s boarding pass has been collected or scanned and the passenger has boarded (subject to safety and security exceptions), raising the liability limits for denied boarding compensation, and raising the liability limit for mishandled baggage in domestic air transportation **; enhancing the transparency of airline ancillary service fees; airline ticket refunds and consumer protections; requiring that certain airplanes used to conduct domestic, flag, or supplemental passenger- carrying operations have installed a physical secondary barrier that protects the flightdeck from unauthorized intrusion when the flightdeck door is opened; and flight attendant duty period limitations and rest requirements. In addition, Congress is currently considering FAA Reauthorization legislation which may result in additional rules, regulations, and obligations** . Failure to remain in full compliance with these and other applicable rules and regulations may subject us to fines or other enforcement action or adversely affect our business, results of operations and financial condition. ~~Risks Related to Our Business~~ If we fail to implement our business strategy successfully, our business will be materially adversely affected. Our business strategy includes growth in our aircraft fleet, expansion of markets we serve by building out our MSP hub, growing our seat share at MSP and growing non- MSP point- to- point markets, expanding our ancillary product offering and growing our ~~charter~~ **Charter** ~~service~~ **Service** . When developing our route network, we focus on gaining market share on routes that have been underserved or are served primarily by higher cost airlines where we have a competitive cost advantage. Effectively implementing our growth strategy is critical for our business to achieve economies of scale and to sustain or increase our profitability. The COVID- 19 pandemic adversely affected our growth plans and business strategy. We face numerous challenges in implementing our growth strategy, including our ability to: • sustain our relatively low unit costs, continue to realize attractive revenue performance and maintain profitability; stimulate traffic with low fares; • maintain an optimal level of aircraft utilization, balanced with a low aircraft acquisition cost, to execute our ~~scheduled~~ **Scheduled** , ~~cargo~~ **Cargo** and ~~charter~~ **Charter** operations; • maintain staffing levels sufficient to operate the full schedule and to grow rapidly; • access airports located in our targeted geographic markets; and • maintain operational performance necessary to complete all flights. If we are unable to obtain and maintain access to a sufficient number of slots, gates or related ground facilities at desirable airports to accommodate our growing fleet, we may be unable to compete in desirable markets, our aircraft utilization rate could decrease, and we could suffer a material adverse effect on our business, results of operations and financial condition. There can be no assurances that we will be able to grow our business at MSP or in non- MSP markets as we anticipate, or at all. Our growth is also dependent upon our ability to maintain a safe and secure operation and will require additional personnel, equipment and facilities as we induct new aircraft and continue to execute our growth plan. In addition, we will require additional third- party personnel for services we do not undertake ourselves. An inability to hire and retain personnel, ~~especially in light of the CARES Act limitations,~~ timely secure the required equipment and facilities in a cost- effective manner, efficiently operate our expanded facilities or obtain the necessary regulatory approvals may adversely affect our ability to achieve our growth strategy, which could harm our business. Furthermore, expansion to new markets may have other risks due to factors specific to those markets. We may be unable to foresee all of the existing risks upon entering certain new markets or respond adequately to these risks, and our growth strategy and our business may suffer as a result. In addition, our competitors may reduce their fares and / or offer special promotions following our entry into a new market and may also offer more attractive frequent flyer programs and / or access to marketing alliances with other airlines, which we do not currently offer. We cannot assure that we will be able to profitably expand our existing markets or establish new markets. ~~The rapid spread~~ **Unauthorized use, incursion or breach** of ~~the COVID~~ **our information technology infrastructure, or that of our third** - ~~19 virus~~ **party providers, could compromise the personally identifiable information of our passengers, prospective passengers or personnel** and **other sensitive information** ~~its variants has materially disrupted~~ and ~~may continue~~ **expose us** to **liability, damage our reputation and** have ~~an impact~~ **a material adverse effect** on our ~~strategic operating and growth plans in the near- term, and there are risks to our~~ business, ~~operating~~ results ~~, liquidity~~ **of operations** and financial condition ~~associated~~ **.In** the processing of our customer transactions and as part of our ordinary business operations,we and certain of our third- party providers collect,process,transmit and store a large volume of personally identifiable information,including email addresses and home addresses and financial data such as credit and debit card information.This data is increasingly subject to legislation and regulation,such as the Fair Accurate Credit Transparency Act,Payment Card Industry legislation,the California Consumer Privacy Act and the European Union' s General Data Protection Regulation typically intended to protect the privacy of personal data that is collected,processed,stored and transmitted.The security of the systems and network where we and our third- party providers store this data is a critical element of our business,and these systems and our network may be vulnerable to theft,loss,damage and interruption from a number of potential sources and events,including computer viruses,hackers,enemy state actors,denial- of- service attacks,employee theft or misuse,natural or man- made disasters,telecommunications failures,power loss and other disruptive sources and events.Additionally,any material failure by us or our third- party providers to maintain compliance ~~with the~~ with ~~executing~~ **the Payment Card Industry security requirements** ~~our~~ - **or** ~~strategic operating and growth plans~~ **to rectify a data security issue may result** in ~~the long~~ **fines and restrictions on our ability to accept credit and debit cards as a form of payment. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third** - ~~term~~ party experts and consultants,or costs incurred in connection with the notifications to customers,employees,providers or the general public as part of our notification obligations to the various governments that govern our business.In addition,data and security breaches can also occur as a result of non- technical issues,including breaches by us or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information.We are subject to increasing legislative,regulatory and customer focus on privacy issues and data security in the United States and abroad.In addition,a number of our commercial partners,including credit card companies,have imposed data security standards on us,and these standards continue to evolve.We will continue our efforts to meet our privacy and data security obligations;however,it is possible that certain new obligations may be difficult to meet and could increase our costs.Additionally,we must manage evolving cybersecurity risks . The ~~rapid spread~~ **loss, disclosure, misappropriation** of **or access to** the ~~COVID~~ **information of our customers, personnel or business partners or any failure by us to meet our obligations could result in legal claims or proceedings, liability or regulatory penalties. As the cyber** - ~~19 virus cyber~~ threat landscape evolves,attacks are growing in frequency,sophistication,and intensity,and are becoming increasingly difficult to detect.We have in the past,and may in the future,experience such cybersecurity threats.We and the vendors who service us may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber attacks.Attacks may be targeted at us,our customers (including the DoD) and our **third- party service** providers,including air navigation service providers,or others who have entrusted us with information,including regulators such as the DoD,FAA and DOT.In addition,attacks not targeted at us,but targeted solely at providers,may cause disruption to our computer systems or a breach of the data that we maintain on customers,employees,providers and others.Recently,several high profile consumer- oriented companies have experienced significant data breaches,which have caused those companies to suffer substantial financial and reputational harm.We cannot assure you that the precautions we have taken to avoid an unauthorized incursion of our computer systems are either adequate or implemented properly to prevent a data breach ~~and its~~ and its ~~variants has~~ **adverse financial and reputational consequences to our business. A significant cybersecurity incident could result in a range of potentially** ~~materially~~ -- **material** ~~disrupted~~ **negative consequences for us, including lost revenue; unauthorized access to, disclosure, modification, misuse, loss or destruction of company systems or data; theft of sensitive, regulated or confidential data, such as personal identifying information or our intellectual property; the loss of functionality of critical systems through ransomware, denial of service or other attacks; and business delays, service or system disruptions, damage to equipment**

and injury to persons or property. The costs and operational consequences of defending against, preparing for, responding to and remediating ~~and~~ - **an incident** may **be substantial** ~~continue to have an impact on our strategic operating and growth plans in the near- term, and there are risks to our business, operating results and financial condition associated with executing our strategic operating and growth plans in the long- term~~ . **Further** ~~In developing our strategic operating and growth plans~~ , we ~~make certain assumptions, including, but not limited to, those related to customer demand, competition, staffing and hiring, market consolidation, the availability of aircraft and the global economy. Actual economic, market and other conditions have been and may continue to be different from our assumptions. If we do not successfully execute or adjust our strategic operating and growth plans in the long- term, or if actual results continue to vary significantly from our prior assumptions or vary significantly from our future assumptions, our business, operating results and financial condition~~ could be ~~materially~~ **exposed to litigation, regulatory enforcement or other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, as well as injunctive relief requiring costly compliance measures. A cybersecurity incident could also impact our brand, harm our reputation** and adversely ~~impacted~~ -- **impact our relationship with our customers, employees and stockholders** . Our ~~cargo~~ **Cargo** business is concentrated with Amazon, and any decrease in volumes or increase in costs, or a termination of the ATSA, could have a material adverse effect on our business, operations, financial condition and brand. For the year ended December 31, ~~2022~~ **2023** , ~~cargo~~ **Cargo** revenue under the ATSA represented 10 % of our total operating revenues and our ~~cargo~~ **Cargo** revenue consisted entirely of air cargo transportation services provided to Amazon under the ATSA. The ATSA does not require a minimum amount of flying and Amazon is permitted to decrease flying volume at any time. Our ~~cargo~~ **Cargo** business would decline if Amazon' s use of our ~~cargo~~ **Cargo** services decreases for any reason, including due to general economic conditions or preferences of Amazon and its customers, which a decline would materially adversely affect our business, results of operations, and prospects. In addition, the profitability of the ATSA is dependent on our ability to manage and accurately predict costs. Our projections of operating costs, crew productivity and maintenance expenses contain key assumptions, including flight hours, aircraft reliability, crewmember productivity, compensation and benefits and maintenance costs. If actual costs are higher than projected or aircraft reliability is less than expected, or aircraft become damaged and are out of revenue service for repair, the profitability of the ATSA and future operating results may be negatively impacted. We rely on flight crews that are unionized. If collective bargaining agreements increase our costs and we cannot recover such increases, our operating results would be negatively impacted. It may be necessary for us to terminate certain customer contracts or curtail planned growth. Performance under the ATSA is subject to a number of challenges and uncertainties, such as: unforeseen maintenance and other costs; our ability to hire pilots, crew and other personnel necessary to support our CMI services, which can be impacted by industry- wide staffing shortages; interruptions in the operations under the ATSA as a result of unexpected or unforeseen events, whether as a result of factors within the Company' s control or outside of the Company' s control; and the level of operations and results of operations, including margins, under the ATSA being less than the Company' s current expectations and projections. The ATSA also contains monthly incentive payments for reaching specific on- time arrival performance thresholds and there are monetary penalties for on- time arrival performance below certain thresholds. As a result, our operating revenues may vary from period- to- period depending on the achievement of monthly incentives or the imposition of penalties. Further, we could be found in default if we do not maintain certain minimum thresholds over an extended period of time. If we are placed in default due to the failure to maintain reliability thresholds, Amazon may elect to terminate all or part of the services we provide after a cure period and pursue those rights and remedies available to it at law or in equity, in which case the 2019 Warrants would remain outstanding. Amazon may also terminate the ATSA for convenience, subject to certain notice requirements and payment of a termination fee. The ATSA is also subject to two, two- year extension options, which Amazon may choose not to exercise. To the extent our volume of flying for Amazon decreases or costs associated with our ~~cargo~~ **Cargo** business increase, or if the ATSA is terminated for any reason, our business, results of operations and financial condition could be materially and adversely affected. 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 of our primary competitive advantages. However, we have limited control over many of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, the acquisition and cost of aircraft, airport and related infrastructure costs, taxes, the cost of meeting changing regulatory requirements, the cost of capable talent at market wages and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of collective bargaining agreements. **See " — Risks Related to Our Business — Increased labor costs, union disputes, employee strikes and other labor- related disruption may adversely affect our business, results of operations and financial condition. "** We cannot guarantee we will be able to maintain our relatively low costs. If our cost structure increases and we are no longer able to maintain a competitive cost structure, it could have a material adverse effect on our business, results of operations and financial condition. Our business is significantly tied to and consolidated in our main hub in Minneapolis- St. Paul, and any decrease in traffic in this hub could have a material adverse effect on our business, operations, financial condition and brand. Our service is concentrated around our hub in MSP and our business is impacted by economic and geophysical factors of this region. We maintain a large presence in MSP ~~with~~ **. For example,** approximately **92** ~~90. 6~~ % of ~~2022~~ **2023 Scheduled Service** capacity, as measured by ASMs, ~~having~~ **had** MSP as either their origin or destination. Flight operations in Minneapolis can face extreme weather challenges in all seasons, but especially in the winter which at times has resulted in severe disruptions in our operation and the incurrence of material costs as a consequence of such disruptions. Our business could be further harmed by an increase in the amount of direct competition we face in the Minneapolis market or by continued or increased congestion, delays or cancellations. For instance, MSP is also a significant hub for Delta Air Lines. If Delta Air Lines or another legacy network airline were to successfully develop low- cost or low- fare products or if we were to experience increased competition from LCCs or ULCCs in the Minneapolis market, our business, results of operations and prospects could be materially adversely affected. Our business would also be negatively impacted by any circumstances causing a reduction in demand for air transportation in the Minneapolis area, such as adverse changes in local economic conditions, local regulations and / or mandates, health concerns, adverse weather conditions, negative public perception of Minneapolis, riots, social unrest, terrorist attacks or significant price or tax increases linked to increases in airport access costs and fees imposed on passengers. We currently operate out of Terminal 2 at MSP. Our access to use our existing gates and other facilities in Terminal 2 is not guaranteed. We cannot assure you that our continued use of our facilities at MSP will occur on acceptable terms with respect to operations and cost of operations, or at all, or that our ongoing use of these facilities will not include additional or increased fees. Our reputation and business could be adversely affected in the event of an accident or similar public incident involving our aircraft or personnel. We are exposed to potential significant losses and adverse publicity in the event that any of our aircraft or personnel is involved in an accident, terrorist incident or other similar public incident, which could expose us to significant reputational harm and potential legal liability. In addition, we could face significant costs related to repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. Furthermore, our customers, including Amazon, may choose not to use us for their needs following such an incident. We cannot assure you that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise and any such event could cause a substantial increase in our insurance premiums. In addition, any future accident or similar incident involving our aircraft or personnel, even if fully covered by insurance or even if it does not involve our airline, may create an adverse public perception about our airline or that the equipment we fly is less safe or reliable than other transportation alternatives, or, in the case of our aircraft, could cause us to perform time- consuming and costly inspections on our aircraft or engines, any of which could have a material adverse effect on our business, results of operations and financial condition. In addition, any accident involving the Boeing 737- NG or an aircraft similar to the Boeing 737- NG that we operate could result in the curtailment of such aircraft by aviation regulators, manufacturers and other airlines and could create a negative public perception about the safety of our aircraft, any of which could have a material adverse effect on our business, results of operations and financial condition. For example, in **early 2024, the FAA grounded 171 Boeing 737- 9 MAX airplanes following an incident on Alaska Airlines Flight 1282, and in** 2019, certain global aviation regulators and airlines grounded the Boeing 737 MAX in response to accidents involving aircraft flown by Lion Air and Ethiopian Airlines. In addition, following a 2018 accident involving the failure of a turbofan on a 737- 700 aircraft, the National Transportation Safety Board, or NTSB, has recommended that regulators require Boeing to redesign the engine cowl on 737- NG aircraft and retrofit in service 737- NG aircraft with the redesigned cowl. We cannot predict when the FAA will respond to the NTSB recommendations and if it will require us to replace the engine cowls in our aircraft, which may be time- consuming and costly. The resolution of this matter or similar matters in the future could have an impact on our results of operations, financial condition, business and prospects. Unauthorized use, incursion or breach of...... our customers, employees and stockholders. We rely on third- party **service** providers and other commercial partners to perform functions integral to our operations. We have entered into agreements with third- party providers to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities as well as administrative and support services. We are likely to enter into similar service agreements in new markets we decide to enter, and we cannot assure you that we will be able to obtain the necessary services at acceptable rates, or that such third- party providers will be available to service us. Although we seek to monitor the performance of third parties that furnish certain facilities or provide us with our ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, the efficiency, timeliness and quality of contract performance by third- party providers are often beyond our control, and any failure by our third- party providers to perform up to our expectations, or sufficiently staff their operation, may have an adverse impact on our business, reputation with customers, our brand and our operations. These service agreements are generally subject to termination after notice by the third- party providers. In addition, we could experience a significant business disruption if we were to change vendors or if an existing provider ceased to be able to serve us. We expect to be dependent on such third- party arrangements for the foreseeable future. We rely on third- party distribution channels to distribute a portion of our airline tickets. We rely on third- party distribution channels, including those provided by or through GDS, conventional travel agents and OTAs, to distribute a significant portion of our airline tickets, and we expect in the future to rely on these channels to also collect a portion of our ancillary revenues. These distribution channels are more expensive and at present have less functionality in respect of ancillary revenues than those we operate ourselves, such as our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products generally. To remain competitive, we will need to successfully manage our distribution costs and rights, and improve the functionality of third- party distribution channels, while maintaining an industry- competitive cost structure. Negotiations with key GDSs and OTAs designed to manage our costs, increase our distribution flexibility, and improve functionality could be contentious, could result in diminished or less favorable distribution of our tickets, and may not provide the functionality we require to maximize ancillary revenues. In addition, in the last several years there has been significant consolidation among GDSs and OTAs. This consolidation and any further consolidation could affect our ability to manage our distribution costs due to a reduction in competition or other industry factors. Any inability to manage such costs, rights and functionality at a competitive level or any material diminishment in the distribution of our tickets could have a material adverse effect on our competitive position and our results of operations. Moreover, our ability to compete in the markets we serve may be threatened by changes in technology or other factors that may make our existing third- party sales channels impractical, uncompetitive or obsolete. We rely heavily on technology and automated systems to operate our business, and any disruptions or failure of these technologies or systems or any failure on our part to implement any new technologies or systems could materially adversely affect our business. We are highly dependent on technology and computer systems and networks to operate our business. These technologies and systems include our computerized airline reservation system provided by Navitaire, a unit of Amadeus, operational control systems, telecommunications systems, mobile phone application, airline website and maintenance systems as well as government and other third- party systems. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. Our reservations system, which is hosted and maintained under a long- term contract by a third- party provider, is critical to our ability to issue, track and accept electronic tickets, conduct check- in, board and manage our passengers through the airports we serve and provide us with access to GDSs, which enlarge our pool of potential passengers. There are many instances in the past where a reservations system malfunctioned, whether due to the fault of the system provider or the airline, with a highly adverse effect on the airline' s operations, and such a malfunction has in the past and could again in the future occur on our system, a third- party system we rely on, or in connection with any system upgrade or migration. We also rely on third- party providers, including government agencies, to maintain our operational control systems, and if those systems are not functioning, we have in the past and may again experience service disruptions, which could result in the loss of important data, increase our expenses, decrease our operational performance and temporarily stall our operations, which may have a materially adverse effect on our business, results of operation, and financial condition. Any failure of the technologies and systems we use could materially adversely affect our business. For example, if our reservation system fails or experiences interruptions, and we are unable to book seats for a period of time, we could lose a significant amount of revenue as customers book seats on other airlines, and our reputation could be harmed. Additionally, if our flight systems fail or experience disruption, we could suffer reputational harm and incur costs associated with cancelled and delayed flights. In addition, replacement technologies and systems for any service we currently utilize that experiences failures or interruptions may not be readily available on a timely basis, at competitive rates or at all. Furthermore, our current technologies and systems are heavily integrated with our day- to- day operations and any transition to a new technology or system could be complex and time-consuming. Our technologies and systems cannot be completely protected against events that are beyond our control, including natural disasters, cyber attacks, telecommunications failures or the failure of government or other third- party systems. We have previously experienced a software outage that resulted in cancelled flights and delayed flights for several hours, which could impact our on- time performance and completion factor. Substantial or sustained disruptions or system failures could cause service delays or failures and result in our customers purchasing tickets from other airlines. We cannot assure you that any of our security measures, change control procedures or disaster recovery plans that we have implemented are adequate to prevent disruptions or failures. In the event that one or more of our primary technology or systems vendors fails to perform and a replacement system is not available or if we fail to implement a replacement system in a timely and efficient manner, our business could be materially adversely affected. In addition, in the ordinary course of business, our systems will continue to require modifications, upgrades and refinements to address growth and changing business requirements and to enable us to comply with changing regulatory requirements. Modifications, upgrades and refinements to our systems have been and are expected to continue to be expensive to implement and can divert management' s attention from other matters. Furthermore, our operations could be adversely affected, or we could face impositions of regulatory penalties, if we were unable to timely or effectively modify or upgrade our systems as necessary or appropriately balance the introduction of new capabilities with the management of existing systems. We may not be able to grow or maintain our unit revenues or maintain our ancillary revenues. A key component of our strategy was establishing Sun Country as a premier high- growth, low- cost carrier in the United States by attracting customers with low fares and garnering repeat business by delivering a high- quality customer experience with additional free amenities than traditionally provided on ULCCs in the United States. We intend to continue to differentiate our brand and product in order to expand our loyal customer base and grow or maintain our unit revenues and maintain our ancillary revenues. Differentiating our brand and product has required and will continue to require significant investment, and we cannot assure that the initiatives we have implemented will continue to be successful or that the initiatives we intend to implement will be successful. If we are unable to maintain or further differentiate our brand and product from LCCs or ULCCs, our market share could decline, which could have a material adverse effect on our business, results of operations and financial condition. We may also not be successful in leveraging our brand and product to stimulate new demand with low base fares or gain market share from the legacy network airlines. In addition, our business strategy includes maintaining our portfolio of desirable, value-oriented, ancillary products and services. However, we cannot assure you that passengers will continue to perceive value in the ancillary products and services we currently offer and regulatory initiatives could adversely affect ancillary revenue opportunities. Failure to maintain our ancillary revenues would have a material adverse effect on our business, results of operations and financial condition. Furthermore, if we are unable to maintain our ancillary revenues, we may not be able to execute our strategy to continue to lower base fares in order to stimulate demand for air travel. We operate a single aircraft type. A critical cost- saving element of our business strategy is to operate a single- family aircraft fleet; however, our dependence on the Boeing 737- NG aircraft and CFM56 engines for all of our aircraft makes us vulnerable to any design defects or mechanical problems associated with this aircraft type or these engines. In the event of any actual or suspected design defects or mechanical problems with these family aircraft or engines, whether involving our aircraft or that of another airline, we may choose or be required to suspend or restrict the use of our aircraft. For example, several Boeing 737- NG aircraft have been grounded in the past by other airlines after inspections revealed cracks in the " pickle forks, " a component of the structure connecting the wings to the fuselages. Our business could also be materially adversely affected if the public avoids flying on our aircraft due to an adverse perception of the Boeing 737- NG aircraft or CFM56 engines, whether because of safety concerns or other problems, real or perceived, or in the event of an accident involving such aircraft or engines. ~~Increased labor costs, union disputes, employee strikes and other labor- related disruption may adversely affect our business, results of operations and financial condition.~~ Our business is labor intensive, with labor costs representing approximately **32 % and** 29 ~~%, 35 % and 37~~ % of our total operating costs for the years ended December 31, **2023 and** 2022 ~~, 2021 and 2020~~ , respectively. As of December 31, ~~2022~~ **2023** , approximately ~~53~~ **65** % of our workforce was represented by labor unions. We cannot assure you that our labor costs going forward will remain competitive or that any new agreements into which we enter will not have terms with higher labor costs or that the negotiations of such labor agreements will not result in any work stoppages. In addition, one or more of our competitors may significantly reduce their labor costs, thereby providing them with a competitive advantage over us. New entrants to the market may not have unionized workforces and therefore may have substantially lower costs or better labor efficiencies. Furthermore, our labor costs may increase in connection with our growth, especially if we needed to hire more pilots in order to grow various segments of our business, including Cargo. We cannot guarantee that our ~~cargo~~ **Cargo** business will grow and that hiring of additional pilots will be required. We may also become subject to additional collective bargaining agreements in the future as non- unionized workers may unionize. Relations between air carriers and labor unions in the United States are governed by ~~the Railway Labor Act, or~~ the RLA. Under the RLA, collective bargaining agreements generally contain " amendable dates " rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi- stage and usually lengthy series of bargaining processes overseen by the National Mediation Board, or the NMB. This process continues until either the parties have reached agreement on a new collective bargaining agreement, or the parties have been released to " self- help " by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self- help measures such as lockouts and strikes. On December 1, 2019 **,** our dispatchers approved a new collective bargaining agreement. The amendable date of the collective bargaining agreement is November 30, 2024. Our collective bargaining agreement with our flight attendants is currently amendable. Negotiations with the union representing this group commenced in November of 2019. By mutual consent, the negotiations were paused in March 2020 due to the COVID- 19 pandemic. We restarted negotiations in October of 2021 and **in July of 2023, we and the union jointly requested the appointment of a mediator through the NMB. The NMB has appointed a mediator, and we began mediated** negotiations **in December of 2023. Negotiations** are ongoing. Our collective bargaining agreement with our pilots is amendable on December ~~31~~ **21** , 2025. Negotiations for a new collective bargaining agreement with our technicians and related craft employees began in October of 2022 and negotiations are ongoing **with the assistance of a federal mediator appointed by the NMB** . Our fleet service employees (cargo, commissary / catering, ramp agents, and bag room agents) elected to be represented by the International Brotherhood of Teamsters on January 4, 2023. Negotiations ~~have not yet begun~~ for a new collective bargaining agreement **began in March of 2023 and are ongoing** . See also " Business — Employees " in this Annual Report. The outcome of our collective bargaining negotiations cannot presently be determined and the terms and conditions of our future collective bargaining agreements may be affected by the results of collective bargaining negotiations at other airlines that may have a greater ability, due to larger scale, greater efficiency or other factors, to bear higher costs than we can. In addition, if we are unable to reach agreement with any of our unionized work groups in current or future negotiations regarding the terms of their collective bargaining agreements, we may be subject to work interruptions, stoppages or shortages. Any such action or other labor dispute with unionized employees could disrupt our operations, reduce our profitability or interfere with the ability of our management to focus on executing our business strategies. As a result, our business, results of operations and financial condition may be materially adversely affected based on the outcome of our negotiations with the unions representing our employees. We rely on efficient daily aircraft utilization to address peak demand days of the week and months of the year, which makes us vulnerable to flight delays, flight cancellations or aircraft unavailability during peak demand periods. We aim to optimize our daily aircraft utilization rate by tailoring service to customer demand patterns, which are seasonal and vary by day of the week. Our average daily aircraft utilization was **6. 9 hours and** 7. 2 ~~hours, 6. 8 hours and 5. 1~~ hours for the years ended December 31, **2023 and** 2022 ~~, 2021 and 2020~~ , respectively. Aircraft utilization is block hours divided by number of days in the period divided by average aircraft. Part of our business strategy is to efficiently deploy our aircraft, which is achieved in part by higher utilization during the most profitable seasonal periods and days of the week and more limited usage of less expensive aircraft during weak demand periods. During peak demand periods, we may utilize all of our aircraft, and in the event we experience delays and cancellations from various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems or outages, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity, or other changes in business conditions, because we do not have accommodation arrangements with other airlines like legacy network airlines do and cannot reaccommodate passengers on our aircraft because of our limited schedule, we may incur additional costs in completing customer journeys. Due to the relatively small size of our fleet and the limited and changing nature of our ~~scheduled~~ **Scheduled** ~~service~~ **Service** and our point- to- point network, the unexpected unavailability of one or more aircraft and resulting reduced capacity could have a material adverse effect on our business, results of operations and financial condition. Additionally, we frequently use all freighters in support of our ~~cargo~~ **Cargo** business. In the event we experience a series of aircraft out of service, we would experience a decline in revenue and potentially customer satisfaction. Furthermore, in the event we are unable to procure aircraft at the price- point necessary to allow for lower utilization during weak demand periods, our costs will be higher and could have a material adverse effect on our business, results of operations and financial condition. The cost of aircraft repairs and unexpected delays in the time required to complete aircraft maintenance could negatively affect our operating results. We provide flight services throughout the world and could be operating in remote regions. Our aircraft may experience maintenance events in locations that do not have the necessary repair capabilities or are difficult to reach. As a result, we may incur additional expenses and lose billable revenues that we would have otherwise earned. Under certain customer agreements, we are required to provide a spare aircraft while scheduled maintenance is completed. If delays occur in the completion of aircraft maintenance, we may incur additional expense to provide airlift capacity and forgo revenues. If we are unable to attract, retain and train qualified personnel at reasonable costs or fail to maintain our company culture, our business could be harmed. Our business is labor intensive. We require large numbers of pilots, flight attendants, maintenance technicians and other personnel. We compete against other U. S. airlines for pilots, mechanics and other skilled labor and certain U. S. airlines offer wage and benefit packages exceeding ours. The airline industry, including related vendor partners, is experiencing and may continue to experience a shortage of qualified personnel and we face added challenges with attracting and retaining qualified personnel due to the low unemployment rate in Minnesota. In particular, as more pilots in the industry approach mandatory retirement age, or ~~have~~ retired early during the COVID- 19 pandemic, the U. S. airline industry is being affected by a pilot shortage. We and other airlines also face shortages of qualified aircraft mechanics, dispatchers, ground handlers, flight attendants and other personnel. As is common with most of our competitors, we have also faced turnover of our employees. As a result of the foregoing, we may not be able to attract, retain or train qualified personnel or may be required to increase wages and / or benefits in order to do so ~~. In addition, we have lost and may continue to lose employees due to the impact of COVID- 19 on aviation or as a result of restrictions imposed under the CARES Act, or other governmental requirements placed on employees, which may further impede our ability to attract, retain and train skilled labor~~ . If we are unable to hire, train and retain qualified employees, our business could be harmed and we may be unable to implement our growth plans. In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. Our company culture, which we believe is one of our competitive strengths, is important to providing dependable customer service and having a productive, accountable workforce that helps keep our costs low. As we continue to grow, we may be unable to identify, hire, retain and train enough people who meet the above criteria, including those in management or other key positions. Our company culture could otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business, results of operations and financial condition could be harmed. Our inability to expand or operate reliably or efficiently out of airports where we operate could have a material adverse effect on our business, results of operations and financial condition and brand. Our results of operations may be affected by actions taken by governmental or other agencies or authorities having jurisdiction over our operations at these airports, including, but not limited to: • increases in airport rates and charges; • limitations on take- off and landing slots, airport gate capacity or other use of airport facilities; • termination of our airport use agreements, some of which can be terminated by airport authorities with little notice to us; • increases in airport capacity that could facilitate increased competition; • international travel regulations such as customs and immigration; • increases in taxes; • changes in law, regulations and government policies that affect the services that can be offered by airlines, in general, and in particular markets and at particular airports; • restrictions on competitive practices; • changes in law or ordinances that increase minimum wages beyond regional norms; • the adoption of statutes or regulations that impact or impose additional customer service standards and requirements, including operating and security standards and requirements; and • the adoption of more restrictive locally imposed noise regulations or curfews. Our business is highly dependent on the availability and cost of airport services at the airports where we operate. Any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition. Our intellectual property rights, particularly our branding rights, are valuable, and any inability to protect them may adversely affect our business and financial results. We consider our intellectual property rights, particularly our branding rights such as our trademarks applicable to our airline and Sun Country Rewards program, to be a significant and valuable aspect of our business. We aim to protect our intellectual property rights through a combination of trademark, copyright and other forms of legal protection, contractual agreements and policing of third- party misuses of our intellectual property, but cannot guarantee that such efforts will be successful. Our failure to obtain or adequately protect our intellectual property or any change in law that lessens or removes the current legal protections of our intellectual property may diminish our competitiveness and adversely affect our business and financial results. Any litigation or disputes regarding intellectual property may be costly and time- consuming and may divert the attention of our management and key personnel from our business operations, either of which may adversely affect our business and financial results. Negative publicity regarding our customer service could...... our brand would be negatively impacted. Our reputation and brand could be harmed if we were to experience significant ~~negative~~ publicity, including through social media. **Our business strategy includes the differentiation of our brand and product from the other U. S. airlines, including LCCs and ULCCs, in order to increase customer loyalty and drive future ticket sales.** We ~~ticket sales.We~~ intend to accomplish this by continuing to offer passengers dependable customer service.However,in the past,we have experienced customer complaints related to,among other things,product and pricing changes related to our business strategy and customer service.In particular,we have generally experienced a higher volume of complaints when we implemented changes to our unbundling policies,such as charging for seats and baggage.These complaints,together with reports of lost baggage,delayed and cancelled flights,and other service issues,are reported to the public by the DOT.In addition,we could become subject to complaints about our booking practices. ~~Finally~~ **For example** ,we experienced a significant number of complaints,including letters from lawmakers and attorneys general,concerning non- refundable tickets during the COVID- 19 pandemic.If we do not meet our customers' expectations with respect to reliability and service,our brand and product could be negatively impacted,which could result in customers deciding not to fly with us and adversely affect our business and reputation.We have agreements for bus service to transport passengers to our MSP hub.If these operators suffer a service problem,safety failure or accident,our brand would be negatively impacted. **Additionally,we** operate in a public- facing industry with significant exposure to social media. Negative publicity, whether or not justified, can spread rapidly through social media. In particular, passengers can use social media to portray interactions with Sun Country, without context, in a manner that can be quickly and broadly disseminated. To the extent that we are unable to respond timely and appropriately to negative publicity, our reputation and brand can be harmed. Damage to our overall reputation and brand could have a negative impact on our financial results. We are highly dependent upon our cash and investment balances, Operating Cash Flows and availability under our Revolving Credit Facility. Our principal sources of liquidity are cash and cash equivalents, investments and availability under our $ 25, 000 Revolving Credit Facility. We are and will continue to be dependent on our Operating Cash Flows, Cash and Cash Equivalents, and Short- Term Investment balances to fund our operations, provide capital reserves and make scheduled payments on our aircraft- related fixed obligations. If our operating cash flows become insufficient to cover the entirety of our cash outflows, the Revolving Credit Facility may not be adequate to finance our operations. If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not have access to availability under the Revolving Credit Facility, or other sources of borrowings or equity financing, we could default on our obligations. Our inability to meet our obligations as they become due would have a material adverse effect on our business, results of operations and financial condition. Our liquidity would be adversely impacted, potentially materially, in the event one or more of our credit card processors were to impose holdback restrictions for payments due to us from credit card transactions. We currently have agreements with organizations that process credit card transactions arising from purchases of air travel tickets by our customers. Credit card processors may have financial risk associated with tickets purchased for travel which can occur several weeks or months after the purchase. As of December 31, ~~2022~~ **2023**, we were not subject to any credit card holdbacks under our credit card processing agreements, although if we fail to meet certain liquidity and other financial covenants, our credit card processors have the right to hold back credit card remittances to cover our obligations to them. If our credit card processors were to impose holdback restrictions on us, the negative impact on our liquidity could be significant which could have a material adverse effect on our business, results of operations and financial condition. Our ability to obtain financing or access capital markets may be limited. We have significant obligations related to leases and debt financing for our aircraft fleet and may incur additional obligations as we grow our operations, and our current strategy is to rely on lessors or access to capital markets to provide financing for our aircraft acquisition needs. There are a number of factors that may affect our ability to raise financing or access the capital markets in the future, including our liquidity and credit status, our operating cash flows, market conditions in the airline industry, U. S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for our planned aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations. Our maintenance costs will fluctuate over time; additionally we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet and obligations to the lessors, and we could incur significant maintenance expenses outside of such maintenance schedules in the future. We have substantial maintenance expense obligations, including with respect to our aircraft ~~operating~~ leases. Prior to an aircraft being returned in connection with an ~~operating~~ **aircraft** lease, we will incur costs to restore these aircraft to the condition required by the terms of the underlying ~~operating~~ leases. The amount and timing of these so- called " return conditions " costs can prove unpredictable due to uncertainty regarding the maintenance status of each particular aircraft at the time it is to be returned and it is not unusual for disagreements to ensue between the airline and the leasing company as to the required redelivery conditions on a given aircraft or engine. Outside of scheduled maintenance, we incur from time- to- time unscheduled maintenance which is not forecast in our operating plan or financial forecasts, and which can impose material unplanned costs and the loss of flight equipment from revenue service for a significant period of time. For example, a single unplanned engine event can require a shop visit costing several million dollars and cause the engine to be out of service for a number of weeks. Furthermore, the terms of **certain of** our lease agreements require us to pay maintenance reserves to the lessor in advance of the performance of major maintenance, resulting in our recording significant prepaid deposits on our Balance Sheets, and there are restrictions on the extent to which such maintenance reserves are available for reimbursement. In addition, the terms of any lease agreements that we enter into in the future could also require maintenance reserves in excess of our current requirements. Any significant increase in maintenance and repair expenses would have a material adverse effect on our business, results of operations and financial condition. Please see " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Operating Expenses — Maintenance. " We have a significant amount of aircraft and other fixed obligations that could impair our liquidity and thereby harm our business, results of operations and financial condition. The airline business is capital intensive. As of December 31, ~~2022~~ **2023**, our 42 passenger aircraft fleet consisted of **13** ~~two aircraft financed under operating leases, 11~~ aircraft financed under finance leases and 29 aircraft financed under secured debt arrangements or owned outright. As of December 31, ~~2022~~ **2023**, we had ~~future operating~~ **six aircraft that are currently on** lease ~~obligations of $ 32~~ **to unaffiliated airlines. We also had a commitment to lease two aircraft and purchase one aircraft**, ~~019~~ **with deliveries of these aircraft throughout the first quarter of 2024. As of December 31**, **2023, we had** future debt principal obligations of $ ~~355~~ **405**, **640** ~~716,~~ and future finance lease obligations of $ ~~321~~ **342**, ~~309~~ **646**. During ~~2023~~ **2024**, based on our aircraft leases and debt structure as of December 31, ~~2022~~ **2023**, we expect to make payments of $ ~~7~~ **75**, **364** ~~748 related to operating leases, $ 58, 518~~ related to debt principal obligations and $ ~~33~~ **61**, ~~092~~ **671** related to finance lease obligations. Additionally, we made payments for maintenance reserves of $ ~~15~~ **13**, ~~809~~ **409** for ~~2022~~ **2023** and expect to make significant payments for maintenance reserves in the future. Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flow, availability under the Revolving Credit Facility and our ability to secure adequate future financing, which will in turn depend on, among other things, the success of our current business strategy and our future financial and operating performance, competitive conditions, fuel price volatility, any significant weakening or improving in the U. S. economy, availability and cost of financing, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our aircraft- related fixed obligations could have a material adverse effect on our business, results of operations and financial condition and could: • require a substantial portion of cash ~~flow~~ **flows** ~~from operations~~ be used for ~~operating~~ **aircraft** ~~lease~~ **leases** and maintenance deposit payments and interest expense, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; • limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all; • make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to not have sufficient cash flows from operations to make our scheduled payments; • reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with lower fixed payment obligations; and • cause us to lose access to one or more aircraft and forfeit our maintenance and other deposits if we are unable to make our required aircraft lease rental payments and our lessors exercise their remedies under the lease agreement, including cross- default provisions in certain of our leases. There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms, or at all. A failure to pay our operating lease, debt and other fixed cost obligations or a breach of our contractual obligations, including the Credit Agreement, could result in a variety of adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs and our secured lenders could foreclose against the assets securing the indebtedness owing to them, which would have a material adverse effect on our business, results of operations and financial condition. We depend on a sole- source supplier for the majority of our aircraft parts and any supply disruption could have a material adverse effect on our business. We have entered into a contract with Delta Air Lines, Inc., or Delta, one of our competitors that is also the largest airline operating at MSP, for the vast majority of our aircraft parts. We are vulnerable to any problems associated with the performance of Delta' s obligations to supply our aircraft parts, including design defects, mechanical problems and regulatory issues associated with engines and other parts. If Delta experiences a significant business challenge, disruption or failure due to issues such as financial difficulties or bankruptcy, regulatory or quality compliance issues, or other financial, legal, regulatory or reputational issues, ceases to produce our aircraft parts, is unable to effectively deliver our aircraft parts on timelines and at the prices we have negotiated, or terminates the contract, we would incur substantial transition costs and we would lose the cost benefits from our current arrangement with Delta, which would have a material adverse effect on our business, results of operations and financial condition. Reduction in demand for air transportation, or governmental reduction or limitation of operating capacity, in the domestic United States, Canada, Mexico or Caribbean markets, or a reduction in demand for our ~~charter~~ **Charter** or ~~cargo~~ **Cargo** operations, could harm our business, results of operations and financial condition. A significant portion of our operations are conducted to and from the domestic United States, Canada, Mexico or Caribbean markets. Our business, results of operations and financial condition could be harmed if we lose our authority to fly to these markets, by any circumstances causing a reduction in demand for air transportation, or by governmental reduction or limitation of operating capacity, in these markets, such as adverse changes in local economic or political conditions, public health restrictions, including testing or vaccination requirements, negative public perception of these destinations, unfavorable weather conditions, public health concerns, civil unrest, violence or terrorist- related activities. Furthermore, our business could be harmed if jurisdictions that currently limit competition allow additional airlines to compete on routes we serve. In addition, a reduction in demand from our ~~charter~~ **Charter** customers, including as a result of decreased **DoD** ~~U. S. Department of Defense~~ troop movements or fewer sports events and related travel, or from Amazon under the ATSA could have a material and adverse effect on our business, results of operations and financial condition. Our business could be materially adversely affected if we lose the services of our key personnel. Our success depends to a significant extent upon the efforts and abilities of our senior management team and key financial and operating personnel. In particular, we depend on the services of our senior management team, particularly Jude Bricker, our Chief Executive Officer, and Dave Davis, our President and Chief Financial Officer ~~. The CARES Act places limitations on pay for these key positions~~ . Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager, or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key- man life insurance on our management team. Our quarterly results of operations fluctuate due to a number of factors, including seasonality. We expect our quarterly results of operations to continue to fluctuate due to a number of factors, including our seasonal operations, competitive responses in key locations or routes, price changes in aircraft fuel and the timing and amount of maintenance expenses. As a result of these and other factors, quarter- to- quarter comparisons of our results of operations and comparisons of our key operating statistics may not be reliable indicators of our future performance. Seasonality may cause our quarterly results to fluctuate since historically our passengers tend to fly more during the winter months and less in the summer and fall months. We cannot assure you that we will find profitable markets in which to operate during the off- peak season. Lower demand for air travel during the fall and other off- peak months could have a material adverse effect on our business, results of operations and financial condition. We may not realize any or all of our estimated cost savings, which would have a negative effect on our results of operations. As part of our business strategy, we expect to implement certain operational improvements and cost savings initiatives. Any cost savings that we realize from such efforts may differ materially from our estimates. Our estimates are the current estimates of the Company, but they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such estimates. In addition, any cost savings that we realize may be offset, in whole or in part, by reductions in revenues, or through increases in other expenses. Any one- time costs incurred to achieve our cost savings going forward may be more than we expect and, to achieve additional cost savings, we may need to incur additional one- time costs. Our operational improvements and cost savings plans are subject to numerous risks and uncertainties that may change at any time. We cannot assure you that our initiatives will be completed as anticipated or that the benefits we expect will be achieved on a timely basis or at all. The future performance of the Company may differ significantly from the anticipated performance of the Company. We may become involved in litigation that may materially adversely affect us. From time- to- time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including commercial, employment, class action, whistleblower, patent, product liability and other litigation and claims, and governmental and other regulatory investigations and proceedings. In particular, in recent years, there has been significant litigation in the United States and abroad involving airline consumer complaints. We have in the past faced, and may face in the future, claims by third parties that we have violated a passenger' s rights. Such matters can be time-consuming, divert management’ s attention and resources, cause us to incur significant expenses or liability and / or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, results of operations and financial condition. **Lessee defaults could materially adversely affect our business, financial condition and results of operations. Investors should expect some lessees to experience payment difficulties, particularly in difficult economic or operating environments. As a result of their financial condition and lack of liquidity, lessees may be significantly in arrears in their rental or maintenance payments. The airline industry is cyclical, economically sensitive and highly competitive, and our lessees are affected by several factors over which we and they have limited control, including: air passenger demand, changes in fuel costs, interest rates, foreign currency, inflation, labor difficulties, including pilot shortages, wage negotiations or other labor actions, increases in other operating costs, such as increased insurance costs, general economic conditions and governmental regulation and associated fees affecting the air transportation business. For example, the airline industry was substantially impacted by the COVID- 19 pandemic. In addition, geopolitical events such as changes in national policy or the imposition of sanctions, including new sanctions, trade barriers or tariffs, as well as events leading to political or economic instability such as war, prolonged armed conflict and acts of terrorism ; epidemics, pandemics and natural disasters ; availability of financing, including availability of governmental support ; and airline financial health may also have an impact. Finally, our lessees may also be affected by aircraft accidents, in particular a loss if the aircraft is damaged or destroyed by an event specifically excluded from insurance policies, such as dirty bombs, biohazardous materials and electromagnetic pulsing. These factors could cause our lessees to incur higher costs and to generate lower revenues which could adversely affect their ability to make lease payments or perform their maintenance obligations under the leases. In addition, lease default levels will likely increase over time if economic conditions deteriorate. We may not correctly assess the credit risk of a lessee or that risk could change over time. We may not be able to charge risk- adjusted lease rates, and lessees may not be able to continue to perform their financial and other obligations under our leases in the future. Many airlines received lease deferrals or other accommodations during the COVID- 19 pandemic and we may agree to deferrals, restructurings and terminations in the ordinary course of our business with lessees in the future. If a lessee delays, reduces, or fails to make lease payments when due and if we are unable to agree on a lease payment deferral or lease restructuring and we elect to terminate the lease, we may not receive all or any payments still outstanding. While deferrals generally shift the timing of payments to a later period, restructurings and terminations generally permanently reduce lease revenue, and the associated reduction in lease revenue could negatively affect our business. In the event that a lessee defaults under a lease, any security deposit paid or letter of credit provided by the lessee may not be sufficient to cover the lessee’ s outstanding or unpaid lease obligations and required maintenance and transition expenses. Significant costs resulting from lease defaults could have a material adverse effect on our business. Although we have the right to repossess the aircraft and to exercise other remedies upon a lessee default, repossession of an aircraft would likely lead to significant costs for us. Those costs include legal and other expenses of court or other governmental proceedings, particularly if the lessee is contesting the proceedings, and costs to obtain possession and / or deregistration of the aircraft and flight and export permissions. Delays resulting from these proceedings would increase the period of time during which the aircraft is not generating revenue. We may incur maintenance, refurbishment or repair costs that a defaulting lessee has failed to incur or pay and that are necessary to put the aircraft in suitable condition for re- lease, sale, or induction into the Company’ s fleet. We may also incur storage costs associated with aircraft that we repossess and are unable to sell, induct into our fleet, or place immediately with another lessee. We may be required to pay off liens, claims, taxes and other governmental charges to obtain clear possession, including, in some cases, liens that the lessee might have incurred in connection with the operation of its other aircraft. We could also incur other costs in connection with the physical possession of the aircraft. We may suffer other adverse consequences due to a lessee default and the repossession of the aircraft. Our rights upon a lessee default vary significantly depending upon the jurisdiction and may include the need to obtain a court order for repossession of the aircraft and / or consents for deregistration or re- export of the aircraft. When a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions give rights to the trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third party, or entitle the lessee or another third party to retain possession of the aircraft without paying lease rentals or without performing all of the obligations under the lease. There can be no assurance that jurisdictions that have adopted the Cape Town Convention, which provides for uniformity and certainty for repossession of aircraft, will enforce it as written. Our efforts to repossess our aircraft could be further complicated for lessees that are owned in whole or in part by, or are subsidized by, government- related entities. Accordingly, we may be delayed in, or prevented from, enforcing our rights under a lease and in re- leasing, inducting into our fleet, or selling the affected aircraft. If we repossess an aircraft, we may not be able to export or deregister and profitably redeploy the aircraft in a timely manner or at all. Before an aviation authority will register an aircraft that has previously been registered in another country, it must receive confirmation that the aircraft has been deregistered by that country’ s aviation authority. In order to deregister an aircraft, the lessee must comply with applicable laws and regulations, and the relevant governmental authority must enforce these laws and regulations. For instance, where a lessee or other operator flies only domestic routes in the jurisdiction in which the aircraft is registered, repossession may be more difficult, especially if the jurisdiction permits the lessee or the other operator to resist deregistration. We may also incur significant costs in retrieving or recreating aircraft records required for registration of the aircraft, and in obtaining a certificate of airworthiness for an aircraft. Upon a lessee default, we may incur significant costs in connection**

with repossessing our aircraft and we may be delayed in repossessing our aircraft or may be unable to obtain possession of our aircraft, which could have a materially adverse impact on our future revenue and cash flows. Lessee defaults and reorganizations, bankruptcies or similar proceedings may result in lost revenue and additional costs. From time to time, an airline may seek reorganization or protection from creditors under its local laws or may go into liquidation. Lessees may default on their lease obligations or file for bankruptcy or otherwise seek protection from creditors (collectively referred to as " bankruptcy "). Based on historical rates of airline defaults and bankruptcies, it' s possible that we will experience lessee defaults and bankruptcies. If a lessee defaults on its lease or files for bankruptcy, the lessee may not make lease payments or may return aircraft to us before the lease expires. If a lessee files for bankruptcy with the intent of reorganizing its business, we may agree to adjust our lease terms, including reducing lease payments by a significant amount. Certain jurisdictions give rights to the trustee in a bankruptcy to assume or reject the lease or to assign it to a third party, or entitle the lessee or another third party to retain possession of the aircraft without paying lease rentals or performing all or some of the obligations under the relevant lease. If one or more airline bankruptcies result in a larger number of aircraft being available for purchase or lease over a short period of time, aircraft values and aircraft lease rates may be depressed, and additional grounded aircraft and lower market values could adversely affect our ability to sell our aircraft or lease or remarket our aircraft at favorable rates or at all. As a result of the time and process involved with lessee reorganizations, bankruptcies or similar proceedings as described above, which can vary by airline and jurisdiction among other factors, we may experience lost revenue and additional costs. If our lessees encounter financial difficulties and we decide to restructure our leases with those lessees, this could result in less favorable leases and in significant reductions in our cash flow. If a lessee is late in making payments or fails to make payments in full, we may elect to or be required to restructure the lease. Restructuring may involve anything from a simple rescheduling of payments to the termination of a lease without receiving all the past due amounts. If requests for payment restructuring or rescheduling are granted, reduced or deferred rental payments may be payable over all or some part of the remaining term of the lease, and the terms of any revised payment schedules may be unfavorable or such payments may not be made. We may be unable to agree upon acceptable terms for any requested restructurings and as a result may be forced to exercise our remedies under those leases and we may be unable to repossess our aircraft on a timely basis. The terms and conditions of payment restructurings or reschedulings may adversely affect our cash flows. Failures by lessees to meet their maintenance and recordkeeping obligations under our leases could adversely affect the value of our leased engines and aircraft and our ability to lease the engines and aircraft in a timely manner following termination of the leases. The value and income producing potential of an engine or aircraft depends heavily on it being maintained in accordance with an approved maintenance system and complying with all applicable governmental directives and manufacturer requirements. In addition, for an engine or aircraft to be available for service, all records, logs, licenses and documentation relating to maintenance and operations of the engine or aircraft must be maintained in accordance with governmental and manufacturer specifications. Our leases make the lessees primarily responsible for maintaining the engines or aircraft, keeping related records and complying with governmental directives and manufacturer requirements. Lessees may experience difficulties in meeting their maintenance and recordkeeping obligations as specified by the terms of our leases. Our ability to determine the condition of the engines or aircraft and whether the lessees are properly maintaining our assets is generally limited to the lessees' reporting of usage and any maintenance performed, confirmed by periodic inspections performed by us and third parties. A lessee' s failure to meet its maintenance or recordkeeping obligations under a lease could result in: • a grounding of the related engine or aircraft; • a repossession that would likely cause us to incur additional and potentially substantial expenditures in restoring the engine or aircraft to an acceptable maintenance condition; • a need to incur additional costs and devote resources to recreate the records prior to the use, sale or lease of the engine or aircraft; • loss of lease revenue while we perform refurbishments or repairs and recreate records; and • a lower lease rate and / or shorter lease term under a new lease entered into by us following repossession of the engine or aircraft. Any of these events may adversely affect the value of the engine or aircraft, unless and until remedied, and reduce our revenues and increase our expenses. If aviation equipment is damaged during a lease and we are unable to recover from the lessee or though insurance, we may incur a loss. Our lessees may fail to adequately insure our aircraft or fulfill their indemnity obligations, or we may not be able to adequately insure our aircraft, which may result in increased costs and liabilities. When an aircraft is on lease, we do not directly control its operation. Nevertheless, because we hold title to the aircraft, we could be sued or held strictly liable for losses resulting from the operation of such aircraft, or may be held liable for losses on other legal theories or claims may be made against us as the owner of an aircraft requiring us to expend resources in our defense. As a result, we separately purchase contingent liability insurance and contingent hull insurance on all aircraft in our owned fleet. While we believe our insurance is adequate both as to coverages and amounts based on industry standards in the current market, we cannot assure you that we are adequately insured against all risks and in all territories in which our aircraft operate. For example, following the Russia- Ukraine conflict, Russia, Ukraine and Belarus are now generally excluded from coverage in our contingent liability, contingent hull and contingent hull war insurance consistent with insurance market terms available at the time these policies were last renewed. We also separately require our lessees to obtain specified levels of insurance customary in the aviation industry and indemnify us for, and insure against, liabilities arising out of the lessee' s use and operation of the aircraft. Lessees are also required to maintain all risks hull insurance, all risks property insurance, and war risks hull insurance on the aircraft at agreed upon levels. Lessees may fail to maintain adequate insurance coverage during a lease term, which, although in contravention of the lease terms, could necessitate our taking some corrective action such as terminating the lease or securing insurance for the aircraft. Moreover, even if our lessees retain specified levels of insurance, and indemnify us for, and insure against, liabilities

arising out of their use and operation of the aircraft, we cannot assure you that we will not have any liability. In addition, there are certain risks or liabilities that we or our lessees may face, for which insurers may be unwilling to provide coverage for, or the cost to obtain such coverage may be prohibitively expensive. For example, following the terrorist attacks of September 11, 2001, aviation insurers significantly reduced the amount of insurance coverage available for claims resulting from acts of terrorism, war, dirty bombs, biohazardous materials, electromagnetic pulsing or similar events, and increased the premiums for such third- party war risk and terrorism liability insurance and coverage in general. Similarly, following the Russia- Ukraine conflict, aviation insurers have, in some cases, reduced the scope of insurance coverage provided by policies and increased insurance premiums. Accordingly, our or our lessees' insurance coverage could be insufficient to cover all claims that could be asserted against us arising from the operation of our aircraft. Inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations will reduce the proceeds that would be received by us if we are sued and are required to make payments to claimants. Moreover, our lessees' insurance coverage is dependent on the financial condition of insurance companies, which might not be able to pay claims. Our or our lessees' failure to adequately insure our aircraft, or our lessees' failure to fulfill their indemnity obligations to us, could reduce insurance proceeds otherwise payable to us in certain cases, and may result in increased costs and liabilities for our business. A lessee' s failure to obtain required licenses, consents and approvals could negatively affect our ability to remarket, sell, or induct such aircraft into our fleet. Airlines are subject to extensive regulation in the jurisdictions in which they are registered and operate. As a result, we expect some of our leases will require licenses, consents or approvals, including consents from governmental or regulatory authorities for certain payments under our leases and for the import, export or deregistration of aircraft. Subsequent changes in applicable law or administrative practice may require additional licenses and consents or result in revocation of prior licenses and consents. Furthermore, consents needed in connection with our repossession or sale of an aircraft may be withheld. Any of these events could negatively affect our ability to remarket, sell, or induct such aircraft into our fleet. Export restrictions and tariffs may impact where we can place and deliver our aircraft and negatively impact our earnings and cash flows. Existing export restrictions impact where we can place and deliver our aircraft. New export restrictions, including those implemented quickly or as a result of geopolitical events, may impact where we can place and deliver our aircraft or the ability of our lessees to operate our aircraft in certain jurisdictions, which may negatively impact our earnings and cash flows. For example, in early 2022, in connection with the ongoing conflict between Russia and Ukraine, the United States, European Union, United Kingdom and others imposed economic sanctions and export controls against certain industry sectors and parties in Russia. These sanctions include closures of airspace for aircraft operated by Russian airlines, bans on the leasing or sale of aircraft to Russian controlled entities, bans on the export and re- export of aircraft and aircraft components to Russian controlled entities or for use in Russia, and corresponding prohibitions on providing technical assistance, brokering services, insurance and reinsurance, as well as financing or financial assistance. Tariffs can also impact our ability to place and deliver aircraft. Our leases are primarily structured as triple net leases, whereby the lessee is responsible for all operating costs. As a result, increased tariffs will result in a higher cost for imported aircraft that our lessees may not be willing to assume and which could adversely impact demand for aircraft, creating an oversupply of aircraft and potentially placing downward pressure on lease rates and aircraft market values. For example, in October 2019, the Office of the U. S. Trade Representative announced a 10 % tariff on new aircraft imported from Europe, including Airbus aircraft. In March 2020, the tariffs on aircraft were raised to 15 %. In November 2020, the E. U. announced a 15 % tariff on new aircraft imported into the E. U. from the U. S., including Boeing aircraft. In June 2021, the U. S. and the E. U. agreed to temporarily suspend all retaliatory tariffs related to new aircraft imports for five years. We cannot predict what further actions may ultimately be taken with respect to export controls, tariffs or trade relations between the U. S. and other countries. Accordingly, it is difficult to predict exactly how, and to what extent, such actions may impact our business, or the business of our lessees or aircraft manufacturers. Any unfavorable government policies on international trade, such as export controls, capital controls or tariffs, may affect the demand for aircraft, increase the cost of aircraft components, delay production, or impact the competitive position of certain aircraft manufacturers. In turn, this may impact where we can place and deliver our aircraft, which may negatively impact our earnings and cash flows. Changes in fuel costs could negatively affect our lessees, and by extension, the demand for our aircraft, which may negatively impact our earnings and cash flows. Historically, fuel prices have fluctuated widely depending primarily on international market conditions, geopolitical and environmental events, and currency exchange rates. The cost of fuel represents a major expense that is not within the control of airlines, and significant increases in fuel costs or hedges that inaccurately assess the direction of fuel costs can adversely affect our and other airlines' operating results. Due to the competitive nature of the aviation industry, operators may be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully offsets increased fuel costs. In addition, operators may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. Airlines that do hedge their fuel costs can also be adversely affected by swift movements in fuel prices if such airlines are required as a result to post cash collateral under hedge agreements. Therefore, if fuel prices materially increase or show significant volatility, our lessees are likely to incur higher costs or generate lower revenues, which may affect their ability to meet their obligations to us. A sustained period of lower fuel costs may also adversely affect regional economies that depend on oil revenue, including those in which certain of our lessees operate. Should changes in fuel costs negatively affect our lessees or demand for our aircraft, our earnings and cash flows may be negatively impacted. The appreciation of the U. S. dollar could negatively impact our lessees' ability to honor the terms of their leases, which are denominated in U. S. dollars, and may result in lost revenues and reduced net income. Lessees are exposed to currency risk due to the fact that they earn revenues in their local currencies while a

significant portion of their liabilities and expenses are denominated in U. S. dollars, including their lease payments to us, as well as fuel, debt service, and other expenses. The ability of our lessees to make lease payments to us in U. S. dollars may be adversely impacted in the event of an appreciating U. S. dollar. This is particularly true for non- U. S. airlines whose operations are primarily domestic. Shifts in foreign exchange rates can be significant, are difficult to predict, and can occur quickly as evidenced by the significant appreciation of the U. S. dollar in 2022. Should our lessees be unable to honor the terms of their leases due to the appreciation of the U. S. dollar, we may experience lost revenues and reduced net income. Income and other taxes could negatively affect our business and operating results due to our multi-jurisdictional operations. We operate in multiple jurisdictions and may become subject to a wide range of income and other taxes. If we are unable to execute our business in jurisdictions with favorable tax treatment, our operations may be subject to significant income and other taxes. Moreover, as our aircraft are operated by our lessees in multiple jurisdictions, we may have nexus or taxable presence as a result of our aircraft landings in various jurisdictions. Such landings may result in us being subject to various taxes in such jurisdictions. Further, any changes in tax laws in any of the jurisdictions that subject us to income or other taxes, such as increases in tax rates or limitations on our ability to deduct certain expenses from taxable income, such as depreciation expense and interest expense, could materially affect our tax obligations and effective tax rate. ESG matters may impose additional costs and expose us to new risks. Public ESG and sustainability reporting is becoming more broadly expected by investors, shareholders, regulatory agencies and other third parties. Certain organizations that provide corporate governance and other corporate risk information to investors have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based upon ESG or " sustainability " metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company' s ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such company to improve ESG disclosure or performance and may also make voting decisions, or take other actions, to hold these companies and their boards of directors accountable. We may also face reputational damage in the event our corporate responsibility initiatives or objectives do not meet the standards set by our investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third party rating services. Major bank failure or sustained financial market illiquidity, or illiquidity at our clearing, cash management and custodial financial institutions, could adversely affect our business, financial condition and results of operations. Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market- wide liquidity problems. For example, on March 10, 2023, the California Department of Financial Protection and Innovation closed SVB and appointed FDIC receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. Since that time, there have been reports of instability at other U. S. banks. Although the Federal Reserve Board, the Department of the Treasury and the FDIC have taken steps to ensure that depositors at SVB and Signature Bank can access all of their funds, including funds held in uninsured deposit accounts, and have taken additional steps to provide liquidity to other banks, there is no guarantee that, in the event of the closure of other banks or financial institutions in the future, depositors would be able to access uninsured funds or that they would be able to do so in a timely fashion and uncertainty and liquidity concerns in the broader financial services industry remain. The ultimate outcome of these events, and whether further regulatory actions will be taken, cannot be predicted. We would face certain risks in the event of a sustained deterioration of financial market liquidity, as well as in the event of sustained deterioration in the liquidity, or failure, of our clearing, cash management and custodial financial institutions. In particular, in the event of a major bank or credit card failure, we could be unable to process credit card transactions. In such a case, or if financial liquidity deteriorates for other reasons, our ability to operate our business and our financial condition and results of operations could be significantly harmed. Risks Related to Our Indebtedness The Credit Agreement contains, and any future indebtedness of ours could contain, restrictions that limit our flexibility. The ~~five- year credit agreement (the "~~ Credit Agreement ~~")~~ contains, and any future indebtedness of ours could contain covenants that impose significant operating and financial restrictions on us, such as restrictions on our and our subsidiaries' ability to, among other things: • incur additional debt, guarantee indebtedness, or issue certain preferred equity interests; • pay dividends on or make distributions in respect of, or repurchase or redeem, our capital stock, or make other restricted payments; • prepay, redeem, or repurchase certain debt; • make loans or certain investments; • sell certain assets; • create liens on certain assets; • consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets; • enter into certain transactions with our affiliates; • alter the businesses we conduct; • enter into agreements restricting our subsidiaries' ability to pay dividends; and • designate our subsidiaries as unrestricted subsidiaries. As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. These restrictive covenants may limit our ability to engage in activities that may be in our long- term best interest. The failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of a substantial amount of our indebtedness. ~~We are subject to certain restrictions on our business as a result of our participation in governmental programs under the CARES Act and we may be subject to similar or other restrictions pursuant to future governmental programs. Under the Payroll Support Program, the Treasury provided us an aggregate of $ 62, 312 in Payroll Support Payments from April 21, 2020 to October 1, 2020, and an additional $ 37, 040 in grants during the first half of 2021 (collectively, the " Payroll Support Payments "). Further, we were notified on April 15, 2021 that we would receive a grant of $ 34, 547 under Payroll Support~~

~~Program 3, which was received during April and May 2021. Additionally, on October 26, 2020, we entered into a loan and guarantee agreement (the" CARES Act Loan Agreement") with the Treasury under the aviation direct loan program of the CARES Act, pursuant to which the Treasury agreed to extend loans to us in an aggregate principal amount of $ 45, 000, subject to specified terms. We used a portion of the net proceeds from our initial public offering to repay in full all amounts outstanding under the CARES Act Loan Agreement on March 24, 2021. See Notes 3 and 8 to the Consolidated Financial Statements included in Part II, Item 8 herein for more information. In accordance with any grants and / or loans received under the CARES Act, we are required to comply with the relevant provisions of the CARES Act and the related implementing agreements, which include restrictions on the payment of certain executive compensation until April 1, 2023. Due to an administrative issue, during the twelve months ended June 30, 2022, the compensation payable to an executive officer temporarily exceeded the limit under the CARES Act. Once the issue was identified, the executive officer voluntarily rescinded the unvested portion of the equity grant that caused the executive' s compensation to exceed the CARES Act limit. At no point did the executive' s cash compensation and equity awards that could be monetized exceed the CARES Act limit. The Company did not accrue any amounts related to this matter as of December 31, 2022. To the extent we are deemed to have failed to remain in full compliance with the CARES Act and the applicable rules and regulations thereunder, we may become subject to fines or other enforcement actions, which may adversely affect our business, results of operations and financial condition. The substance and duration of the remaining restrictions to which we are subject under the grants and / or loans under the CARES Act, including, but not limited to, those outlined above, may materially affect our operations, and we may not be successful in managing these impacts. Further, these restrictions could limit our ability to take actions that we otherwise might have determined to be in the best interests of our company and our stockholders. In particular, limitations on executive compensation may impact our ability to retain senior management or other key employees. We cannot predict whether the assistance under any of these programs will be adequate to support our business while it continues to be impacted by the COVID- 19 virus and its variants or whether additional assistance will be required or available in the future. Future governmental programs in which we participate may include similar or other restrictions on the operation of our business. There can be no assurances that additional grants will be available or that we will qualify for future programs.~~ Risks Related to Ownership of Our Common Stock Our stock price may fluctuate significantly. The market price of our common stock could vary significantly as a result of a number of factors, some of which are beyond our control. The following factors could affect our stock price: • our operating and financial performance and prospects; • quarterly variations in the rate of growth (if any) of our financial or operational indicators, such as earnings per share, net income, revenues, Adjusted Net Income ~~(Loss)~~ , Adjusted EBITDA and Adjusted CASM; • the public reaction to our press releases, our other public announcements and our filings with the SEC; • strategic actions by our competitors; • changes in operating performance and the stock market valuations of other companies; • announcements related to litigation; • our failure to meet revenue or earnings estimates made by research analysts or other investors; • changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts; • speculation in the press or investment community; • sales of our common stock by us or our stockholders, or the perception that such sales may occur; • changes in accounting principles, policies, guidance, interpretations, or standards; • additions or departures of key management personnel; • actions by our stockholders; • general economic and market conditions; • the ~~COVID- 19 virus~~ **rapid spread of a viral or bacterial infection, disease or similar public health threat** and its ~~variants and their~~ effects; • domestic and international economic, legal and regulatory factors unrelated to our performance; • material weakness in our internal control over financial reporting; and • the realization of any risks described under this " Risk Factors " section, or other risks that may materialize in the future. The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company' s securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management' s attention and resources and harm our business, financial condition, and results of operations ~~. We are an " emerging growth company, " and will be able to take advantage of reduced disclosure requirements applicable to " emerging growth companies, " which could make our common stock less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act, and, for as long as we continue to be an " emerging growth company, " we intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to " emerging growth companies. " These exemptions include not being required to comply with the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non- binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an " emerging growth company " until the earliest of 1) the last day of the first fiscal year in which our annual gross revenues exceed $ 1. 235 billion, 2) the date that we become a " large accelerated filer " as defined in Rule 12b- 2 under the Exchange Act, which would occur at the end of our most recently completed fiscal year if the market value of our common stock that is held by non-affiliates exceeds $ 700 million as of the last business day of our most recently completed second fiscal quarter, we have been required to file annual and quarterly report under the Exchange Act for a period of at least 12 months and we have filed at least one annual report pursuant to the Exchange Act, 3) the last day of our fiscal year ending December 31, 2026, and 4) the date on which we have issued more than $ 1 billion in non- convertible debt during the preceding three- year period. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may decline or become more volatile and it may be difficult for us to raise additional capital if and when we need it. We will incur significant costs and devote substantial management time as a result of operating as a public company, particularly after we are no longer an " emerging growth company. " As a public company, we have and~~

~~will continue to incur significant legal, accounting and other expenses. For example, we are required to comply with the requirements of Section 404 (a) of the Sarbanes- Oxley Act and the Dodd- Frank Act, as well as rules and regulations subsequently implemented by the SEC and heightened auditing standards, and Nasdaq, our stock exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. The rules governing management' s assessment of our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. Further, the expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. These laws and regulations could also make it more costly for us to obtain certain types of insurance, including director and officer liability insurance and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, our management and other personnel may need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to continue incurring significant expenses and devote substantial management effort toward ensuring compliance with the requirements of the Sarbanes- Oxley Act. In that regard, we have needed to and may continue to need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Furthermore, if we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail in meeting our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from Nasdaq, regulatory investigations, civil or criminal sanctions and litigation, any of which would have a material and adverse effect on our business, results of operations and financial condition. Furthermore, if we are unable to satisfy our obligations as a public company, our common stock could be delisted, and we could be subject to fines, sanctions and other regulatory action and potentially civil litigation. Failure to remain in full compliance with these and other applicable rules and regulations may also subject us to fines or other enforcement action or adversely affect our business, results of operations and financial condition. However, for as long as we remain an " emerging growth company " as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not " emerging growth companies " including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Under the JOBS Act, " emerging growth companies " can delay adopting new or revised accounting standards until such time as those standards apply to private companies. As of December 31, 2022 we have not delayed the adoption of new or revised accounting standards as allowed under the JOBS Act. After we are no longer an " emerging growth company, " we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing and materiality of such costs~~ . Our certificate of incorporation and bylaws include provisions limiting ownership and voting by non- U. S. citizens. To comply with restrictions imposed by federal law on foreign ownership and control of U. S. airlines, our certificate of incorporation and bylaws restrict ownership and control of shares of our common stock by non- U. S. citizens. The restrictions imposed by federal law and DOT policy require that we be owned and controlled by U. S. citizens, that no more than 25 % of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U. S. citizens, as defined in 49 U. S. C. § 40102 (a) (15), that no more than 49 % of our stock be owned or controlled, directly or indirectly, by persons or entities who are not U. S. citizens and are from countries that have entered into " open skies " air transport agreements with the United States, that our president and at least two- thirds of the members of our Board of Directors and other managing officers be U. S. citizens and that we be under the actual control of U. S. citizens. Our certificate of incorporation and bylaws provide that the failure of non- U. S. citizens to register their shares on a separate stock record, which we refer to as the " foreign stock record, " would result in a loss of their voting rights in the event and to the extent that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record, resulting in the loss of voting rights, in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. The restrictions on ownership and control of shares of our common stock could adversely impact the price that investors might be willing to pay in the future for shares of our common stock. The Apollo Stockholder has significant influence over us, and Apollo' s interests may conflict with our interests and the interests of other stockholders. As of December 31, ~~2022~~ **2023** , the Apollo Stockholder beneficially owned approximately ~~43~~ **21** % of the voting power of our outstanding common equity. Although the Apollo Stockholder beneficially owns less than 50 % of our outstanding common equity, individuals affiliated with Apollo continue to have significant influence over the outcome of votes on all matters requiring approval by our stockholders, including the election of directors, changes to certain of our governing documents, entering into significant corporate transactions such as mergers, tender offers, and the sale of all or substantially all of our assets and issuance of additional debt or equity. The interests of Apollo and its affiliates, including the Apollo Funds and the Apollo Stockholder, could conflict with or differ from our interests or the interests of our other stockholders. For example, the concentration of ownership held by the Apollo Stockholder could delay, defer, or prevent a change in control of our company or impede a merger, takeover, or other business combination which may otherwise be favorable for us. Additionally, Apollo and its affiliates are in the business of making investments in companies and may, from time to time, acquire and hold interests in or provide advice to businesses that compete directly or indirectly with us, or are suppliers or customers of ours. Apollo and its affiliates may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. Any such investment may increase the potential for the conflicts of interest discussed in this risk factor. So long as the Apollo Stockholder continues to directly or indirectly beneficially own a significant amount of our equity, even if such amount is less than 50 %, the Apollo Stockholder will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions. The Apollo Stockholder also has a right to nominate a number of directors comprising a percentage of our board of directors in accordance with Apollo and its affiliates' beneficial ownership of the voting power of our outstanding common stock (rounded up to the nearest whole number). We are a holding company and rely on dividends, distributions, and other payments, advances, and transfers of funds from our ~~subsidiaries~~ **subsidiary** to meet our obligations. We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers, including for payments in respect of our indebtedness, from our ~~subsidiaries~~ **subsidiary** to meet our obligations. The agreements governing the indebtedness of our ~~subsidiaries~~ **subsidiary** , including the Credit Agreement, impose restrictions on our ~~subsidiaries~~ **subsidiary** ' **s** ability to pay dividends or other distributions to us. **Our** ~~Each of our subsidiaries~~ **subsidiary** is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from them and we may be limited in our ability to cause any future joint ventures to distribute their earnings to us. The deterioration of the earnings from, or other available assets of, our ~~subsidiaries~~ **subsidiary** for any reason could also limit or impair their ability to pay dividends or other distributions to us. Our future earnings and earnings per share, as reported under GAAP, could be adversely impacted by the warrants granted to Amazon. If Amazon exercises its right to acquire shares of our common stock pursuant to the 2019 Warrants, this will dilute the ownership interests of our then- existing stockholders and could adversely affect the market price of our common stock. The warrants granted to Amazon in 2019 increase the number of diluted shares reported, which has an effect on our diluted earnings per share to the extent the warrants actually vest. The warrants have an exercise price of approximately $ 15. 17 per share, approximately ~~25~~ **34** % of which had vested as of December 31, ~~2022~~ **2023** . A portion of the 2019 Warrants will vest incrementally based on aggregate global payments by Amazon to the Company or its affiliates pursuant to the ATSA. In addition, vesting can occur immediately in certain circumstances, including upon a change of control (as defined in the 2019 Warrant) or certain transfers of 30 % or more of the voting power in the Company to a new person or group, other than any equity offering by the Company or the Apollo Stockholder pursuant to an effective registration statement so long as no person or group, within the meaning of the Exchange Act, acquires more than 50 % of the voting power of the Company in such offering). If additional 2019 Warrants vest and Amazon exercises its right to acquire shares of our common stock pursuant to the 2019 Warrants, it will dilute the ownership interests of our then- existing stockholders and reduce our earnings per share. In addition, to the extent the common stock issued upon exercise of the 2019 Warrants is transferred to non- U. S. citizens, it will further limit the amount of our common stock that may be owned or controlled by other non- U. S. citizens. Furthermore, any sales in the public market of any common stock issuable upon the exercise of the 2019 Warrants could adversely affect prevailing market prices of our common stock. Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price. As of December 31, ~~2022~~ **2023** , we had ~~57~~ **53** , ~~325~~ **291** , ~~238~~ **001** shares of common stock outstanding, warrants to purchase 9, 482, 606 shares of common stock, options to purchase 4, ~~535~~ **061** , ~~055~~ **252** shares of common stock and ~~230~~ **434** , ~~191~~ **744** shares of common stock that may be issued upon the vesting of outstanding restricted stock units. In addition, certain of our existing stockholders, including the Apollo Stockholder and Amazon, have certain rights to require us to register the sale of common stock held by them including in connection with underwritten offerings. Pursuant to these registration rights, we filed a" shelf" registration statement, under which the Apollo Stockholder and Amazon could offer and sell, from time- to- time, up to an aggregate of 34, 352, 603 shares of our common stock, including 9, 482, 606 shares of our common stock issuable upon exercise of outstanding warrants. Additionally, we filed a registration statement in respect of all shares of common stock that we may issue under the Omnibus Incentive Plan and the SCA Acquisition Equity Plan. After registration, these shares can be freely sold in the public market upon issuance. Sales of significant amounts of stock in the public market upon expiration of lock- up agreements, the perception that such sales may occur, or early release of any lock- up agreements, could adversely affect prevailing market prices of our common stock or make it more difficult to sell shares of common stock at a time and price that you deem appropriate. We do not anticipate paying dividends on our common stock in the foreseeable future. We do not anticipate paying any dividends in the foreseeable future on our common stock. We intend to retain all future earnings for the operation and expansion of our business, the repayment of outstanding debt, and for general corporate purposes. The Credit Agreement contains, and any future indebtedness likely will contain, restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to pay dividends and make other restricted payments. As a result, capital appreciation, if any, of our common stock may be the only source of gain for the foreseeable future. While we may change this policy at some point in the future, we cannot assure you that we will make such a change. We are required to pay our pre- ~~Initial Public Offering ("~~ IPO ~~")~~ stockholders for certain tax benefits, and the amounts of such payments could be material. We entered into an income tax receivable agreement with our pre- IPO stockholders that provides for the payment by us to our pre- IPO stockholders of 85 % of the amount of cash savings, if any, in U. S. federal, foreign, state and local income tax that we and our subsidiaries actually realize for periods starting at least 12 months after the closing date of our initial public offering as a result of the utilization of tax attributes existing at the time of our initial public offering. These tax attributes include net operating loss carryforwards, deductions, tax basis and certain other tax attributes, in each case that relate to periods (or portions thereof) ending on or prior to the closing date of our initial public offering. We expect that the payments we make under the income tax receivable agreement could be material. Assuming no material changes in the relevant tax law, and that we and our subsidiaries earn sufficient income to realize the full tax benefits subject to the income tax receivable agreement, we expect that future payments under the income tax receivable agreement will aggregate to be approximately $ ~~103~~ **101** , ~~800~~ **044** as of December 31, ~~2022~~ **2023** . Payments in accordance with the terms of the income tax receivable agreement could have an adverse effect on our liquidity and financial condition. In addition, under some circumstances, including certain mergers, asset sales and other transactions constituting a " change of control " under the income tax receivable agreement or if we breach our obligations thereunder, the income tax receivable agreement will terminate and we will be required to make a payment equal to the present value of future payments under the income tax receivable agreement, which payment will be calculated based on certain assumptions, including those relating to our and our subsidiaries' future taxable income. In these situations, our obligations under the income tax receivable agreement could have a material and adverse impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales or other " change of control " transactions. To the extent that we are unable to make payments under the income tax receivable agreement for any reason, such payments will be deferred and will accrue interest until paid, which could adversely affect our results of operations and could also affect our liquidity in periods in which such payments are made. For more information on the income tax receivable agreement, see Note ~~15~~ **14** of the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report. We ~~are continuing to improve~~ **have previously identified material weaknesses in** our internal control over financial reporting **, which have been remediated** . **If** ~~Our independent registered public accounting firm is not required to audit the~~ **other** ~~effectiveness of our internal~~ control **deficiencies** ~~over financial reporting until after we~~ are ~~no longer an " emerging growth company, " as defined in the JOBS Act, which at the latest would be the end of the fiscal year ending December 31, 2026. At such time, our internal control over financial reporting may be insufficiently documented, designed or operating, which may cause our independent registered public accounting firm to issue a report that is adverse. As previously disclosed, we have~~ identified ~~a material weakness~~ in **the future** ~~our internal control over financial reporting and, if we are unable to remediate this material weakness~~ , we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock. As disclosed in Part II, Item 9A, " Controls and Procedures, " we have previously **identified** ~~disclosed the identification of a~~ material ~~weakness~~ **weaknesses** in our internal control over financial reporting **, which have been fully remediated in the quarter ended December 31, 2023** . A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company' s annual or interim financial statements will not be prevented or detected on a timely basis. The **first previously disclosed** ~~control deficiency described below created a reasonable possibility that a material misstatement to the annual or interim consolidated financial statements would not have been prevented or detected on a timely basis. Accordingly, Management has concluded that this control deficiency constituted a~~ material weakness **identified in the prior year related to** ~~as of June 30, 2022. Specifically, Management~~ **management** ' s controls over the accounting for complex, non- routine transactions **that** were not designed or implemented to operate with a sufficient level of precision. This included controls addressing the application of ASC Topic 842, Leases, to the purchase of aircraft subject to an existing operating lease. ~~Failure~~ **The additional previously disclosed material weakness identified in the quarter ended June 30, 2023, related** to ~~have~~ **an ineffective risk assessment and lack of** effective **controls over the procurement process activities outsourced to a third-party service organization, including the ITGCs over the automation of processing of vendor invoices (i. e., scanning, routing, approving, and preparing the recording of invoices) and hosting of related information. During 2023, our management completed a series of actions and measures that effectively remediated these previously disclosed material weaknesses and concluded that as of December 31, 2023 our** internal control over financial reporting **was effective** ~~and disclosure controls and procedures could impair our ability to produce accurate financial statements on a timely basis and could lead to a restatement of our financial statements. If~~ , as ~~a result of the ineffectiveness of our internal control over financial reporting and disclosure controls and procedures, we cannot provide reliable financial statements, our business decision processes may be adversely affected, our business and results of operations could be harmed, and investors could lose confidence in our reported financial information. In addition, in some circumstances, failure to maintain effective internal control over financial reporting could result in investigations or sanctions by regulatory authorities. As~~ described in Part II, Item 9A ~~, Management began supplementing the system of internal control over financial reporting to address the material weakness~~ . **We** ~~Such remediation measures may require additional time and resources and there is no assurance that these initiatives will ultimately have the intended effects. As Management continues to evaluate and work to improve our internal control over financial reporting, Management may determine that additional measures to address control deficiencies or modifications to the remediation plan are necessary. Therefore, we~~ cannot assure you ~~when the Company will remediate such weakness, nor can we be certain that additional actions will not be required and what costs of any such additional actions may be. In addition, there can be no assurance that such remediation efforts will be successful, that our internal control over financial reporting will be effective as a result of these efforts nor~~ that additional material weaknesses will not arise in the future or that ~~Management~~ **management** has identified all material weaknesses. If we identify any new material weaknesses in the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. Any such future deficiencies identified may not be material weaknesses that would be required to be reported in future periods. In addition, we cannot assure you that our independent registered public accounting firm will be able to attest that such internal controls are effective when they are required to do so. **Failure to have effective internal control over financial reporting and disclosure controls and procedures could impair our ability to produce accurate financial statements on a timely basis and could lead to a restatement of our financial statements.** If **, as a result of the ineffectiveness of our internal control over financial reporting and disclosure controls and procedures,** we ~~fail to remediate the material weakness~~ **cannot provide reliable**

financial statements, our business decision processes may be adversely affected, our business and **results of operations could be harmed, and investors could lose confidence in our reported financial information. In addition, in some circumstances, failure to** maintain effective internal control over financial reporting **could result in investigations or sanctions by regulatory authorities. If we fail to maintain effective internal control over financial reporting** or disclosure controls and procedures, we may not be able to rely on the integrity of our financial results, which could result in inaccurate or late reporting of our financial results, as well as delays or the inability to meet our reporting obligations or to comply with SEC rules and regulations. Any of these could result in delisting actions by the Nasdaq Stock Market, investigation and sanctions by regulatory authorities, stockholder investigations and lawsuits, and could adversely affect our business and the trading price of our common stock. The potential consequences of any material weakness could have a material adverse effect on our business, results of operations and financial condition.