

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number **001-33166**



Allegiant Travel Company
(Exact Name of Registrant as Specified in Its Charter)

Nevada

20-4745737

(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

1201 North Town Center Drive
Las Vegas, Nevada
(Address of Principal Executive Offices)

89144
(Zip Code)

Registrant's Telephone Number, Including Area Code: **(702) 851-7300**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.001	ALGT	NASDAQ Stock Market

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

As of July 22, 2022, the registrant had 18,181,322 shares of common stock, \$0.001 par value per share, outstanding.

ALLEGiant TRAVEL COMPANY
FORM 10-Q
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PART I. FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements**

ALLEGiant TRAVEL COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2022 (unaudited)	December 31, 2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 396,091	\$ 363,378
Restricted cash	21,960	37,323
Short-term investments	813,243	819,478
Accounts receivable	85,315	62,659
Expendable parts, supplies and fuel, net	35,566	27,500
Prepaid expenses and other current assets	50,270	28,073
TOTAL CURRENT ASSETS	1,402,445	1,338,411
Property and equipment, net	2,555,334	2,259,507
Long-term investments	—	2,231
Deferred major maintenance, net	147,387	146,850
Operating lease right-of-use assets, net	121,078	130,087
Deposits and other assets	211,629	113,987
TOTAL ASSETS:	\$ 4,437,873	\$ 3,991,073
CURRENT LIABILITIES		
Accounts payable	\$ 63,558	\$ 43,566
Accrued liabilities	226,083	162,892
Current operating lease liabilities	19,551	19,081
Air traffic liability	451,087	307,453
Current maturities of long-term debt and finance lease obligations, net of related costs	157,957	130,053
TOTAL CURRENT LIABILITIES	918,236	663,045
Long-term debt and finance lease obligations, net of current maturities and related costs	1,803,533	1,612,486
Deferred income taxes	345,118	346,137
Noncurrent operating lease liabilities	105,198	115,067
Other noncurrent liabilities	33,417	30,786
TOTAL LIABILITIES:	3,205,502	2,767,521
SHAREHOLDERS' EQUITY		
Common stock, par value \$0.001	25	25
Treasury shares	(633,332)	(638,057)
Additional paid in capital	698,982	692,053
Accumulated other comprehensive income, net	2,744	2,056
Retained earnings	1,163,952	1,167,475
TOTAL EQUITY:	1,232,371	1,223,552
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY:	\$ 4,437,873	\$ 3,991,073

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGiant TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
OPERATING REVENUES:				
Passenger	\$ 592,604	\$ 443,747	\$ 1,056,566	\$ 700,441
Third party products	27,787	23,001	50,267	36,622
Fixed fee contracts	8,920	5,134	22,305	12,827
Other	536	551	818	1,667
Total operating revenues	629,847	472,433	1,129,956	751,557
OPERATING EXPENSES:				
Aircraft fuel	257,288	109,456	421,425	192,305
Salaries and benefits	139,681	121,906	273,691	239,856
Station operations	66,909	57,210	132,652	100,303
Depreciation and amortization	49,183	44,522	95,526	87,696
Maintenance and repairs	31,123	22,597	58,943	45,968
Sales and marketing	27,297	17,632	49,647	29,241
Aircraft lease rental	5,451	5,117	11,584	9,837
Other	26,643	15,501	52,845	33,276
Payroll Support Programs grant recognition	—	(61,213)	—	(152,971)
Special charges	142	854	284	2,592
Total operating expenses	603,717	333,582	1,096,597	588,103
OPERATING INCOME	26,130	138,851	33,359	163,454
OTHER (INCOME) EXPENSES:				
Interest expense	24,497	16,720	44,288	33,508
Capitalized interest	(2,082)	—	(3,298)	—
Interest income	(2,218)	(500)	(2,991)	(963)
Loss on debt extinguishment	—	71	—	71
Other, net	101	(11)	95	(404)
Total other expenses	20,298	16,280	38,094	32,212
INCOME (LOSS) BEFORE INCOME TAXES	5,832	122,571	(4,735)	131,242
INCOME TAX PROVISION (BENEFIT)	1,474	27,544	(1,212)	29,346
NET INCOME (LOSS)	\$ 4,358	\$ 95,027	\$ (3,523)	\$ 101,896
Earnings (loss) per share to common shareholders:				
Basic	\$ 0.24	\$ 5.49	\$ (0.20)	\$ 6.04
Diluted	\$ 0.24	\$ 5.49	\$ (0.20)	\$ 6.04
Shares used for computation:				
Basic	17,987	17,064	17,970	16,618
Diluted	18,006	17,073	17,970	16,632
Cash dividends declared per share:	\$ —	\$ —	\$ —	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
NET INCOME (LOSS)	\$ 4,358	\$ 95,027	\$ (3,523)	\$ 101,896
Other comprehensive income:				
Change in available for sale securities, net of tax	(2,667)	(126)	688	(98)
Total other comprehensive income	(2,667)	(126)	688	(98)
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 1,691</u>	<u>\$ 94,901</u>	<u>\$ (2,835)</u>	<u>\$ 101,798</u>

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGiant TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)
(unaudited)

Three Months Ended June 30, 2022

	Common stock outstanding	Par value	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2022	18,119	\$ 25	\$ 695,323	\$ 5,411	\$ 1,159,594	\$ (638,057)	\$ 1,222,296
Share-based compensation	31	—	3,659	—	—	—	3,659
Stock issued under employee stock purchase plan	30	—	—	—	—	4,725	4,725
Other comprehensive (loss)	—	—	—	(2,667)	—	—	(2,667)
Net income	—	—	—	—	4,358	—	4,358
Balance at June 30, 2022	18,180	\$ 25	\$ 698,982	\$ 2,744	\$ 1,163,952	\$ (633,332)	\$ 1,232,371

Six Months Ended June 30, 2022

	Common stock outstanding	Par value	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Treasury shares	Total shareholders' equity
Balance at December 31, 2021	18,111	\$ 25	\$ 692,053	\$ 2,056	\$ 1,167,475	\$ (638,057)	\$ 1,223,552
Share-based compensation	39	—	6,929	—	—	—	6,929
Stock issued under employee stock purchase plan	30	—	—	—	—	4,725	4,725
Other comprehensive income	—	—	—	688	—	—	688
Net (loss)	—	—	—	—	(3,523)	—	(3,523)
Balance at June 30, 2022	18,180	\$ 25	\$ 698,982	\$ 2,744	\$ 1,163,952	\$ (633,332)	\$ 1,232,371

Three Months Ended June 30, 2021

	Common stock outstanding	Par value	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2021	16,416	\$ 23	\$ 333,147	\$ 1	\$ 1,022,491	\$ (646,008)	\$ 709,654
Share-based compensation	1	—	3,504	—	—	—	3,504
Issuance of common stock, net of forfeitures	1,553	2	335,137	—	—	—	335,139
Stock issued under employee stock purchase plan	16	—	—	—	—	3,831	3,831
Other comprehensive (loss)	—	—	—	(126)	—	—	(126)
Payroll Support Programs warrant issuance	—	—	105	—	—	—	105
Net income	—	—	—	—	95,027	—	95,027
Balance at June 30, 2021	17,986	\$ 25	\$ 671,893	\$ (125)	\$ 1,117,518	\$ (642,177)	\$ 1,147,134

Six Months Ended June 30, 2021							
	Common stock outstanding	Par value	Additional paid-in capital	Accumulated other comprehensive income	Retained earnings	Treasury shares	Total shareholders' equity
Balance at December 31, 2020	<u>16,405</u>	<u>\$ 23</u>	<u>\$ 329,753</u>	<u>\$ (27)</u>	<u>\$ 1,015,622</u>	<u>\$ (646,008)</u>	<u>\$ 699,363</u>
Share-based compensation	12	—	6,898	—	—	—	6,898
Issuance of common stock, net of forfeitures	1,553	2	335,137	—	—	—	335,139
Stock issued under employee stock purchase plan	16	—	—	—	—	3,831	3,831
Other comprehensive (loss)	—	—	—	(98)	—	—	(98)
Payroll Support Programs warrant issuance	—	—	105	—	—	—	105
Net income	—	—	—	—	101,896	—	101,896
Balance at June 30, 2021	<u>17,986</u>	<u>\$ 25</u>	<u>\$ 671,893</u>	<u>\$ (125)</u>	<u>\$ 1,117,518</u>	<u>\$ (642,177)</u>	<u>\$ 1,147,134</u>

ALLEGiant TRAVEL COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ (3,523)	\$ 101,896
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	95,526	87,696
Special charges	284	2,592
Other adjustments	13,657	18,184
Changes in certain assets and liabilities:		
Air traffic liability	143,634	129,220
Deferred Payroll Support Programs grant recognition	—	49,210
Other - net	(21,796)	16,175
Net cash provided by operating activities	<u>227,782</u>	<u>404,973</u>
Cash flows from investing activities:		
Purchase of investment securities	(672,318)	(673,722)
Proceeds from maturities of investment securities	675,656	436,364
Aircraft pre-delivery deposits	(51,111)	(3,300)
Purchase of property and equipment	(205,158)	(131,184)
Other investing activities	645	2,443
Net cash (used in) investing activities	<u>(252,286)</u>	<u>(369,399)</u>
Cash flows from financing activities:		
Proceeds from the issuance of debt and finance lease obligations	195,800	106,657
Principal payments on debt and finance lease obligations	(70,502)	(199,627)
Debt issuance costs	(669)	(606)
Proceeds from issuance of common stock	—	335,137
Other financing activities	(82,775)	3,936
Net cash provided by financing activities	<u>41,854</u>	<u>245,497</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	17,350	281,071
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF PERIOD	400,701	170,319
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	<u>\$ 418,051</u>	<u>\$ 451,390</u>
CASH PAYMENTS (RECEIPTS) FOR:		
Interest paid, net of amount capitalized	\$ 36,828	\$ 26,379
Income tax payments (refunds)	(46)	4,873
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Right-of-use (ROU) assets acquired	\$ —	\$ 23,157
Flight equipment acquired under finance leases	90,476	13,833
Purchases of property and equipment in accrued liabilities	45,887	5,088

The accompanying notes are an integral part of these consolidated financial statements.

ALLEGIANT TRAVEL COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Allegiant Travel Company (the "Company") and its majority-owned operating subsidiaries. The Company's investments in unconsolidated affiliates, which are 50 percent or less owned, are accounted for under the equity or cost method, and are insignificant to the consolidated financial statements. All intercompany balances and transactions have been eliminated.

These unaudited consolidated financial statements reflect all normal recurring adjustments which management believes are necessary to present fairly the financial position, results of operations, and cash flows of the Company for the respective periods presented. Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto included in the annual report of the Company on Form 10-K for the year ended December 31, 2021 and filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

The Company reclassified certain prior period amounts to conform to the current period presentation. Unless otherwise noted, all amounts disclosed are stated before consideration of income taxes.

Note 2 — Revenue Recognition*Passenger Revenue*

Passenger revenue is the most significant category in the Company's reported operating revenues, as outlined below:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Scheduled service	\$ 297,343	\$ 225,613	\$ 521,196	\$ 357,540
Ancillary air-related charges	283,551	213,445	513,016	334,518
Loyalty redemptions	11,710	4,689	22,354	8,383
Total passenger revenue	<u>\$ 592,604</u>	<u>\$ 443,747</u>	<u>\$ 1,056,566</u>	<u>\$ 700,441</u>

Sales of passenger tickets not yet flown are recorded in air traffic liability. Passenger revenue is recognized when transportation is provided. As of June 30, 2022, the air traffic liability balance was \$451.1 million, of which approximately \$392.5 million was related to forward bookings, with the remaining \$58.6 million related to credit vouchers for future travel.

The normal contract term of passenger tickets is 12 months and passenger revenue associated with future travel will principally be recognized within this time frame. Of the \$307.5 million that was recorded in the air traffic liability balance as of December 31, 2021, approximately 69.3 percent was recognized into passenger revenue during the six months ended June 30, 2022.

In 2020, the Company announced that credit vouchers issued for canceled travel beginning in January 2020 would have an extended expiration date of two years from the original booking date. This policy continued for vouchers issued through June 30, 2021. Effective July 1, 2021, vouchers issued have an expiration date of one year from the original booking date. Estimates of passenger revenue to be recognized from air traffic liability for credit voucher breakage may be subject to variability and differ from historical experience due to the change in contract duration and uncertainty regarding demand for future air travel.

The Company periodically evaluates the estimated amount of credit vouchers expected to expire unused and any adjustment is removed from air traffic liability and included in passenger revenue in the period in which the evaluation is complete.

Loyalty redemptions

In relation to the travel component of the Allways® Allegiant World Mastercard® contract with Bank of America, the Company has a performance obligation to provide cardholders with points to be used for future travel award redemptions. Therefore, consideration received from Bank of America related to the travel component is deferred based on its relative selling price and is recognized into revenue when the points are redeemed and the transportation is provided. Similarly, in relation to the Allways Rewards program, points earned through the program are deferred based on the stand-alone selling price and recognized into revenue when the points are redeemed and the underlying service has been provided.

The following table presents the activity of the point liability for the periods indicated:

(in thousands)	Six Months Ended June 30,	
	2022	2021
Points balance at January 1	\$ 40,490	\$ 21,841
Points awarded (deferral of revenue)	35,821	10,696
Points redeemed (recognition of revenue)	(22,354)	(8,383)
Points balance at June 30	<u>\$ 53,957</u>	<u>\$ 24,154</u>

As of June 30, 2022 and 2021, \$29.4 million and \$11.7 million, respectively, of the current points liability is reflected in accrued liabilities and represents the current estimate of revenue to be recognized in the next 12 months based on historical trends, with the remaining balance reflected in other noncurrent liabilities expected to be recognized into revenue in periods thereafter.

Note 3 — Property and Equipment

The following table summarizes the Company's property and equipment as of the dates indicated:

(in thousands)	June 30, 2022	December 31, 2021
Flight equipment, including pre-delivery deposits	\$ 2,749,955	\$ 2,573,657
Computer hardware and software	180,085	160,237
Land and buildings/leasehold improvements	59,897	59,735
Other property and equipment	88,137	78,192
Sunseeker Resort	221,240	83,864
Total property and equipment	3,299,314	2,955,685
Less accumulated depreciation and amortization	(743,980)	(696,178)
Property and equipment, net	\$ 2,555,334	\$ 2,259,507

Accrued capital expenditures as of June 30, 2022 and December 31, 2021 were \$45.9 million and \$17.7 million, respectively.

Note 4 — Long-Term Debt

The following table summarizes the Company's long-term debt and finance lease obligations as of the dates indicated:

(in thousands)	June 30, 2022	December 31, 2021
Fixed-rate debt and finance lease obligations due through 2032	\$ 1,047,543	\$ 827,382
Variable-rate debt due through 2029	913,947	915,157
Total debt and finance lease obligations, net of related costs	1,961,490	1,742,539
Less current maturities, net of related costs	157,957	130,053
Long-term debt and finance lease obligations, net of current maturities and related costs	<u>\$ 1,803,533</u>	<u>\$ 1,612,486</u>
Weighted average fixed-interest rate on debt	5.7%	5.8%
Weighted average variable-interest rate on debt	3.9%	2.5%

Maturities of long-term debt and finance lease obligations for the remainder of 2022 and for the next four years and thereafter, in the aggregate, are: remaining in 2022 - \$73.4 million; 2023 - \$153.1 million; 2024 - \$823.6 million; 2025 - \$143.6 million; 2026 - \$137.2 million; and \$630.6 million thereafter.

Construction Loan Agreement

In October 2021, Sunseeker Florida, Inc. ("SFI"), a wholly-owned subsidiary of the Company, entered into a Credit Agreement pursuant to which SFI may borrow up to \$350.0 million funded by one or more entities directly or indirectly managed by Castlake, L.P. ("Lender") to fund the remaining construction of the initial phases of Sunseeker Resort at Charlotte Harbor (the "Resort"). In 2021, the Company made a \$30 million deposit into a construction disbursement account and in April 2022, the lender funded \$87.5 million into the construction disbursement account for the Resort. As of June 30, 2022, \$262.5 million has been advanced under this Credit Agreement.

Other Secured Debt

In April 2022, the Company borrowed \$62.3 million under a loan agreement secured by Airbus A320 series aircraft. The notes bear interest at a fixed rate, payable in quarterly installments maturing in April 2027.

In April 2022, the Company borrowed \$46.0 million under a loan agreement secured by Airbus A320 series aircraft. The notes bear interest at a variable rate, payable in quarterly installments maturing in April 2028.

Note 5 — Income Taxes

The Company recorded an effective tax rate of 25.3 percent and 22.5 percent for the three months ended June 30, 2022 and 2021, respectively. The effective tax rate for the three months ended June 30, 2022 differed from the statutory Federal income tax rate of 21.0 percent primarily due to state income taxes and the impact of permanent tax differences. While the Company expects its effective tax rate to be fairly consistent in the near term, it will vary depending on recurring items such as the amount of income earned in each state and the state tax rate applicable to such income. Discrete items during interim periods may also affect the Company's tax rates.

The Company recorded an effective tax rate of 25.6 percent and 22.4 percent for the six months ended June 30, 2022 and 2021, respectively. The effective tax rate for the six months ended June 30, 2022 differed from the statutory Federal income tax rate of 21.0 percent primarily due to state income taxes and the impact of permanent tax differences of which none are individually significant.

Note 6 — Fair Value Measurements

The Company utilizes the market approach to measure the fair value of its financial assets. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The assets classified as Level 2 primarily utilize quoted market prices or alternative pricing sources including transactions involving identical or comparable assets and models utilizing market observable inputs for valuation of these securities. No changes in valuation techniques or inputs occurred during the six months ended June 30, 2022.

Financial instruments measured at fair value on a recurring basis:

(in thousands)	June 30, 2022			December 31, 2021		
	Total	Level 1	Level 2	Total	Level 1	Level 2
Cash equivalents						
Money market funds	\$ 64,859	\$ 64,859	\$ —	\$ 25,019	\$ 25,019	\$ —
Commercial Paper	193,710	—	193,710	179,455	—	179,455
Municipal debt securities	43,267	—	43,267	63,875	—	63,875
Total cash equivalents	301,836	64,859	236,977	268,349	25,019	243,330
Short-term						
Commercial paper	462,917	—	462,917	419,469	—	419,469
Corporate debt securities	195,698	—	195,698	234,436	—	234,436
Municipal debt securities	103,272	—	103,272	165,573	—	165,573
Federal agency debt securities	51,356	—	51,356	—	—	—
Total short-term	813,243	—	813,243	819,478	—	819,478
Long-term						
Municipal debt securities	—	—	—	2,231	—	2,231
Total long-term	—	—	—	2,231	—	2,231
Total financial instruments	\$ 1,115,079	\$ 64,859	\$ 1,050,220	\$ 1,090,058	\$ 25,019	\$ 1,065,039

None of the Company's debt is publicly held and as a result, the Company has determined the estimated fair value of these notes to be Level 3. Certain inputs used to determine fair value are unobservable and, therefore, could be sensitive to changes in inputs. The Company utilizes the discounted cash flow method to estimate the fair value of Level 3 debt.

Carrying value and estimated fair value of long-term debt, excluding finance leases, including current maturities and without reduction for related costs, are as follows:

(in thousands)	June 30, 2022		December 31, 2021		Hierarchy Level
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value	
Non-publicly held debt	\$ 1,580,302	\$ 1,275,697	\$ 1,447,462	\$ 1,261,170	3

Due to their short-term nature, the carrying amounts of cash, restricted cash, accounts receivable and accounts payable approximate fair value.

Note 7 — Earnings (Loss) per Share

Basic and diluted earnings (loss) per share are computed pursuant to the two-class method. Under this method, the Company attributes net income (loss) to two classes: common stock and unvested restricted stock. Unvested restricted stock awards granted to employees under the Company's Long-Term Incentive Plan are considered participating securities as they receive non-forfeitable rights to cash dividends at the same rate as common stock.

Diluted net income per share is calculated using the more dilutive of the two methods. Under both methods, the exercise of employee stock options is assumed using the treasury stock method. The assumption of vesting of restricted stock, however, differs:

1. Assume vesting of restricted stock using the treasury stock method.
2. Assume unvested restricted stock awards are not vested, and allocate earnings to common shares and unvested restricted stock awards using the two-class method.

For the three months ended June 30, 2022, the second method was used because it was more dilutive than the first method. For the six months ended June 30, 2022, basic and diluted (loss) per share are the same because of the (loss) position.

The following table sets forth the computation of net income (loss) per share, on a basic and diluted basis, for the periods indicated (share count and dollar amounts other than per-share amounts in the table are in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Basic:				
Net income (loss)	\$ 4,358	\$ 95,027	\$ (3,523)	\$ 101,896
Less income allocated to participating securities	(39)	(1,285)	—	(1,451)
Net income (loss) attributable to common stock	\$ 4,319	\$ 93,742	\$ (3,523)	\$ 100,445
Earnings (loss) per share, basic	\$ 0.24	\$ 5.49	\$ (0.20)	\$ 6.04
Weighted-average shares outstanding	17,987	17,064	17,970	16,618
Diluted:				
Net income (loss)	\$ 4,358	\$ 95,027	\$ (3,523)	\$ 101,896
Less income allocated to participating securities	(39)	(1,284)	—	(1,449)
Net income (loss) attributable to common stock	\$ 4,319	\$ 93,743	\$ (3,523)	\$ 100,447
Earnings (loss) per share, diluted	\$ 0.24	\$ 5.49	\$ (0.20)	\$ 6.04
Weighted-average shares outstanding	17,987	17,064	17,970	16,618
Dilutive effect of stock options and restricted stock	31	123	—	128
Adjusted weighted-average shares outstanding under treasury stock method	18,018	17,187	17,970	16,746
Participating securities excluded under two-class method	(12)	(114)	—	(114)
Adjusted weighted-average shares outstanding under two-class method	18,006	17,073	17,970	16,632

Note 8 — Contingencies

The Company is subject to certain legal and administrative actions it considers routine to its business activities. The Company believes the ultimate outcome of any potential and pending legal or administrative matters will not have a material adverse impact on its financial position, liquidity or results of operations.

Note 9 — Segments

Operating segments are components of a company for which separate financial and operating information is regularly evaluated and reported to the Chief Operating Decision Maker ("CODM"), and is used to allocate resources and analyze performance. The Company's CODM is the executive leadership team, which reviews information about the Company's two operating segments: Airline and Sunseeker Resort.

Airline Segment

The Airline segment operates as a single business unit and includes all scheduled service air transportation, ancillary air-related products and services, third party products and services, fixed fee contract air transportation and other airline-related revenue. The CODM evaluation includes, but is not limited to, route and flight profitability data, ancillary and third party product and service offering statistics, and fixed fee contract information when making resource allocation decisions with the goal of optimizing consolidated financial results.

Sunseeker Resort Segment

The Sunseeker Resort segment represents activity related to the development and construction of Sunseeker Resort in Southwest Florida, as well as the renovation of Aileron Golf Course (formerly known as Kingsway Golf Course). Plans for the resort include a 500-room hotel and two towers offering more than 180 one, two and three-bedroom suites, bar and restaurant options, and other amenities. The golf course is a short drive from the resort site and is considered, from a planning and strategic perspective, to be an additional resort amenity. The construction of Sunseeker Resort is an extension of the Company's leisure travel focus and it is expected that many customers flying to Southwest Florida on Allegiant will elect to stay at this resort and enjoy its amenities.

Selected information for the Company's segments and the reconciliation to the consolidated financial statement amounts are as follows:

(in thousands)	Airline	Sunseeker Resort	Consolidated
Three Months Ended June 30, 2022			
Operating revenue:			
Passenger	\$ 592,604	\$ —	\$ 592,604
Third party products	27,787	—	27,787
Fixed fee contract	8,920	—	8,920
Other	536	—	536
Operating income (loss)	27,882	(1,752)	26,130
Interest expense, net	17,402	2,795	20,197
Depreciation and amortization	49,170	13	49,183
Capital expenditures	96,023	73,595	169,618
Three Months Ended June 30, 2021			
Operating revenue:			
Passenger	\$ 443,747	\$ —	\$ 443,747
Third party products	23,001	—	23,001
Fixed fee contract	5,134	—	5,134
Other	551	—	551
Operating income (loss)	141,233	(2,382)	138,851
Interest expense, net	16,220	—	16,220
Depreciation and amortization	44,485	37	44,522
Capital expenditures	81,041	—	81,041

(in thousands)	Airline	Sunseeker Resort	Consolidated
Six Months Ended June 30, 2022			
Operating revenue:			
Passenger	\$ 1,056,566	\$ —	\$ 1,056,566
Third party products	50,267	—	50,267
Fixed fee contract	22,305	—	22,305
Other	818	—	818
Operating income (loss)	38,059	(4,700)	33,359
Interest expense, net	33,230	4,769	37,999
Depreciation and amortization	95,509	17	95,526
Capital expenditures	238,201	137,376	375,577
Six Months Ended June 30, 2021			
Operating revenue:			
Passenger	\$ 700,441	\$ —	\$ 700,441
Third party products	36,622	—	36,622
Fixed fee contract	12,827	—	12,827
Other	1,667	—	1,667
Operating income (loss)	166,697	(3,243)	163,454
Interest expense, net	32,545	—	32,545
Depreciation and amortization	87,621	75	87,696
Capital expenditures	138,715	—	138,715

Total assets were as follows as of the dates indicated:

(in thousands)	As of June 30, 2022	As of December 31, 2021
Airline	\$ 4,086,293	\$ 3,872,041
Sunseeker Resort	351,580	119,032
Consolidated	<u>\$ 4,437,873</u>	<u>\$ 3,991,073</u>

Note 10 — Subsequent Events

In August 2022, the Company entered into a new revolving credit facility under which it is entitled to borrow up to a \$100 million. The facility has a term of 24 months and the borrowing ability is based on the value of aircraft and engines placed into the collateral pool.

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

The following discussion and analysis presents factors that had a material effect on our results of operations during the three and six months ended June 30, 2022 and 2021. Also discussed is our financial position as of June 30, 2022 and December 31, 2021. You should read this discussion in conjunction with our unaudited consolidated financial statements, including the notes thereto, appearing elsewhere in this Form 10-Q and our consolidated financial statements appearing in our annual report on Form 10-K for the year ended December 31, 2021. This discussion and analysis contains forward-looking statements. Please refer to the section below entitled "Cautionary Note Regarding Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

Second Quarter 2022 Review

Highlights:

- Earnings per share of \$0.24
- In June 2022, John Redmond transitioned into the chief executive officer role replacing founder Maurice Gallagher who assumed the role of executive Chairman.
- Total operating revenue was \$629.8 million, up 28.1 percent year over three-year
 - The month of June was the highest revenue-generating month in company history in both absolute dollars and unitized on a revenue per flight basis
- Acquired 42.7 thousand new Always Allegiant World Mastercard holders during the quarter, up 65 percent from 2019

AIRCRAFT

The following table sets forth the aircraft in service and operated by us as of the dates indicated:

	June 30, 2022	December 31, 2021
A319	35	35
A320 ⁽¹⁾	80	73
Total	115	108

⁽¹⁾ Does not include seven aircraft of which we have taken delivery as of June 30, 2022, but were not yet in service as of that date.

As of June 30, 2022, we are party to a forward purchase agreement for 50 aircraft with eight aircraft scheduled for delivery in 2023 and the remainder under contract thereafter. Additionally, we are party to finance leases for five aircraft expected to deliver later in 2022.

NETWORK

As of June 30, 2022, we were selling 610 routes versus 607 as of the same date in 2021 and 459 as of June 30, 2019, which represents a 0.5 and 32.9 percent increase, respectively. Our total active number of origination cities and leisure destinations were 96 and 32, respectively, as of June 30, 2022.

Our unique model is predicated around expanding and contracting capacity to meet seasonal travel demands. We maintained a broad network and selling presence during the pandemic and have grown our network over 2019 levels as air travel demand has recovered.

TRENDS

COVID-19

The COVID-19 pandemic significantly impacted our operating results in 2020 and 2021 and we suffered numerous cancellations due to the effect of the Omicron variant on flight crews into first quarter 2022. COVID-19 may continue to impact our operations into the future. We believe that demand in the foreseeable future could fluctuate in response to fluctuations in COVID-19 cases, variants of the virus, hospitalizations, deaths, treatment efficacy, the availability of vaccines, CDC recommendations, and government restrictions.

Strong Demand Momentum

As concerns over COVID-19 have declined, we saw significant increases in load factors and average total fare per passenger beginning in March and continuing through the year to date.

Aircraft Fuel

The cost of fuel is volatile, as it is subject to many economic and geopolitical factors we can neither control nor predict. Significant increases in fuel costs could materially affect our operating results and profitability. We have not sought to use financial derivative products to hedge our exposure to fuel price volatility, nor do we have any plans to do so in the future.

The cost per gallon of fuel began to increase significantly in 2021 and the increases were exacerbated by the geopolitical impact of the war in Ukraine. As a result, the average fuel cost per gallon increased by 113.9 percent in second quarter 2022 over second quarter 2021 and 94.6 percent over second quarter 2019. We expect high fuel costs will continue to impact our total costs and operating results.

Network Growth

During the three months ended June 30, 2022, we announced service on ten new routes including three hyper seasonal routes. We will continue to manage capacity to meet demand, which we believe is a core strength of our business model. However, we have pulled back some of our growth in 2022 due to staffing challenges as mentioned below.

Boeing Agreement

In December 2021, we signed an agreement with The Boeing Company to purchase 50 newly manufactured 737MAX aircraft scheduled to be delivered in 2023 to 2025 with options to purchase an additional 50 737's. We believe this new aircraft purchase is complimentary with our low cost strategy based on our intent to retain ownership of the aircraft, the longer useful life for depreciation purposes, expected fuel savings and operational reliability from the use of these new aircraft.

Operations

Staffing challenges and employee call-outs continue to impact our operations and costs and we have pulled back some of our planned growth for 2022 as a result. We believe these issues are not unique to Allegiant nor do we believe they are systemic. Our irregular operations costs are also impacted by our policy to compensate passengers for their inconvenience in addition to the ticket price, not generally done in the airline industry.

We are investing incrementally in our employee hiring and retention and our operations in an attempt to improve performance and this may put pressure on unit costs in the near term. However, if these problems persist, we may suffer reputational damage and incur higher costs for irregular operations.

Union Negotiations

The collective bargaining agreement with our pilots is currently amendable and the parties have begun to discuss the terms of a new labor agreement for this work group. The terms of any new collective bargaining agreement will impact our costs over the term of the contract.

Pilot Scarcity

The supply of pilots necessary for airline industry growth may be a limiting factor. The pandemic resulted in more than 3,000 early pilot retirements across U.S. mainline and cargo carriers and the pipeline for new pilots does not appear at the present time to be sufficiently robust to replace retired pilots and to allow for projected industry growth. The ability to hire and retain pilots will be critical to our and the industry's growth.

Engagement of Schneider Electric as ESG Consultant

We have entered into a three-year partnership with Schneider Electric to help us develop an Environmental, Social and Governance (ESG) program including:

- Identifying and prioritizing relevant ESG topics through a materiality assessment
- Establishing ESG goals and environmental goal achievement plans

- Developing an inaugural ESG report referencing the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) frameworks
- Providing ongoing carbon emissions reporting of Scope 1, 2 and 3 greenhouse gas (GHG) emissions
- Supporting the communications efforts around our ESG program

VivaAerobus Alliance

In December 2021, we announced plans for a fully-integrated commercial alliance agreement with VivaAerobus, designed to expand options for nonstop leisure air travel between our markets in the United States and Mexico. We and VivaAerobus have submitted a joint application to the DOT requesting approval of and antitrust immunity for the alliance. The transactions are also subject to clearance by the Mexican Federal Economic Competition Commission.

We and VivaAerobus currently expect to offer new routes under the alliance beginning in the first quarter of 2023, pending governmental approval of the applications.

Sunseeker Resort

We recommenced the construction of our Sunseeker Resort in Southwest Florida in August 2021 and construction is ongoing with the expectation to open the Resort in second quarter 2023.

RESULTS OF OPERATIONS

Comparison of three months ended June 30, 2022 to three months ended June 30, 2021

As comparisons of our 2022 results to periods during 2021 reflect disproportionate changes due to the continued impact of the pandemic on air travel during 2021, we have also provided analysis of certain revenue and expense line items to 2019 results where helpful to understand trends in our performance.

Operating Revenue

Passenger revenue. For the second quarter 2022, passenger revenue increased 33.5 percent compared to the same period in 2021 as scheduled service passengers were up 28.0 percent due to stronger passenger demand in general and when compared to lower passenger demand related to COVID-19 during the second quarter 2021. In addition, stronger passenger demand resulted in a 4.8 percent increase in scheduled service average base fare.

Passenger revenue for the second quarter 2022, as compared to second quarter 2019, increased by 30.3 percent, as passengers increased by 14.0 percent on a 13.4 percent increase in capacity resulting in a 3.7 percentage point increase in load factor. Average total fare per scheduled service passenger increased by 15.0 percent over the same period in 2019 as a result of a 16.5 percent increase in ancillary air-related revenue per passenger and a 34.1 percent increase in ancillary third party revenue per passenger.

The increase in air ancillary revenue per passenger over the same period in 2019 was primarily driven by increased revenue from the sale of bundled products as bundled products were not offered during the same period in 2019.

Third party products revenue. Third party products revenue for the second quarter 2022 increased 20.8 percent compared to the second quarter 2021 and 52.6 percent compared to the second quarter 2019. The increase from 2021 is primarily the result of greater travel demand for rental cars and hotels over the same period in 2021 and increased Allways® Rewards Program revenues. Increased rental car and hotel rates combined with a 6.2 percent increase in rental car days sold and 8.1 percent increase in room nights sold contributed to the substantial increase over 2021.

The increase from 2019 is attributable to increased rental car rates (which more than offset the impact of fewer rental car days) and growth in our Allways® Rewards Program revenues.

Fixed fee contract revenue. Fixed fee contract revenue for the second quarter 2022 increased 73.7 percent compared to the same period in 2021 as a result of a 10.1 percent increase in fixed fee departures when compared to lower charter activity during the 2021 quarter impacted by the pandemic. In addition, fuel per gallon pass throughs (which is accounted for as fixed fee contract revenue) increased 113.9 percent as compared to 2021.

Fixed fee contract revenue for the second quarter 2022, as compared to 2019, decreased by 28.6 percent as a result of a 36.9 percent decrease in fixed fee revenue departures.

Operating Expenses

We primarily evaluate our expense management by comparing our costs per available seat mile (ASM) across different periods, which enables us to assess trends in each expense category. The following table presents unit costs on a per ASM basis, or CASM, for the indicated periods, 2019 being included as a more representative pre-pandemic second quarter comparison. Excluding fuel on a per ASM basis provides management and investors the ability to measure and monitor our cost performance absent fuel price volatility. Both the cost and availability of fuel are subject to many economic and political factors beyond our control.

Unitized costs (in cents)	Three Months Ended June 30,			Percent Change	
	2022	2021	2019	YoY	Yo3Y
Aircraft fuel	5.16	2.38	2.70	116.8 %	91.1 %
Salaries and benefits	2.80	2.65	2.55	5.7	9.8
Station operations	1.34	1.25	1.03	7.2	30.1
Depreciation and amortization	0.99	0.97	0.87	2.1	13.8
Maintenance and repairs	0.62	0.49	0.47	26.5	31.9
Sales and marketing	0.55	0.38	0.46	44.7	19.6
Aircraft lease rentals	0.11	0.11	—	—	NM
Other	0.53	0.34	0.55	55.9	(3.6)
Payroll Support Programs grant recognition	—	(1.33)	—	NM	NM
Special charges	0.00	0.02	—	NM	NM
CASM	12.10	7.26	8.63	66.7	40.2
Operating CASM, excluding fuel	6.94	4.88	5.93	42.2	17.0
Sunseeker Resort CASM	0.04	0.05	0.05	(20.0)	(20.0)
Operating CASM, excluding fuel and Sunseeker Resort activity	6.90	4.83	5.88	42.9	17.3

NM - Not meaningful

Aircraft fuel expense. Aircraft fuel expense increased \$147.8 million, or 135.1 percent, for the second quarter 2022 compared to second quarter 2021. This is primarily due to a 113.9 percent increase in average fuel cost per gallon and a 10.0 percent increase in fuel gallons consumed on an 8.6 percent increase in capacity.

When compared to the same period in 2019, aircraft fuel expense increased by 114.4 percent as average fuel cost per gallon increased 94.6 percent and fuel gallons consumed increased 10.2 percent.

Salaries and benefits expense. Salaries and benefits expense increased \$17.8 million, or 14.6 percent, for the second quarter 2022 when compared to the same period in 2021. The increase is primarily due to a 27.3 percent increase in the number of full time equivalent employees from the second quarter 2021.

When compared to the same period in 2019, salaries and benefits expense increased by \$26.1 million or 23.0 percent on a 25.1 percent increase in the number of full time equivalent employees year over three-year.

Station operations expense. Station operations expense for the second quarter 2022 increased \$9.7 million, or 17.0 percent compared to the same period in 2021 due to increased departures of 2.0 percent and increased costs associated with irregular operations and increased airport fees.

As compared to the same period in 2019, station operations expense increased by \$21.0 million or 45.9 percent due to a 5.2 percent increase in departures, increased costs associated with irregular operations and increased airport fees.

Depreciation and amortization expense. Depreciation and amortization expense for the second quarter 2022 increased by 10.5 percent as compared to the second quarter 2021 as aircraft related assets in service increased 13.2 percent for the period ended June 30, 2022 as compared to June 30, 2021.

Compared to the same period in 2019, depreciation and amortization expense increased \$10.7 million or 27.8 percent as aircraft related assets in service increased 30.6 percent for the period ended June 30, 2022 as compared to June 30, 2021.

Maintenance and repairs expense. Maintenance and repairs expense for the second quarter 2022 increased \$8.5 million, or 37.7 percent, compared to the same period in 2021. Routine maintenance costs increased as the average number of aircraft in service increased 11.3 percent year over year and as a result of increased costs related to outsourced labor in 2022 (largely attributable to our smaller bases and outstations).

Compared to the same period in 2019, maintenance and repairs expense increased by \$10.2 million or 49.1 percent primarily due to a 33.3 percent increase in the average number of aircraft in service and as a result of increased costs related to outsourced labor in 2022.

Sales and marketing expense. Sales and marketing expense for the second quarter 2022 increased by 54.8 percent compared to the same period in 2021, due to an increase in net credit card fees as a result of a 33.5 percent increase in passenger revenue year-over-year as well as reduced advertising spend in the second quarter 2021 during the pandemic.

Compared to the same period in 2019, sales and marketing expense increased by 32.9 percent primarily due to an increase in net credit card fees as a result of a 30.3 percent increase in passenger revenue compared to the same period in 2019.

Other operating expense. Other expense increased \$11.1 million or 71.9 percent for the second quarter 2022 compared to the second quarter 2021 attributable to increased service and incremental increases in our employee training activity.

Payroll Support Programs grant recognition. During 2021, we received \$203.9 million in funds through the payroll support programs and recognized \$61.2 million as an offset to operating expense on our statement of income during the second quarter of 2021. The funds were fully utilized in 2021. There were no such funds received in 2022.

Interest Expense

Interest expense for the quarter ended June 30, 2022 increased by \$7.8 million, or 46.5 percent over second quarter 2021, due to new fixed rate debt and finance lease transactions entered into since second quarter 2021 as well as a 1.4 percent increase in the weighted average variable interest rate year over year.

Income Tax Expense

Our effective tax rate was 25.3 percent and 22.5 percent for the three months ended June 30, 2022 and 2021, respectively. The effective tax rate for the three months ended June 30, 2022 differed from the statutory Federal income tax rate of 21.0 percent primarily due to state income taxes and the impact of permanent tax differences.

Comparison of six months ended June 30, 2022 to six months ended June 30, 2021

As comparisons of our 2022 results to periods during 2021 reflect disproportionate changes due to the continued impact of the pandemic on air travel during 2021, we have also provided analysis of certain revenue and expense line items to 2019 results where helpful to understand trends in our performance.

Operating Revenue

Passenger revenue. For the six months ended June 30, 2022, passenger revenue increased 50.8 percent compared with the same period in 2021 as scheduled service passengers were up 40.3 percent due to stronger passenger demand in general and when compared to lower passenger demand related to COVID-19 during the first six months of 2021. In addition, stronger passenger demand resulted in a 5.9 percent increase in scheduled service average base fare.

Passenger revenue for the first six months of 2022, as compared to the first six months of 2019 increased by 20.8 percent, as passengers increased by 11.2 percent on a 15.0 percent increase in capacity, resulting in a 0.3 percentage point decrease in load factor. Average total fare per scheduled service passenger increased by 9.1 percent over the same period in 2019 as a result of a 16.5 percent increase in ancillary air related revenue per passenger.

The increase in ancillary air related revenue per passenger over the same period in 2019 was primarily driven by increased revenue from the sale of bundled products as bundled products were not offered in the 2019 period.

Third party products revenue. Third party products revenue for the six months ended June 30, 2022 increased 37.3 percent over the same period in 2021 and 42.2 percent when compared to 2019. The increase from 2021 is primarily the result of greater travel demand for rental cars and hotels and increased Allways® Rewards Program revenues. Increased rental car and hotel rates combined with a 17.2 percent increase in rental car days sold and a 17.2 percent increase in room nights sold contributed to the substantial increase over 2021.

The increase from 2019 is attributable to increased rental car rates (which more than offset the impact of fewer rental car days) and substantial growth in our Allways® Rewards Program revenues.

Fixed fee contract revenue. Fixed fee contract revenue for the six months ended June 30, 2022 increased 73.9 percent compared to the same period in 2021 as a result of a 13.5 percent increase in fixed fee departures largely due to lower charter activity during the pandemic in the same period of 2021. In addition, charter rates were lower in 2021.

Fixed fee contract revenue for the six months ended June 30, 2022, as compared to 2019, decreased by 3.3 percent points as a result of a 17.4 percent decrease in fixed fee departures, partially offset by higher charter rates and higher fuel cost passthroughs.

Operating Expenses

The following table presents unit costs on a per ASM basis, defined as Operating CASM, for the indicated periods:

Unitized costs (in cents)	Six Months Ended June 30,			Percent Change	
	2022	2021	2019	YoY	Yo3Y
Aircraft fuel	4.39	2.23	2.63	96.9 %	66.9 %
Salaries and benefits	2.85	2.79	2.79	2.2	2.2
Station operations	1.38	1.17	1.02	17.9	35.3
Depreciation and amortization	0.99	1.02	0.89	(2.9)	11.2
Maintenance and repairs	0.61	0.53	0.52	15.1	17.3
Sales and marketing	0.52	0.34	0.50	52.9	4.0
Aircraft lease rentals	0.12	0.11	—	9.1	NM
Other	0.55	0.39	0.56	41.0	(1.8)
Payroll Support Programs grant recognition	—	(1.78)	—	(100.0)	NM
Special charges	—	0.03	—	(100.0)	NM
CASM	11.41	6.83	8.91	67.1	28.1
Operating CASM, excluding fuel ⁽²⁾	7.02	4.60	6.28	52.6	11.8
Sunseeker Resort CASM	0.05	0.04	0.05	25.0	—
Operating CASM, excluding fuel and Sunseeker Resort activity	6.97	4.56	6.23	52.9	11.9

Aircraft fuel expense. Aircraft fuel expense increased \$229.1 million, or 119.1 percent, for the six months ended June 30, 2022 compared to the same period in 2021. This is primarily driven by a 91.3 percent increase in average fuel cost per gallon. In addition, ASMs increased by 11.6 percent contributing to a 14.6 percent increase in fuel gallons consumed.

Aircraft fuel expense increased by \$201.8 million or 91.8 percent for the six months ended June 30, 2022 compared to the same period in 2019. This is primarily driven by an increase in average fuel cost per gallon of 71.1 percent in addition to a 15.0 percent increase in ASMs resulting in a 12.4 percent increase in fuel gallons consumed.

Salaries and benefits expense. Salaries and benefits expense increased \$33.8 million, or 14.1 percent, for the six months ended June 30, 2022 compared to the same period in 2021. The increase is primarily due to a 27.3 percent increase in the number of full time equivalent employees from the same period in 2021, offset by the employee retention tax credit recognized in the first quarter of 2022.

Salaries and benefits expense for the six months ended June 30, 2022 increased by \$40.7 million or 17.5 percent as compared to the same period in 2019. The increase is primarily due to a 25.1 percent increase in the number of full time equivalent employees from same period in 2019 offset by the employee retention tax credit recognized in the first quarter of 2022.

Station operations expense. Station operations expense for the six months ended June 30, 2022 increased \$32.3 million or 32.3 percent due to a 6.0 percent increase in departures, increased costs associated with irregular operations, and increased airport and landing fees.

As compared to the six month period ended June 30, 2019, station operations expense increased by \$47.8 million or 56.4 percent due to an 8.8 percent increase in departures, increased costs associated with irregular operations and increased airport fees.

Irregular operations costs in 2022 were significantly attributable to COVID absences due to the Omicron variant in January and February. These absences resulted in numerous flight cancellations. Higher than usual cancellations continued into the second quarter as a result of staffing challenges and other factors. The amount of irregular operations costs is significantly impacted by our decision to compensate impacted passengers for their inconvenience in addition to the ticket price.

Depreciation and amortization expense. Depreciation and amortization expense for the six months ended June 30, 2022 increased \$7.8 million or 8.9 percent as compared to the same period in 2021 due to a 13.0 percent increase in the average depreciable aircraft related assets in service.

When compared to the six months ended June 30, 2019, depreciation and amortization expense increased 27.9 percent as the average depreciable aircraft related assets in service during the period increased 32.2 percent.

Maintenance and repairs expense. Maintenance and repairs expense for the six months ended June 30, 2022 increased by \$13.0 million or 28.2 percent compared to the same period in 2021. Routine maintenance costs increased as the average number of aircraft in service increased 12.0 percent year-over-year and as a result of increased costs related to outsourced labor in 2022.

As compared to the six months ended June 30, 2019, maintenance and repairs expense increased by \$15.2 million or 34.9 percent as the number of aircraft in service increased by 35.4 percent and increased costs related to outsourced labor in 2022 (largely attributable to our smaller bases and outstations).

Sales and marketing expense. Sales and marketing expense for the six months ended June 30, 2022 increased 69.8 percent compared to the same period in 2021, due to an increase in net credit card fees as a result of a 50.8 percent increase in passenger revenue year-over-year as well as reduced advertising spend in the first six months of 2021 during the pandemic.

Compared to the six months ended June 30, 2019, sales and marketing expense increased 19.7 percent due to an increase in net credit card fees as a result of a 20.8 percent increase in passenger revenue.

Other expense. Other expense for the six months ended June 30, 2022 increased by \$19.6 million or 58.8 percent year over year, due to increased service, incremental increases in our employee training activity and offset by decreased activity in our non-airline subsidiaries due to the sale of Teesnap in the second quarter of 2021.

Payroll Support Programs grant recognition. During 2021, we received \$203.9 million in funds through the payroll support programs and recognized \$153.0 million as an offset to operating expense on our income statement for the six month period ending June 30, 2021. The funds were fully utilized in 2021. There were no such funds received in 2022.

Income Tax Expense

We recorded a \$1.2 million income tax benefit (25.6 percent effective tax rate) compared to a \$29.3 million tax expense (22.4 percent effective tax rate) for the six months ended June 30, 2022 and 2021, respectively. The 25.6 percent effective tax rate for the six months ended June 30, 2022 differed from the statutory federal income tax rate of 21.0 percent primarily due to state income taxes and the impact of permanent tax differences. The 22.4 percent effective tax rate for the six months ended June 30, 2021 differed from the statutory federal income tax rate of 21.0 percent primarily due to the state income taxes and the impact of ASU 2016-09 related to share-based payments.

Comparative Consolidated Operating Statistics

The following tables set forth our operating statistics for the periods indicated:

	Three Months Ended June 30,			Percent Change ⁽¹⁾	
	2022	2021	2019	YoY	Yo3Y
Operating statistics (unaudited):					
Total system statistics:					
Passengers	4,740,399	3,699,217	4,169,536	28.1 %	13.7 %
Available seat miles (ASMs) (thousands)	4,990,086	4,594,542	4,447,066	8.6	12.2
Operating expense per ASM (CASM) (cents)	12.10	7.26	8.63	66.7	40.2
Fuel expense per ASM (cents)	5.16	2.38	2.70	116.8	91.1
Operating CASM, excluding fuel (cents)	6.94	4.88	5.93	42.2	17.0
ASMs per gallon of fuel	83.7	84.8	82.3	(1.3)	1.7
Departures	32,138	31,507	30,547	2.0	5.2
Block hours	75,472	69,809	68,332	8.1	10.4
Average stage length (miles)	881	838	853	5.1	3.3
Average number of operating aircraft during period	113.3	101.8	85.0	11.3	33.3
Average block hours per aircraft per day	7.3	7.5	8.8	(2.7)	(17.0)
Full-time equivalent employees at end of period	5,226	4,104	4,179	27.3	25.1
Fuel gallons consumed (thousands)	59,588	54,188	54,064	10.0	10.2
Average fuel cost per gallon	\$ 4.32	\$ 2.02	\$ 2.22	113.9	94.6
Scheduled service statistics:					
Passengers	4,711,001	3,680,254	4,131,855	28.0	14.0
Revenue passenger miles (RPMs) (thousands)	4,267,828	3,188,215	3,603,076	33.9	18.4
Available seat miles (ASMs) (thousands)	4,888,539	4,505,786	4,311,182	8.5	13.4
Load factor	87.3 %	70.8 %	83.6 %	16.5	3.7
Departures	31,402	30,763	29,567	2.1	6.2
Block hours	73,857	68,334	66,135	8.1	11.7
Average seats per departure	175.6	173.6	170.9	1.2	2.8
Yield (cents) ⁽²⁾	7.24	7.22	6.70	0.3	8.1
Total passenger revenue per ASM (TRASM) (cents) ⁽³⁾	12.69	10.36	10.97	22.5	15.7
Average fare - scheduled service ⁽⁴⁾	\$ 65.60	\$ 62.58	\$ 58.39	4.8	12.3
Average fare - air-related charges ⁽⁴⁾	\$ 60.19	\$ 58.00	\$ 51.68	3.8	16.5
Average fare - third party products	\$ 5.90	\$ 6.25	\$ 4.40	(5.6)	34.1
Average fare - total	\$ 131.69	\$ 126.82	\$ 114.47	3.8	15.0
Average stage length (miles)	883	842	853	4.9	3.5
Fuel gallons consumed (thousands)	58,332	53,022	52,327	10.0	11.5
Average fuel cost per gallon	\$ 4.33	\$ 2.01	\$ 2.22	115.4	95.0
Rental car days sold	430,004	404,760	540,960	6.2	(20.5)
Hotel room nights sold	78,590	72,701	114,191	8.1	(31.2)
Percent of sales through website during period	96.3 %	94.3 %	93.5 %	2.0	2.8

(1) Except load factor and percent of sales through website during period, which are presented as a percentage point change.

(2) Defined as scheduled service revenue divided by revenue passenger miles.

(3) Various components of this measure do not have a direct correlation to ASMs. This measure is provided on a per ASM basis so as to facilitate comparison with airlines reporting revenues on a per ASM basis.

(4) Reflects division of passenger revenue between scheduled service (base fare) and air-related charges in our booking path.

Comparative Consolidated Operating Statistics

The following tables set forth our operating statistics for the periods indicated:

	Six Months Ended June 30,			Percent Change ⁽¹⁾	
	2022	2021	2019	YoY	Yo3Y
Operating statistics (unaudited):					
Total system statistics:					
Passengers	8,474,661	6,033,720	7,619,814	40.5 %	11.2 %
Available seat miles (ASMs) (thousands)	9,610,230	8,608,531	8,357,304	11.6	15.0
Operating expense per ASM (CASM) (cents)	11.41	6.83	8.90	67.1	28.2
Fuel expense per ASM (cents)	4.39	2.23	2.63	96.9	66.9
Operating CASM, excluding fuel (cents)	7.03	4.60	6.27	52.8	12.1
ASMs per gallon of fuel	85.0	87.3	83.1	(2.6)	2.3
Departures	60,632	57,191	55,747	6.0	8.8
Block hours	145,127	130,183	128,151	11.5	13.2
Average stage length (miles)	899	865	876	3.9	2.6
Average number of operating aircraft during period	111.4	99.5	82.3	12.0	35.4
Average block hours per aircraft per day	7.2	7.2	8.6	—	(16.3)
Full-time equivalent employees at end of period	5,226	4,104	4,179	27.3	25.1
Fuel gallons consumed (thousands)	113,026	98,614	100,537	14.6	12.4
Average fuel cost per gallon	\$ 3.73	\$ 1.95	\$ 2.18	91.3	71.1
Scheduled service statistics:					
Passengers	8,420,105	6,003,556	7,553,393	40.3	11.5
Revenue passenger miles (RPMs) (thousands)	7,825,873	5,354,632	6,794,122	46.2	15.2
Available seat miles (ASMs) (thousands)	9,400,853	8,426,876	8,113,315	11.6	15.9
Load factor	83.2 %	63.5 %	83.7 %	19.7	(0.5)
Departures	59,039	55,710	53,911	6.0	9.5
Block hours	141,686	127,185	124,098	11.4	14.2
Average seats per departure	175.6	173.6	171.2	1.2	2.6
Yield (cents) ⁽²⁾	6.95	6.83	7.06	1.8	(1.6)
Total passenger revenue per ASM (TRASM) (cents) ⁽³⁾	11.77	8.75	11.22	34.5	4.9
Average fare - scheduled service ⁽⁴⁾	\$ 64.55	\$ 60.95	\$ 63.49	5.9	1.7
Average fare - air-related charges ⁽⁴⁾	\$ 60.93	\$ 55.72	\$ 52.32	9.4	16.5
Average fare - third party products	\$ 5.97	\$ 6.10	\$ 4.68	(2.1)	27.6
Average fare - total	\$ 131.45	\$ 122.77	\$ 120.49	7.1	9.1
Average stage length (miles)	903	869	878	3.9	2.8
Fuel gallons consumed (thousands)	110,442	96,329	97,395	14.7	13.4
Average fuel cost per gallon	\$ 3.67	\$ 1.92	\$ 2.18	91.1	68.3
Rental car days sold	797,098	680,344	1,012,558	17.2	(21.3)
Hotel room nights sold	151,129	128,909	219,206	17.2	(31.1)
Percent of sales through website during period	96.2 %	93.8 %	93.5 %	2.4	2.7

(1) Except load factor and percent of sales through website during period, which are presented as a percentage point change.

(2) Defined as scheduled service revenue divided by revenue passenger miles.

(3) Various components of this measure do not have a direct correlation to ASMs. This measure is provided on a per ASM basis so as to facilitate comparison with airlines reporting revenues on a per ASM basis.

(4) Reflects division of passenger revenue between scheduled service (base fare) and air-related charges in our booking path.

LIQUIDITY AND CAPITAL RESOURCES

Current liquidity

Cash, cash equivalents and investment securities (short-term and long-term) increased to \$1.21 billion at June 30, 2022, from \$1.19 billion at December 31, 2021. Investment securities represent highly liquid marketable securities which are available-for-sale.

Restricted cash represents escrowed funds under fixed fee contracts, escrowed airport project funds and cash collateral against letters of credit required by hotel properties for guaranteed room availability, airports and certain other parties. Under our fixed fee flying contracts, we require our customers to prepay for flights to be provided by us. The prepayments are escrowed until the flight is completed and are recorded as restricted cash with a corresponding amount reflected as air traffic liability.

We suspended share repurchases and our quarterly cash dividend in 2020 as part of cash conservation efforts in response to the effects of COVID-19 on our business. In connection with our receipt of financial support under the payroll support program, we agreed not to repurchase shares or pay cash dividends through September 30, 2022.

We believe we have more than adequate liquidity resources through our cash balances, operating cash flows and borrowings to meet our future contractual obligations. We will continue to consider raising funds through debt financing on an opportunistic basis.

Debt

Our debt and finance lease obligations balance, without reduction for related issuance costs, increased from \$1.77 billion as of December 31, 2021 to \$1.98 billion as of June 30, 2022. During the six months ended June 30, 2022, we entered into debt and finance leases for \$286.3 million and we made principal payments of \$70.5 million.

Sources and Uses of Cash

Operating Activities. Operating cash inflows are primarily derived from providing air transportation and related ancillary products and services to customers. During the six months ended June 30, 2022, our operating activities provided \$227.8 million of cash compared to \$405.0 million during the same period 2021. This change is mostly attributable to a \$105.4 million decrease in net income and due to payroll support funds having been received in 2021, but not in 2022.

Investing Activities. Cash used for investing activities was \$252.3 million during the six months ended June 30, 2022 compared to \$369.4 million used for investing activities during the same period in 2021. The change is due to a \$239.3 million increase in proceeds from maturities of investment securities in the first six months of 2022 offset by a \$121.8 increase in purchases of property and equipment, including \$51.1 million related to aircraft pre-delivery deposits during the six months ended June 30, 2022.

Financing Activities. Cash provided by financing activities for the six months ended June 30, 2022 was \$41.9 million, compared to \$245.5 million for the same period in 2021. The change resulted from \$335.1 million of proceeds from the issuance of common stock in the first six months of 2021 offset by \$129.1 million of higher principal payments in the 2021 period compared to the same period in 2022. The increased activity in other financing activities is a direct offset to the increase in proceeds from the issuance of debt obligations relating to funds advanced to the construction disbursement account for Sunseeker Resort.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this quarterly report on Form 10-Q, and in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," that are based on our management's beliefs and assumptions, and on information currently available to our management. Forward-looking statements include our statements regarding number of contracted aircraft to be placed in service in the future, the timing of aircraft deliveries and retirements, the implementation of a joint alliance with VivaAerobus, the development of our Sunseeker Resort, as well as other information concerning future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "anticipate," "intend," "plan," "estimate," "project," "hope" or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in the forward-looking statements. Important risk factors that could cause our results to differ materially from those expressed in the forward-looking statements may be found in our periodic reports filed with the Securities and Exchange Commission at www.sec.gov. These risk factors include, without limitation, the impact and duration of the COVID-19 pandemic on airline travel and the economy, liquidity issues resulting from the effect of the COVID-19 pandemic on our business, restrictions imposed on us as a result of accepting government grants under the government payroll support programs, an accident involving, or problems with, our aircraft, public perception of our safety, our reliance on our automated systems, our reliance on third parties to deliver aircraft under contract to us on a timely basis, risk of breach of security of personal data, volatility of fuel costs, labor issues and costs, the ability to obtain regulatory approvals as needed, the effect of economic conditions on leisure travel, debt covenants and balances, the ability to finance aircraft to be acquired, the ability to obtain necessary U.S. and Mexican government approvals to implement the announced alliance with VivaAerobus and to otherwise prepare to offer international service, terrorist attacks, risks inherent to airlines, our competitive environment, our reliance on third parties who provide facilities or services to us, the possible loss of key personnel, economic and other conditions in markets in which we operate, the ability to successfully develop a resort in Southwest Florida, governmental regulation, increases in maintenance costs and cyclical and seasonal fluctuations in our operating results.

Any forward-looking statements are based on information available to us today and we undertake no obligation to publicly update any forward-looking statements, whether as a result of future events, new information or otherwise.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to our critical accounting estimates during the six months ended June 30, 2022. For information regarding our critical accounting policies and estimates, see disclosures in the Consolidated Financial Statements and accompanying notes contained in our 2021 Form 10-K, and in Note 1 of Notes to Consolidated Financial Statements (unaudited).

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to certain market risks, including commodity prices (specifically aircraft fuel). The adverse effects of changes in these markets could pose potential losses as discussed below. The sensitivity analysis provided does not consider the effects that such adverse changes may have on overall economic activity, nor does it consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ.

Aircraft Fuel

Our results of operations can be significantly impacted by changes in the price and availability of aircraft fuel. Aircraft fuel expense for the six months ended June 30, 2022 represented 38.4 percent of our total operating expenses. Increases in fuel prices, or a shortage of supply, could have a material impact on our operations and operating results. Based on our fuel consumption for the six months ended June 30, 2022, a hypothetical ten percent increase in the average price per gallon of fuel would have increased fuel expense by approximately \$42.0 million. We have not hedged fuel price risk for many years.

Interest Rates

As of June 30, 2022, we had \$0.99 billion of variable-rate debt, including current maturities and without reduction for \$10.2 million in related costs. A hypothetical 100 basis point change in interest rates would have affected interest expense on variable rate debt by approximately \$4.8 million for the six months ended June 30, 2022.

Item 4. Controls and Procedures

As of June 30, 2022, under the supervision and with the participation of our management, including our chief executive officer ("CEO") and chief financial officer ("CFO"), we evaluated the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the "Exchange Act") as of the end of the period covered by this report. Based on that evaluation, management, including our CEO and CFO, has concluded that our disclosure controls and procedures are designed, and are effective, to give reasonable assurance that the information we are required to disclose is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including the CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ending June 30, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to certain legal and administrative actions we consider routine to our business activities. We believe the ultimate outcome of any pending legal or administrative matters will not have a material adverse impact on our financial position, liquidity or results of operations.

Item 1A. Risk Factors

We have evaluated our risk factors and determined there are no changes to those set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021 and filed with the Commission on March 1, 2022.

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

Our Repurchases of Equity Securities

(a) On June 22, 2022, we granted shares of restricted stock under the Company's 2022 Long-term Incentive Plan to each of our six non-employee directors, totaling 6,000 shares of restricted stock. These shares of restricted stock represent the equity portion of each director's annual compensation for serving on our board and vest on June 22, 2023. In addition, on August 1, 2022, we issued 17,876 shares of restricted stock to Scott Sheldon, our president and chief operating Officer, and 16,812 shares of restricted stock to Gregory Anderson, our president and chief financial officer, under their respective employment agreements. These shares of restricted stock represent the base equity grant for the period under their employment agreements and vest over three years. All of these shares were issued in reliance upon an exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, on the basis that the issuance did not involve a public offering.

(b) Not applicable

(c) We did not repurchase any common stock during the second quarter 2022.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None

Item 6. Exhibits

<u>3.1</u>	<u>Articles of Incorporation of Allegiant Travel Company. (Incorporated by reference to Exhibit 3.1 to Registration Statement No. 333-134145 filed with the Commission on July 6, 2006).</u>
<u>3.2</u>	<u>Bylaws of Allegiant Travel Company as amended on October 18, 2021. (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K, filed with the Commission on July 28, 2022.</u>
<u>10.1</u>	<u>Employment Agreement dated as of April 27, 2022 between the Company and John Redmond</u>
<u>10.2</u>	<u>Restricted Stock Agreement dated June 1, 2022 between the Company and John Redmond.</u>
<u>10.3</u>	<u>Stock Option Agreement dated June 1, 2022 between the Company and John Redmond.</u>
<u>31.1</u>	<u>Rule 13a - 14(a) / 15d - 14(a) Certification of Principal Executive Officer</u>
<u>31.2</u>	<u>Rule 13a - 14(a) / 15d - 14(a) Certification of Principal Financial Officer</u>
<u>32</u>	<u>Section 1350 Certifications</u>
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

ALLEGiant TRAVEL COMPANY

Date: August 4, 2022

By: /s/ Gregory Anderson

Gregory Anderson, as duly authorized officer of the Company (President and Chief Financial Officer) and as Principal Financial Officer

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement") is made and entered into effective as of the 1st day of June, 2022 by and between JOHN REDMOND (hereinafter "Executive"), whose address is 1201 N. Town Center Dr., Las Vegas, Nevada 89144 and ALLEGIANT TRAVEL COMPANY, a Nevada corporation (hereinafter "the Company"), whose address is 1201 N. Town Center Drive, Las Vegas, Nevada 89144. This Agreement restates and amends in its entirety that certain Employment Agreement between the parties dated as of October 1, 2019 (the "Prior Agreement").

WITNESSETH

WHEREAS, the Company desires to employ Executive as its chief executive officer and Executive desires to continue to be so employed pursuant to and in accordance with the terms and conditions hereinafter set forth; and

WHEREAS, this Agreement supersedes the Prior Agreement as of the Effective Date;

NOW, THEREFORE, for and in consideration of the above premises, the terms and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Executive and the Company, it is hereby agreed as follows:

1. Employment. The Company hereby employs Executive and Executive hereby accepts employment by the Company upon all of the terms and conditions as are hereinafter set forth. Terms of employment with the Company are also governed by the Company's employment policies in effect from time to time. The Company shall provide a copy of such employment policies to Executive upon request. In the event of any conflict between the terms of this Agreement and the generally applicable employment policies, the terms of this Agreement shall prevail.

2. Scope of Services.

A. Executive shall be employed by the Company as the chief executive officer of the Company. Executive shall report to the Company's Board of Directors ("Board"). Executive's duties shall include those inherent in the positions served and such other duties assigned to him by the Board from time to time. Executive agrees that he will not be entitled to further compensation if his title is changed, his role is expanded or he is assigned additional duties under this Agreement.

Executive shall be entitled to serve on the Board so long as he is actively employed as an executive officer of the Company.

Executive's services are mutually agreed to be unique personal services. Executive acknowledges that the Company is relying upon Executive's experience, expertise and other

qualifications in entering into this Agreement. Executive shall not assign or delegate any right, obligation or duty hereunder to any other person or entity without the express written consent of the Company.

B. During Executive's period of service hereunder, Executive agrees to perform such services not inconsistent with Executive's position as shall from time to time be assigned to Executive by the Company's Board. During the term of this Agreement, except for disability, illness and vacation periods, Executive shall devote Executive's full productive time, attention and energies to the position of chief executive officer of the Company and, if advisable, its operating subsidiaries.

C. Executive shall be required to reside in Las Vegas, Nevada during his employment under this Agreement.

D. Executive's expenditure of reasonable amounts of time in connection with outside activities, not competitive with the business of the Company, such as outside directorships or charitable activities, shall not be considered in contravention of this Agreement so long as such activities do not interfere with his performance of this Agreement. Further, it is understood and agreed by the parties hereto that Executive is entitled to engage in passive and personal investment activities not interfering with his performance of this Agreement.

3. Limitations of Duties. Executive shall not, without written consent first being given by the Company, which consent may be general authority from the Company:

A. Take part in activities detrimental to the best interests of the Company, including rendering any services to any other firm or entity which conflict or interfere with the performance of Executive's duties hereunder.

B. Exceed any limitations on his authority that may be established by the Board.

C. Enter into any contract, oral or written, in the name of, for or on behalf of the Company other than in the ordinary course of business.

D. Use any money belonging to the Company or pledge its credit other than in the ordinary course of business.

E. Commit or suffer to be committed any act whereby the Company's property may be subject to attachment or seizure.

F. Cause the Company to become a guarantor, surety or endorser or give any note for the benefit of any other person whomsoever.

Upon a breach of any provision under this Item 3, the Company shall have the right to terminate this Agreement for cause as set forth in Item 6E hereof and to pursue any other remedies available to the Company as a result of such breach.

Executive shall indemnify and hold the Company harmless from and against any and all damages, actions, causes of action, claims and other liabilities, contingent or otherwise, directed toward the Company by others as a result of Executive's violation of any of the provisions of this Item 3.

4. Compensation.

A. Equity Grants. Upon the effective date of this Agreement, Executive will be granted 26,333 shares (the "2022 Grant") of restricted stock under the Company's 2016 Long-Term Incentive Plan or the then successor long-term incentive plan ("LTIP"). As of April 3, 2023, the Company shall grant Executive an additional 98,167 shares (the "2023 Grant" and together with the 2022 Grant, the "Base Compensation Grant") of restricted stock if he is then employed by the Company.

B. Base Compensation Grant Vesting. The shares subject to the Base Compensation Grant will be subject to the terms of Restricted Stock Agreements to be entered into between the Company and Executive to evidence this grant. The 2022 Grant will fully vest on June 1, 2023. The 2023 Grant will vest as follows: (i) 38,000 shares on June 1, 2024 ; (ii) 19,000 shares on December 1, 2024; (iii) 19,000 shares on June 1, 2025; (iv) 19,000 shares on December 1, 2025; and (v) the final 3,167 shares on January 1, 2026, in each case, only if the Executive remains actively employed by the Company as of the respective date. Unvested shares of the Base Compensation Grant will be subject to accelerated pro-rata vesting to the extent provided in this Agreement. Executive shall be entitled to vote all vested and unvested shares of the Base Compensation Grant and to the extent allowed by the LTIP, to receive all dividends paid thereon, until and unless such time as such shares of the Base Compensation Grant are forfeited in accordance with the terms of the Restricted Stock Agreement evidencing such grant.

C. Performance Based Cash Bonus. Each calendar year from 2022 through 2025, Executive shall be entitled to receive a cash bonus if the average closing price of the Company's stock during any twenty (20) consecutive trading day period during the last six months of the year equals or exceeds the stock price threshold set forth below, in each case, based only on the highest stock price threshold met during the last six months of the year. If any stock price threshold for a year is met, then the cash bonus shall be equal to the Applicable Number of Shares for such year (from the chart below), multiplied by the highest stock price threshold met for such year and with the result multiplied by the Applicable Percentage for the stock price threshold met (from the chart below). If no stock price threshold is met for any year, then no cash bonus shall be paid for such year.

<u>Year</u>	<u>Applicable Number of Shares</u>	<u>Stock Price Threshold</u>	<u>Applicable Percentage</u>
2022			
	12,000	\$175	50%
	12,000	\$185	75%

	12,000	\$195	100%
2023	13,000	\$200	25%
	13,000	\$210	50%
	13,000	\$220	75%
	13,000	\$230	100%
2024	14,000	\$230	25%
	14,000	\$240	50%
	14,000	\$250	75%
	14,000	\$260	100%
2025	15,000	\$270	25%
	15,000	\$280	50%
	15,000	\$290	75%
	15,000	\$300	100%

By way of example, if the highest average closing price of the Company's stock during a 20 consecutive day period during the last six months of 2023 exceeds \$230 per share, then the cash bonus for 2023 would be: $13,000 \times \$230 \times 100\% = \$2,990,000$.

By way of further example, if the highest average closing price of the Company's stock during a 20 consecutive day period during the last six months of 2025 exceeds \$290 per share (but not \$300 per share), then the cash bonus for 2025 would be: $15,000 \times \$290 \times 75\% = \$3,262,500$.

For purposes of these cash bonus provisions, the average closing price will be calculated as the arithmetic average of the 20 closing prices during the 20 consecutive day period and without regard to trading volume.

Any cash bonus earned will be payable within fifteen (15) days after the end of the applicable year. The Company may choose to prepay any portion of the cash bonus to the extent earned (that is, once the stock price has met the stock price threshold for a 25%, 50% or 75% Applicable Percentage payment) with any prepayment to reduce the amount of the final payment for such year.

If Executive's employment terminates prior to the end of any year, Executive shall be entitled to any cash bonus earned by virtue of meeting a stock price threshold in the last six months of the year and prior to the date of termination, but not further or otherwise.

D. Stock Options. Upon the effective date of this Agreement, the Company shall grant Executive stock options as follows:

- (a) Options to purchase 12,000 shares at \$195 per share exercisable only during 2022;
- (b) Options to purchase 13,000 shares at \$230 per share exercisable only during 2023;

- (c) Options to purchase 14,000 shares at \$260 per share exercisable only during 2024; and
- (d) Options to purchase 15,000 shares at \$300 per share exercisable only during 2025.

Notwithstanding the above, the option price for any shares shall not be less than the closing price of the Company's stock as of the date of grant. The options shall be exercisable only during the term of Executive's employment with the Company or within 90 days thereafter and shall be subject to the terms of stock option agreements to be entered into between Executive and the Company.

E. Sunseeker Bonus. Executive shall be entitled to receive a bonus based on the performance of the Project during the first year of operations of Phase 1 of the Project and also based on the performance of the Project during the first year of operations of the Project after completion of any Subsequent Phase of the Project in accordance with the terms below. The Project shall include all development on the "Sunseeker Property" (the approximate 22-acres assembled by Executive on behalf of the Company).

- (i) Phase 1 of the Project consists of a hotel (estimated to consist of 510 rooms), two separate towers including 1-bedroom suites (70 estimated at this time), 2-bedroom suites (84 estimated at this time), 3-bedroom suites (35 estimated at this time) along with multiple restaurants and retail space, all of which will be operated by Sunseeker Florida, Inc. ("SFI"). The first year of operations of Phase 1 will be the twelve (12) calendar month period beginning on the first day of the first calendar month after opening day of Phase 1 as determined by the Board (the "Phase 1 Measurement Period").
- (ii) Subsequent Phases of the Project will consist of such improvements to the Project on the Sunseeker Property as determined by the Board. The first year of operations of a Subsequent Phase will be the twelve (12) calendar month period beginning on the first day of the first calendar month after opening day of such Subsequent Phase as determined by the Board (the "Subsequent Phase Measurement Period").
- (iii) The amount of the Sunseeker Bonus payable on completion of the first year of operations of Phase 1 shall be equal to ten percent (10%) of the difference between (x) the EBITDA (as hereinafter defined) for Phase 1 operations for such year multiplied by 13; minus (y) the total cost of Phase 1 (which will be the total Project Cost for the Project as contemplated under the Castlelake construction loan agreement and which is currently estimated to be at least \$584.0 million) with the result reduced by \$6,500,000 (the "Bonus Credit").
- (iv) The amount of the Sunseeker Bonus payable on completion of the first year of operations of a Subsequent Phase shall be equal to ten percent (10%) of the

difference between (x) the EBITDA (as hereinafter defined) for the total Project for such year multiplied by 13; minus (y) the total cost of the entire Project through the completion of such Phase; provided, however, that the amount of bonus payable after completion of any Subsequent Phase Measurement Period shall be reduced by (A) the Bonus Credit and (B) the amount of any Sunseeker Bonus paid to Executive after completion of the Phase 1 Measurement Period or any previous Subsequent Phase Measurement Period.

- (v) Executive shall be entitled to receive the bonus with respect to the performance of Phase 1 or a Subsequent Phase only: (a) if he is employed by the Company at the end of the Phase 1 Measurement Period or Subsequent Phase Measurement Period (as applicable), (b) if his employment with the Company is terminated during the respective Measurement Period without Cause or by Executive for Good Reason, (c) if his employment terminates during the respective Measurement Period as a result of his death or disability, or (d) if the initial term of this Agreement expires without renewal and the Subsequent Phase opens within one (1) year after such expiration. Except as provided in the immediately preceding sentence, no Sunseeker Bonus shall be payable after the expiration of the term of this Agreement as it may be extended.
- (vi) As soon as practicable after calculation of the Sunseeker Bonus with respect to the Phase 1 Measurement Period or any Subsequent Phase Measurement Period, the Company shall provide Executive with a copy of each calculation and provide Executive with an opportunity to comment on the calculation. If a dispute exists between the Company and Executive, the dispute shall be resolved by the Company's independent registered accounting firm in its sole discretion or through such other alternative dispute resolution process as the parties may agree.
- (vii) The Sunseeker Bonus with respect to the Phase 1 Measurement Period and with respect to any Subsequent Phase Measurement Period shall be payable in cash within thirty (30) days after its calculation and resolution of disputes with respect thereto.
- (viii) For purposes of these calculations, EBITDA of the Project shall be calculated consistent with the principles used to calculate EBITDA for purposes of covenant compliance under the Company's Credit and Guaranty Agreement dated February 5, 2019, with Barclays Bank as agent.
- (ix) By way of example, below is an illustration of the calculation of the Sunseeker Bonus with respect to a Subsequent Phase Measurement Period based on the following assumptions:

Assumptions:

Sunseeker EBITDA for Subsequent Phase Measurement Period	\$ 78,000,000
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Total Cost of Project (Phase 1 and Subsequent Phases)	\$ 900,000,000
Sunseeker Bonus for Phase 1 Measurement Period	\$ 1,000,000

Calculation

<u>Assumed EBITDA</u>	\$ 78,000,000
x Multiple	x 13
	\$ 1,014,000,000

Assumed Cost of Project	<u>900,000,000</u>
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Excess	\$ 114,000,000
x 10%	<u>10%</u>
	\$ 11,400,000

Less: Bonus Credit	(6,500,000)
Less: Phase 1 Payment	<u>(1,000,000)</u>
Hypothetical Subsequent Phase Sunseeker Bonus Payable	\$ 3,900,000

F. No Base Compensation. The equity grants described above are intended to be the sole base compensation payable to Executive under this Agreement. As such, Executive shall not be entitled to any base salary.

G. No Participation in Annual Cash Bonus Plan. The equity grants and cash bonus opportunity based on stock price performance described herein are intended to be the sole compensation payable to Executive under this Agreement. As such, Executive shall not be entitled to participation in the Company's annual cash bonus plan. However, Executive may be granted a discretionary cash bonus for extraordinary performance in such amount as may be determined by the Board in its sole discretion. To the extent not applied to the Sunseeker Bonus, the Bonus Credit may be applied against the value of any discretionary cash bonuses awarded to Executive in 2025 or after.

H. No Participation in Future Equity Grants. Executive shall not be entitled to additional equity grants during the term of this Agreement.

I. Fringe Benefits. The Company shall provide Executive health and dental insurance for Executive and his spouse (if married) at the Company's cost and such vacation time, sick leave and other fringe benefits, including but not limited to participation in any pension, 401(k) and employee benefit plans that may be maintained by the Company from time to time as are made generally available to other management employees of the Company in accordance with Company policies. The Company reserves the right to change the benefits available under its benefit plans at any time or times.

J. Positive Space Travel. Executive shall be entitled to passes for air travel on the flights of the Company (and any successor-in-interest to the Company) for Executive and his spouse on a positive space basis at no cost to Executive.

K. Expense Reimbursement. In addition, the Company shall reimburse Executive for any expenses incurred by Executive in connection with the business of the Company, as approved by the Company. These expenses may include expenses for travel, business promotion, association memberships, and any other expenses as may be approved by the Board from time to time. The Company shall reimburse Executive for such out-of-pocket expenses by the tenth (10th) day of the month following the month in which such expenses were incurred (and appropriate documentation thereof has been provided to the Company). The Company may issue to Executive a company credit card. In such event, Executive agrees to use such card only for the expenses reimbursable under this paragraph. Executive agrees to keep the card securely. In the event of loss or theft, the issuing authority and the Company shall be informed immediately. The card shall be returned to the Company forthwith on the termination of Executive's employment for any reason whatsoever.

L. Payroll Taxes. Executive shall bear full responsibility for the employee portion of all payroll taxes. Such amounts may be paid, at Executive's request, by the cancellation of such number of shares of Restricted Stock upon vesting as may be necessary to fund the payroll tax obligation based on a value equal to the closing stock price of the Company's stock on the last trading day prior to the date of vesting.

M. Deductions. If any cash compensation is paid to Executive hereunder, then deductions shall be made from Executive's salary for social security, Medicare, federal and state withholding taxes, and any other such taxes as may from time to time be required by governmental authority.

N. The compensation provided for Executive hereunder is inclusive of any fees received by Executive as an officer of the Company or any other company or corporate body in which Executive holds an office as a nominee or representative of the Company. Any such amounts received by Executive shall be paid over to the Company.

O. Clawback Agreement. In accordance with the Company's clawback policy, Executive hereby agrees to reimburse the Company for all or any portion of any bonuses or incentive or equity-based compensation if the Compensation Committee in good faith determines: (a) the payment or grant was based on the achievement of certain financial results that were subsequently the subject of a material financial restatement (other than as a result of a change in accounting principles) and a lower payment or award would have occurred based upon the restated financial results; or (b) the Executive engaged in fraud or intentional misconduct related to the Company or its business. In each such instance, the Company will, to the extent practicable and allowable under applicable law, require reimbursement of any bonus or incentive or equity based compensation awarded or effect the cancellation of any unvested or deferred stock awards previously granted to the Executive in the amount by which the Executive's bonus or incentive or equity based compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results, or such other amount as determined by the Compensation Committee, provided that the Company will not be entitled to recover bonuses or incentive or equity based compensation paid more than three years prior to the date the applicable restatement is disclosed.

P. Holding Period after Restricted Stock Vesting. Executive agrees that he will not sell, pledge, margin or otherwise transfer any shares he receives as compensation under this Agreement within twelve (12) months after the vesting date. This lock-up restriction shall expire earlier if: (i) there is a change in control (as defined in the Company's LTIP), or (ii) Executive's employment is terminated as a result of a termination by the Company without Cause, a resignation by Executive with Good Reason or as a result of Executive's death or disability. This holding period shall not preclude the withholding of shares for tax withholding purposes upon the vesting of shares granted hereunder or Executive's transfer of other shares he may own.

Q. PSPs Limitations on Compensation. Notwithstanding anything herein to the contrary, in no event shall any cash or stock-based compensation under this Agreement (whether upon payment, grant, vesting or accelerated vesting) exceed the limitations imposed upon the Company by virtue of accepting support from the U.S. Treasury under the Coronavirus Aid, Relief, and Economic Security Act of 2020 and subsequent payroll support programs (collectively, the "PSPs") so long as those restrictions remain in effect. In the event of any such restriction, the parties agree to use good faith to negotiate an arrangement to provide the same value of compensation to Executive at a later time or on other terms but in compliance with the PSPs.

R. Adjustments on Stock Splits or Dividends. In the event of any stock dividend, stock split, combination or other similar recapitalization affecting shares of the Company, the number of shares of restricted stock to be granted as of any subsequent date shall be adjusted accordingly and, with respect to the performance based cash bonus the stock price threshold to be met with respect to the current or any subsequent calendar year and the number of shares on which such cash bonus is based shall also be adjusted accordingly.

S. Long-term Incentive Plan. It is contemplated that the shareholders of the Company will approve a new Long-term Incentive Plan which will accommodate the shares of restricted stock to be granted under this Agreement and similar agreements for other senior officers of the Company. If a new Long-term Incentive Plan is not adopted, the parties will use good faith efforts to negotiate changes to this Agreement to implement the same compensation scheme to the greatest extent possible.

5. Term. The initial term of this Agreement shall commence as of June 1, 2022 (the "Effective Date") and shall continue until December 31, 2025. The term of the Agreement shall expire on such date absent a renewal signed by both parties.

6. Termination:

A. This Agreement shall be terminated upon Executive's death or upon a physician certified disability which permanently or indefinitely renders Executive unable to perform his usual duties on behalf of the Company. In the event of a termination for death or disability, the vesting of the following shares of restricted stock shall be accelerated: the shares of unvested Base Compensation Grants held by Executive at the time shall become vested on a

pro rata basis through the end of the last calendar month ending on or before the Termination Date (as hereinafter defined) By way of example, if 19,000 shares of the Base Compensation Grants are to vest on December 1, 2024 and the Termination Date is October 1, 2024 (four months after the last vesting date), then four-sixths or 12,667 of the 19,000 shares of the Base Compensation Grants to have vested on December 1, 2024, shall become vested on the October 1, 2024 Termination Date.

B. Executive may, without "Good Reason" (as defined in paragraph D below), terminate this Agreement by giving to the Company ninety (90) days prior written notice and such termination shall be effective on the date specified by Executive but in no event earlier than the ninetieth (90th) day following the date of such notice. In such event, Executive shall continue to render his services up to the Termination Date if so requested by the Company. In the event of such a resignation without Good Reason, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

C. The Company may, without "Cause" (as defined in paragraph E below), terminate this Agreement at any time by giving to Executive written notice and such termination shall be effective on the date specified by the Company. At the option of the Company, Executive shall immediately cease performing his duties hereunder upon receipt of the notice. If terminated without Cause pursuant to this paragraph C, Executive shall be entitled to continue to participate in the Company's fringe benefits for six (6) months following Executive's termination and the vesting of the following shares of restricted stock shall be accelerated: the shares of unvested Base Compensation Grants held by Executive at the time shall become vested on a pro rata basis through the end of the last calendar month ending on or before the Termination Date. .

D. Executive may terminate this Agreement immediately for "Good Reason". For purposes of this Agreement, Good Reason shall be defined as (i) failure of the Company to make any payment or provide any benefit to Executive hereunder, which failure is not cured within thirty (30) days after the Company's receipt of written notice of such default, or (ii) a material diminution of Executive's duties and responsibilities or his title without Executive's consent; or (iii) the principal location at which Executive is to perform his duties is relocated to a place more than fifty (50) miles from Las Vegas, Nevada. Any termination under this paragraph D shall take effect immediately upon the Company's receipt of written notice from Executive after the expiration of any applicable cure period. If Executive terminates this Agreement for "Good Reason" pursuant to this paragraph D, Executive shall be entitled to continue to participate in the Company's fringe benefits for six (6) months following Executive's termination and the vesting of the following shares of restricted stock shall be accelerated: the shares of unvested Base Compensation Grants held by Executive at the time shall become vested on a pro rata basis through the end of the last calendar month ending on or before the Termination Date.

E. The Company may terminate this Agreement immediately for "Cause". For purposes of this Agreement, "Cause" shall be defined as any of the following: (i) Executive shall commit a felony or other act involving moral turpitude, which other act is materially detrimental to the Company; (ii) Executive shall knowingly commit any act of prohibited conduct as set forth in Item 3 of this Agreement; (iii) Executive shall commit any act, specifically including but not limited to drug or alcohol abuse, which act is materially harmful to the Company, or which in the reasonable opinion of the Company's Board brings the Company into disrepute; (iv) Executive

shall commit any act of fraud, dishonesty, theft or misappropriation, whether or not related to his activities on behalf of the Company, including providing false reports or accounts to the Company or deliberately making false statements about the Company, its services, employees, customers or suppliers; (v) intentional or repeated material neglect of Executive's duties; (vi) breach by Executive of any other material provision of this Agreement; (vii) Executive shall become the subject of a bankruptcy proceeding or otherwise make an arrangement or composition with creditors generally; (viii) Executive shall engage in anti-social behavior (such as fighting, indecency, harassment, sexual or racial harassment or discrimination, intimidation of others, physical violence or assault) during the course of performing duties for the Company or against another employee outside of work; (ix) Executive shall have possession of illegal drugs at the Company's workplace; or (x) Executive shall perform duties in a negligent or dangerous manner which causes or is likely to cause material loss or injury. This Agreement may not be terminated by the Company under subclause (v), (vi) or (x) of this Item unless and until the Company has provided Executive with written notice of such violative conduct and Executive has failed to cure (or fails to commence and thereafter diligently pursue the cure) such act within thirty (30) days after Executive's receipt of such written notice; provided, however, that no right to cure shall be available for a second or subsequent violation of the same provision within any twelve (12) month period. Any termination under this paragraph E shall take effect immediately upon Executive's receipt of written notice from the Company or expiration of any applicable cure period, whichever is later. The failure of the Company to terminate this Agreement for cause as a result of any of the foregoing at any one or more times shall not affect the Company's ability to terminate this Agreement for cause as a result of the subsequent occurrence of any act giving rise to "cause" hereunder, provided that Executive is still provided with a notice to cure if applicable in accordance with the above. In the event of such a termination for Cause, all then unvested stock options, restricted stock grants and stock appreciation rights held by Executive shall be immediately forfeited.

F. Upon termination, Executive shall have no obligation to provide any additional services, and except as expressly provided above, the Company shall only be obligated pay to Executive the portion of any amounts due as of the termination date, together with all unreimbursed out-of-pocket expenses incurred by Executive.

G. Termination of Executive's Obligations. Executive's obligations under Items 7 and 8 of this Agreement shall survive the expiration of the term of this Agreement without renewal and termination of Executive's employment as provided in such Item.

H. Resignation of Positions upon Termination. On the termination of this Agreement for any reason whatsoever, Executive shall at the request of the Company immediately resign (without prejudice to any claims which Executive may have against the Company arising out of this Agreement or the termination thereof) from all and any offices which Executive may hold as an officer or member of the Board of the Company and from all other appointments or offices which Executive holds as a nominee or representative of the Company and if Executive should fail to do so, the Company is hereby irrevocably authorized to appoint another person in Executive's name and on Executive's behalf to sign any documents or do anything necessary or requisite to effect such resignation(s) and/or transfers.

I. Termination Date. For all purposes of this Agreement the "Termination Date" shall refer to the effective date of termination as set forth above.

7. Restrictive Covenants. As a material inducement to the Company's employment of Executive, the provisions of this Item 7 shall apply.

A. For purposes of this Item, the following terms and provisions shall have the following meanings:

(i) "Prohibited Business" shall mean the domestic airline business in the United States and the business of planning, designing, developing, constructing, marketing or operating a hotel in the State of Florida.

(ii) "Prohibited Capacity" shall mean service in the capacity of an executive or in such other management position or as a significant equity owner or consultant, in which capacities Executive acknowledges that he has served or will serve the Company and its subsidiaries during the course of his employment for the Company.

(iii) "Prohibited Party" shall mean: (a) all hotels who (i) have contracted for hotel marketing services with the Company during the one (1) year period prior to the date of termination of employment, or (ii) have been solicited as potential hotel partners of the Company at a meeting held at any time during the one (1) year period prior to the date of termination of employment of Executive; and (b) all travel partners of the Company who (i) have contracted for regular chartered air service with the Company during the one (1) year period prior to the date of termination of employment, (ii) whose services are sold by the Company to produce ancillary third party revenue (such as Enterprise Rent-a-Car), or (iii) have been solicited as potential travel partners of the Company at a meeting held at any time during the one (1) year period prior to the date of termination of employment of Executive..

(iv) The "Prohibited Time Period" shall mean the period beginning on the date of execution hereof and ending on the date that is two (2) years after the termination of Executive's employment with the Company.

(v) "Prohibited Employee" means any employee, independent contractor or consultant of the Company who worked for the Company or its subsidiaries at any time within six (6) months prior to the Determination Date.

(vi) "Determination Date" shall mean any date as of which a determination is being made as to who is a Prohibited Employee.

B. Noncompete. Executive agrees that during the Prohibited Time Period, he shall not, directly or indirectly (whether as officer, director, consultant, employee, representative, agent, partner, owner, stockholder or otherwise), for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, serve in a Prohibited Capacity in a Prohibited Business.

C. Executive covenants and agrees that during the Prohibited Time Period, he shall not, for any reason, directly or indirectly (whether as officer, director, consultant,

employee, representative, agent, partner, owner, stockholder or otherwise), enter into a transaction with a Prohibited Party as a result of which the Prohibited Party does, or is likely to, reduce the amount of business between the Prohibited Party and the Company.

D. Executive agrees that during the Prohibited Time Period, he shall not, for any reason, without the prior written consent of the Company, on his own behalf or in the service or on behalf of others, hire any Prohibited Employee or request or induce any Prohibited Employee to terminate that person's employment or relationship with the Company or to accept employment with any other person.

E. The parties agree that: (i) the covenants and agreements of Executive contained in this Item are reasonably necessary to protect the interests of the Company in whose favor said covenants and agreements are imposed in light of the nature of the Company's business and the professional involvement of Executive in such business; (ii) the restrictions imposed by this Item are not greater than are necessary for the protection of the Company in light of the substantial harm that the Company will suffer should Executive breach any of the provisions of said covenants or agreements; (iii) the covenants and agreements of Executive contained in this Item have been independently negotiated between the parties and served as a material inducement for the Company to enter into this Agreement; and (iv) the period of restriction and geographic limitations referred to in this Item are fair and reasonably required for the protection of the Company.

F. Executive acknowledges that a material breach by Executive of any part of this Item will result in irreparable and continuing damage to the Company and any material breach or threatened breach of the covenants provided in this Item shall be subject to specific performance by temporary as well as permanent injunction or any other equitable remedies of any court of competent jurisdiction without any requirement of the Company to post bond or prove actual economic damage.

G. The covenants and agreements on the part of Executive contained in this Item shall be construed as agreements independent of any other agreement between Executive and the Company. The existence of any claim or cause of action of Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of each of such covenants and agreements or otherwise affect the remedies to which the Company is entitled hereunder.

H. If the provisions of this Item 7 should ever be adjudicated to exceed the time or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, or other limitation permitted by applicable law.

I. Nothing contained in this Item shall restrict Executive from being a not more than 1% stockholder (but not an officer, director, employee, consultant or advisor) of any corporation that directly or indirectly competes with the Company provided the stock of such competing corporation is publicly held and listed on a national stock exchange.

8. Confidential Information.

A. During the period beginning on the execution date of this Agreement and ending on the fifth (5th) anniversary of any termination or expiration of this Agreement, Executive agrees that he shall not, except in pursuit of the Company's business or with the prior written consent of the Company, for his own benefit or for the benefit of any other person or entity:

(i) directly or indirectly disclose, reveal, report, duplicate or transfer any Confidential Information to any other person or entity outside of the Company;

(ii) directly or indirectly aid, encourage, direct or allow any other person or entity outside of the Company to gain possession of or access to Confidential Information;

(iii) directly or indirectly copy or reproduce Confidential Information, except as required as part of Executive's duties; or

(iv) directly or indirectly use, sell or exploit any Confidential Information or aid, encourage, direct or allow any other person or entity to use, sell or exploit any Confidential Information.

This covenant shall not apply to any Confidential Information now or hereafter voluntarily disseminated by the Company to the public, or which otherwise has become part of the public domain through means other than a breach of Executive's duty of confidentiality hereunder. "Confidential Information", for purposes of this Agreement, shall mean information of the Company that constitutes a trade secret or confidential information under Nevada law and shall include, but not be limited to, all relevant information (whether or not reduced to writing and in any and all stages of development), concerning the Company and its services, plans, business practices, methods of operation, financial information, names or lists of names of employees, contractors, suppliers and customers, employee compensation and benefits, other personal employee information, interpretations, surveys, forecasts, marketing plans, construction and development plans, notes, reports, market analyses, specialized software and databases and other information related to suppliers and customers that could be used as a competitive advantage by competitors if revealed or disclosed to such competitors or to persons or entities revealing or disclosing same to such competitors; together with any and all extracts, summaries and photo, electronic or other copies or reproductions, in whole or in part, stored in whatever medium. Confidential Information also includes business information of the Company now known by Executive, or in Executive's possession, or hereafter learned or acquired by Executive that derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use. Confidential Information may be written or oral, expressed in electronic media or otherwise disclosed, and may be tangible or intangible. Confidential Information also includes any information made available to the Company by its customers or other third parties and which the Company is obligated to keep confidential. Executive acknowledges that the Confidential Information is secret, confidential and proprietary to the Company and has been or will be disclosed to and/or obtained by Executive in confidence and trust for the sole purpose of using the same for the sole benefit of the Company.

B. Executive hereby acknowledges and agrees that (i) the Company has expended considerable and substantial time, effort and capital resources to develop the Confidential Information, (ii) the Confidential Information is innovative and must receive confidential treatment to protect the Company's competitive position in the market and the Company's proprietary interest therein from irreparable damage, (iii) Executive, by virtue of his relationship with the Company, has had and will have access to the Confidential Information, and (iv) the Confidential Information and all physical embodiments or other repositories of the same shall be and at all times remain the sole and exclusive property of the Company.

C. Since irreparable harm will otherwise result to the Company in the event of a breach or threatened breach by Executive of the provisions of Item 8A, the Company shall be entitled to an injunction restraining Executive from disclosing, in whole or in part, any Confidential Information, or from rendering any services to any person, firm, company, association or other entity to whom such Confidential Information, in whole or in part, has been disclosed or is threatened to be disclosed. Executive waives any requirement for the Company to post a bond or prove actual economic damage prior to seeking injunctive relief.

9. Company Property.

A. Executive acknowledges that all recorded information, including without limitation all notes, memoranda, records, laboratory reports, documents, papers, computer disks, tapes or other storage media and all other papers and documents whatsoever which may have been prepared by Executive or have come into Executive's possession or control in the course of employment with the Company (the "Documents") and other materials owned or used by the Company shall at all times remain the sole property of the Company.

B. Executive agrees to promptly, upon request of the Company and in any event upon the termination of Executive's employment with the Company for any reason whatsoever, forthwith return to the Company all property whatsoever belonging to the Company including, without limitation, any laptop computer belonging to the Company, security passes, credit cards and all copies of the Documents which have come into Executive's possession or control in the course of employment with the Company and Executive shall not be entitled to and shall not retain any copies thereof.

10. Professional Responsibility.

A. Executive agrees that he will provide in connection with the performance of all services under this Agreement the skill and diligence normally provided by competent professionals in the performance of services similar to that contemplated by this Agreement.

B. Both parties acknowledge and agree that a fiduciary and confidential relationship has commenced and will continue to exist between them and that said relationship will continue during the term of this Agreement.

C. Executive represents that he has no conflicts of interest in rendering his professional services to the Company.

D. Executive shall not during the course of his employment (except as a representative or nominee of the Company or otherwise with the prior consent in writing of the Board) be directly or indirectly engaged, concerned or interested in any other business which: (i) is wholly or partly in competition with any business carried on by the Company by itself or in partnership, common ownership or as a joint venture with any third party; or (ii) is a supplier to or customer of the Company, provided that Executive may own not more than one percent (1%) of the issued shares of any company which is publicly held and listed on a national stock exchange or on the Nasdaq Stock Market.

E. Subject to any regulations from time to time issued by the Company, Executive shall not receive or obtain directly or indirectly any discount, rebate, commission or other inducement in respect of any sale or purchase of any goods or services effected or other business transacted (whether or not by Executive) by or on behalf of the Company and if Executive (or any firm or company in which Executive is directly or indirectly engaged, concerned or interested) shall obtain any such discount, rebate, commission or inducement, Executive shall account to the Company for the amount received by Executive or the amount received by such firm or company.

F. As an inducement to the Company to enter into this Agreement, Executive represents and warrants that: (i) he is not a party to any other agreement or obligation for personal services (other than the Prior Agreement); (ii) there exist no impediments or restraints, contractual or otherwise, on Executive's power, right or ability to enter into this Agreement and to perform his duties and obligations hereunder; (iii) the performance of his obligations under this Agreement do not and will not violate or conflict with any agreement relating to confidentiality, non-competition or exclusive employment to which Executive is or was subject; and (iv) Executive has not been involved in any legal proceedings that would be required to be disclosed in response to Item 401(f) of Regulation S-K promulgated under the Securities Act of 1933, as amended. As an inducement to Executive to enter into this Agreement, the Company represents and warrants that there exist no impediments or restraints, contractual or otherwise, on the Company's power, right or ability to enter into this Agreement and to perform its duties and obligations hereunder.

11. Ownership of Works and Materials.

A. Executive agrees that all Works (as defined below) and Materials (as defined below) are the sole and exclusive property of the Company.

B. Executive also specifically acknowledges and agrees that any tangible expression of any Works or Materials were developed, made or invented exclusively for the benefit of and are the sole and exclusive property of the Company or its successors and assigns as "works for hire" under Section 201 of Title 17 of the United States Code.

C. In the event that any Works or Materials are deemed not to be a work for hire, Executive agrees to assign, and does hereby irrevocably assign, to the Company all of his right, title and interest in and to such Works and Materials. Executive further agrees to take any actions, including the execution of documents or instruments, which the Company may reasonably require to effect Executive's assignment of rights pursuant to this Item 11C, and Executive hereby constitutes and appoints, with full power of substitution and resubstitution, the Company as

Executive's attorney-in-fact to execute and deliver any documents or instruments which Executive has agreed to execute and deliver pursuant to this Item 11C.

D. Executive hereby waives and releases in favor of Company all rights in and to the Works and Materials and agrees that Company shall have the right to revise, condense, abridge, expand, adapt, change, modify, add to, subtract from, re-title or otherwise modify the Works and Materials without Executive's consent.

E. For purposes of this Item 11, "Works" means any work, studies, reports or analyses devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company, including, without limitation any and all compositions or works of authorship, concepts, compilations, abridgments, or other form in which Executive may directly or indirectly recast, transform or adapt any of the foregoing.

F. For purposes of this Item 11, "Materials" means any product, model, document, instrument, report, plan, proposal, specification, manual, tape, and all reproductions, copies or facsimiles thereof, or any other tangible item which in whole or in part contains, embodies or manifests, whether in printed, handwritten, coded, magnetic, digital or other form, any Works.

G. In order to avoid any ambiguity in connection with the creation of any Work which Executive claims is not covered by this Agreement, Executive agrees to disclose in writing to the Company complete details on any Works that are devised, developed, designed, formulated or reduced to writing by Executive at any time while Executive is or has been employed by the Company. Such disclosure shall be made promptly upon development, design or formulation with respect to any Works created while Executive is employed by the Company, and shall be disclosed in writing pursuant to such form as the Company may from time to time provide.

12. Business Opportunities. For so long as Executive is employed by the Company, Executive will not, without the prior written consent of the Company (which consent may be withheld by the Company in the exercise of its absolute discretion), engage, directly or indirectly, in any business, venture or activity that Executive is aware or reasonably should be aware that the Company or any affiliate of the Company is engaged in, intends at any time to become engaged in, or might become engaged in if offered the opportunity, or in any other business, venture or activity if the Company reasonably determines that such activity would adversely affect the business of the Company or any affiliate thereof or the performance by Executive of any of Executive's duties or obligations to the Company.

13. Privacy Waivers.

A. The Company reserves the right to stop and search the Executive or property of any employee when entering or leaving the Company's premises.

B. The Company reserves the right to monitor at any time telephone calls, electronic communications and information transmitted on Company networks or on computer equipment which is owned by the Company or on computers on Company premises that are used for Company business.

14. Notice. All notices required or sent hereunder shall be sent by personal delivery, by overnight priority mail via a nationally recognized overnight delivery company, or by certified mail, return receipt requested to the address of the party entitled to receive the notice as set forth above. Notices sent in accordance with this paragraph shall be deemed received upon personal delivery, one (1) business day after delivery to a nationally recognized overnight delivery company or five (5) days after mailed, as aforesaid.

15. Breach by the Company. If there is a dispute regarding the payment of any sum by the Company hereunder, the Company shall not be deemed to have failed to have made a payment hereunder if pending the resolution of such dispute, the Company pays the amount in dispute into court or into an escrow account at the Company's bank or with the Company's counsel.

16. Remedies Not Exclusive. The rights, remedies and benefits herein expressly specified are cumulative and not exclusive of any rights, remedies or benefits which any party may otherwise have.

17. Invalid Provisions. The invalidity of any one or more of the clauses or words contained in this Agreement shall not affect the reasonable enforceability of the remaining provisions of this Agreement, all of which are inserted herein conditionally upon being valid in law; and in the event that one or more of the words or clauses contained herein shall be invalid, this instrument shall be construed as if such invalid words or clauses had not been inserted or, alternatively, said words or clauses shall be reasonably limited to the extent that the applicable court interpreting the provisions of this Agreement considers to be reasonable.

18. Binding Effect. This Agreement, as it relates to restrictions applicable to Executive, is a personal contract and the rights and interests of Executive hereunder may not be sold, transferred, assigned, pledged or hypothecated. However, this Agreement shall inure to the benefit of and be binding upon Company and its successors and assigns including, without limitation, any corporation or other entity into which Company is merged or which acquires all or substantially all of the outstanding ownership interests or assets of Company.

19. Jurisdiction. Each of the undersigned further agrees that any action or proceeding brought or initiated in respect of this Agreement may be brought or initiated in the United States District Court for the State of Nevada or in any District Court located in Clark County, Nevada, and each of the undersigned consents to the exercise of personal jurisdiction and the placement of venue in any of such courts, or in any jurisdiction allowed by law, in any such action or proceeding and further consents that service of process may be effected in any such action or proceeding in the manner provided in Section 14.065 of the Nevada Revised Statutes or in such other manner as may be permitted by law. Each of the undersigned further agrees that no such action shall be brought against any party hereunder except in one of the courts above named.

20. Attorney's Fees. In the event an action is taken by either party to enforce this Agreement or resolve a dispute in connection herewith, the prevailing party shall be entitled to recover the costs incurred with the prosecution and defense of such action, including reasonable attorney's fees.

21. Miscellaneous. This Agreement shall be construed under and governed by the laws of the State of Nevada other than its conflicts of laws principles. This Agreement contains the complete understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings and negotiations relating to the same subject matter, specifically including but not limited to that certain Employment Agreement dated as of October 1, 2019, which is hereby superseded in its entirety. This Agreement may only be modified by a written instrument signed by each of the parties hereto. No provisions of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof. Failure to require strict compliance with any term or provision of this Agreement shall not constitute a waiver of a party's right to insist upon strict compliance with each and every provision of this Agreement. No waiver of any terms and conditions of this Agreement shall be deemed to be a waiver of any subsequent breach of that or any other term of condition. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and same instrument. The provisions of Item 3 (the last paragraph), 4E, 4J, 4O, 4P, 6H, 7, 8, 9, 11 and 14 through 21 shall survive the termination of this Agreement and Executive's employment with the Company. This Agreement may be executed by any party by delivery of a facsimile or pdf signature, which signature shall have the same force as an original signature. Any party which delivers a facsimile or pdf signature shall promptly thereafter deliver an originally executed signature to the other party; provided, however, that the failure to deliver an original signature page shall not affect the validity of any signature delivered by facsimile or pdf. The paragraph headings contained in this Agreement are for reference only and shall not be deemed to impart substantive meaning to any provision of this Agreement. Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request and direction of the parties, at arm's length, with the advice and participation of counsel, and shall be interpreted in accordance with its terms and without favor to any party.

IN WITNESS WHEREOF, this Agreement has been signed, sealed and delivered as of the date and year first above written.

EXECUTIVE:



JOHN REDMOND

COMPANY:

ALLEGIANT TRAVEL COMPANY

By: 

Title: CEO

4/27/22

ALLEGiant TRAVEL COMPANY
RESTRICTED STOCK
AGREEMENT

This Restricted Stock Agreement (the "Agreement") is made as of June 1, 2022 ("Date of Grant") between Allegiant Travel Company, a Nevada corporation (the "Company") and John Redmond ("Grantee").

1. LONG- TERM INCENTIVE PLAN. The restricted stock granted under this Agreement shall be subject to the terms, conditions and restrictions of the Allegiant Travel Company 2016 Long-Term Incentive Plan (the "Plan"). A copy of the Plan is available to Grantee upon request and is incorporated in this Agreement by this reference. Terms used in this Agreement that are defined in the Plan shall have the same meaning as in the Plan, unless the text of this Agreement clearly indicates otherwise.

2. RESTRICTED STOCK AWARDS.

A. The Company hereby grants to Grantee a total of 26,333 shares of the Company's Common Stock (the "Restricted Stock") subject to the terms and conditions set forth below.

B. The number of shares of common stock issued to the Grantee as Restricted Stock shall be recorded in the records of the Company.

C. The Restricted Stock has been awarded as compensation to the Grantee for services to be rendered over the vesting period provided for herein.

D. This Agreement sets forth the terms, conditions and restrictions applicable to the Restricted Stock granted to Grantee.

3. RESTRICTIONS.

A. The Restricted Stock has been awarded to the Grantee subject to the transfer and forfeiture conditions set forth in Paragraph C below (the "Restrictions") which shall lapse, if at all, as described in Section 4 below. For purposes of this Award, the term Restricted Stock includes any additional shares of stock granted to the Grantee with respect to any Restricted Stock (e.g., shares issued upon a stock dividend or stock split) prior to the vesting of the Restricted Stock.

B. Grantee may not directly or indirectly, by operation of law or otherwise, voluntarily or involuntarily, sell, assign, pledge, encumber, charge or otherwise transfer (a "transfer") any of the Restricted Stock prior to vesting as provided in Section 4 below. Any transfer or attempted transfer prior to such time shall be null and void and of no effect whatsoever.

C. Except to the extent provided in that certain Employment Agreement between the Company and Grantee dated as of April 27, 2022 (the "Employment Agreement"), if the Grantee's employment with the Company terminates prior to the vesting of all Restricted Stock of the Grantee for any reason other than as set forth in Section 4 below, then the Grantee shall forfeit all of the Grantee's right, title and interest in and to the Restricted Stock not vested as of the date of such termination and such Restricted Stock shall be reconveyed to the Company as of the date of such

termination without further consideration or any act or action by the Grantee.

D. The Restrictions imposed under this Section 3 shall apply to all shares of the Company's common stock or other securities issued with respect to Restricted Stock hereunder in connection with any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the common stock of the Company which occurs prior to the vesting of the Restricted Stock.

4. EXPIRATION AND TERMINATION OF RESTRICTIONS. The Restrictions imposed under Section 3 above will expire and vesting of the Restricted Stock shall be as follows:

On June 1, 2023, the Restrictions will expire with respect to all of the Restricted Stock of the Grantee not forfeited prior to that date.

5. ADJUSTMENTS. If the number of outstanding shares of common stock of the Company is changed as a result of a stock dividend, stock split or the like without additional consideration to the Company, the number of shares of Restricted Stock under this Agreement shall be adjusted to correspond to the change in the outstanding shares of the Company's common stock.

6. VOTING AND DIVIDENDS. Subject to the restrictions contained in Section 3 hereof, the Grantee shall have all rights of a stockholder of the Company with respect to the Grantee's Restricted Stock, including the right to vote the shares of the Grantee's Restricted Stock and the right to receive any cash or stock dividends, including dividends of stock of a company other than the Company. Stock dividends issued with respect to the Grantee's Restricted Stock shall be treated as additional shares of the Grantee's Restricted Stock (even if they are shares of a company other than the Company) that are subject to the same restrictions and other terms and conditions that apply to the shares with respect to which such dividends are issued. If a dividend is paid in other property, the Grantee will be credited with the amount of property which would have been received had the Grantee owned a number of shares of common stock equal to the number of shares of Restricted Stock credited to his/her account. The property so credited will be subject to the same restrictions and other terms and conditions applicable to the Restricted Stock under this Agreement and will be disbursed to the Grantee in kind simultaneously with the Restricted Stock to which such property relates.

7. DELIVERY OF SHARES. The shares of Restricted Stock of the Grantee will be issued in the name of the Grantee as Restricted Stock and will be held by the Company prior to vesting in certificated or uncertificated form. If a certificate for Restricted Stock is issued prior to vesting, such certificate shall be registered in the name of the Grantee and shall bear a legend in substantially the following form:

"This certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in a Restricted Stock Agreement dated June 1, 2022, between the registered owner of the shares represented hereby and Allegiant Travel Company. Release from such terms and conditions shall be made only in accordance with the provisions of such Agreement, copies of which are on file in the office of Allegiant Travel Company."

Upon request from the Company, the Grantee shall deposit with the Company a stock power, or powers, executed in blank and sufficient to reconvey the Restricted Stock to the Company upon any forfeiture of the Restricted Stock (or a portion thereof), in accordance with the provisions of this Agreement. Upon vesting of any Restricted Stock, any stock certificates and stock powers relating to such vested Restricted Stock shall be released to the Grantee upon request.

8. ADDITIONAL AGREEMENTS. As a material inducement to the grant of Restricted Stock to Grantee hereunder, Grantee reaffirms his agreement to the noncompete, nonsolicitation and nondisclosure restrictive covenants in the Employment Agreement.

9. WITHHOLDING TAXES. The Company is entitled to withhold an amount equal to the Company's required minimum statutory withholding taxes for the respective tax jurisdiction attributable to any share of common stock or property deliverable in connection with the Restricted Stock. Grantee may satisfy any withholding obligation in whole or in part by electing to have the Company retain shares of the Restricted Stock having a Fair Market Value on the date of vesting equal to the minimum amount to be withheld. Fair Market Value for this purpose shall be the closing price for a share of the Company's common stock on the last trading day before the date of vesting.

10. OTHER RIGHTS. The grant of Restricted Stock does not confer upon Grantee any right to continue in the employ of the Company and does not interfere with the right of the Company to terminate Grantee's employment at any time.

11. CLAWBACK AGREEMENT. In accordance with the Company's clawback policy applicable to executive officers of the Company, Grantee hereby agrees to reimburse the Company for all or any portion of any bonuses or incentive or equity-based compensation if the Compensation Committee of the Company's Board of Directors in good faith determines: (a) the payment or grant was based on the achievement of certain financial results that were subsequently the subject of a material financial restatement (other than as a result of a change in accounting principles) and a lower payment or award would have occurred based upon the restated financial results; or (b) Grantee engaged in fraud or intentional misconduct related to the Company or its business. In each such instance, the Company will, to the extent practicable and allowable under applicable law, require reimbursement of any bonus or incentive or equity based compensation awarded or effect the cancellation of any unvested or deferred stock awards previously granted to Grantee in the amount by which Grantee's bonus or incentive or equity based compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results, or such other amount as determined by the Compensation Committee, provided that the Company will not be entitled to recover bonuses or incentive or equity based compensation paid more than three years prior to the date the applicable restatement is disclosed.

12. NOTICES. Any written notice under this Agreement shall be deemed given on the date that is three business days after it is sent by registered or certified mail, postage prepaid, addressed either to the Grantee at his address as indicated in the Company's employment records or to the Company at its principal office. Any notice may be sent using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail or electronic

mail) but no such notice shall be deemed to have been duly given unless and until it is actually received by the intended recipient.

13. NONTRANSFERABILITY. This Agreement and all rights hereunder are nontransferable and nonassignable by the Grantee, other than by the last will and testament of Grantee or the laws of descent and distribution, unless the Company consents thereto in writing. Any transfer or attempted transfer except pursuant to the preceding sentence shall be null and void and of no effect whatsoever.

14. SECTION 83(b) ELECTION. Grantee may make an election to be taxed upon the grant of his Restricted Stock under Section 83(b) of the Internal Revenue Code of 1986, as amended. To effect such election, the Grantee must file an appropriate election with the Internal Revenue Service within thirty (30) days after the grant of the Restricted Stock and otherwise in accordance with the applicable Treasury Regulations.

15. AMENDMENT. This Agreement may not be amended except by a writing signed by the Company and Grantee.

16. HEIRS AND SUCCESSORS. This Agreement and all terms and conditions hereof shall be binding upon the Company and its successors and assigns, and upon the Grantee and his heirs, legatees and legal representatives.

17. INTERPRETATION. Any issues of interpretation of any provision of this Agreement shall be resolved by the Compensation Committee of the Board of Directors of the Company.

18. SEVERABILITY. The provisions of this Agreement, and of each separate section and subsection, are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

19. GOVERNING LAW; JURISDICTION. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed according to the internal law and not the law of conflicts of the State of Nevada. Each of the undersigned further agrees that any action or proceeding brought or initiated in respect of this Agreement may be brought or initiated in the United States District Court for the State of Nevada or in any District Court located in Clark County, Nevada, and each of the undersigned consents to the exercise of personal jurisdiction and the placement of venue in any of such courts, or in any jurisdiction allowed by law, in any such action or proceeding and further consents that service of process may be effected in any such action or proceeding in the manner provided in Section 14.065 of the Nevada Revised Statutes or in such other manner as may be permitted by law. Each of the undersigned further agrees that no such action shall be brought against any party hereunder except in one of the courts above named.

20. WAIVER. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or any other provision hereof

21. DEEMED SIGNATURE; COUNTERPARTS. It is contemplated that the Grantee will confirm his acceptance of the restricted stock grant evidenced hereby and the terms of this

Agreement by logging onto the Plan administrator's website and electronically indicating his acceptance. As the Grantee's information on the Plan administrator's website is password protected, such acceptance shall be deemed to be the Grantee's acceptance absent Grantee's ability to establish that he did not accept this Agreement and that whoever indicated such acceptance did so without the Grantee's knowledge or acquiescence. Further, the acceptance by Grantee of any benefits from the ownership of stock granted under this Agreement (whether by voting the Restricted Stock, accepting dividends on the Restricted Stock, selling any shares of Restricted Stock or otherwise) shall also be deemed a confirmation by Grantee of his intent to be bound by the terms of this Agreement. If this Agreement is physically signed (which is not required), then it may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document, and all counterparts shall be construed together and shall constitute one instrument. If this Agreement is physically signed (which is not required), this Agreement may be executed by any party by delivery of a facsimile or pdf signature, which signature shall have the same force as an original signature. Any party which delivers a facsimile or pdf signature shall promptly thereafter deliver an originally executed signature to the other parties; provided, however, that the failure to deliver an original signature page shall not affect the validity of any signature delivered by facsimile or pdf. A facsimile, pdf or photocopied signature shall be deemed to be the functional equivalent of an original for all purposes.

IN WITNESS WHEREOF, the Company has executed this Agreement as of day and year first above written.

ALLEGiant TRAVEL COMPANY

By: _____

Its: _____

The undersigned Grantee hereby accepts, and agrees to, all terms and provisions of the foregoing Award.

Name: John Redmond

Signature: _____

Date: _____

ALLEGIANT TRAVEL COMPANY

STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (the "Agreement") is made and entered into as of June 1, 2022 (the "Effective Date"), between ALLEGIANT TRAVEL COMPANY, a Nevada corporation (the "Company") and JOHN REDMOND (the "Optionee").

THE PARTIES AGREE AS FOLLOWS:

1. Stock Option Plan. The exercise of the Options granted under this Agreement shall be subject to the terms, conditions and restrictions of the Allegiant Travel Company 2016 Long-Term Incentive Plan (the "Plan"). A copy of the Plan is available to Optionee upon request and is incorporated in this Agreement by this reference. Terms used in this Agreement that are defined in the Plan shall have the same meaning as in the Plan, unless the text of this Agreement clearly indicates otherwise.

2. Grant of Option.

A. The Company hereby grants to Optionee pursuant to the Plan options (the "Option" or "Options") to purchase all or any part of fifty-four thousand (54,000) shares (the "Option Shares") of the Company's \$.001 par value common stock (the "Common Stock") on the terms and conditions set forth herein and in the Plan.

B. All Options granted under this Agreement shall be considered to be non-qualified stock options under the Code.

3. Exercise Price. The exercise price (the "Exercise Price") for each share of Common Stock covered by these Options shall be as follows:

- A. Options to purchase 12,000 shares (the "2022 Options") at \$195 per share
- B. Options to purchase 13,000 shares (the "2023 Options") at \$230 per share
- C. Options to purchase 14,000 shares (the "2024 Options") at \$260 per share
- D. Options to purchase 15,000 shares (the "2025 Options") at \$300 per share

4. Adjustment of Options. The Committee shall adjust the number of Option Shares and the Exercise Price thereof in certain circumstances in accordance with the provisions of Item 12 of the Plan.

5. Exercise of Options.

A. Exercise of Option. Subject to the other terms of this Agreement, Optionee's right to exercise the Option granted hereunder shall be subject to the following

schedule wherein Optionee shall be entitled to exercise his right to purchase the Option Shares at any point in time during this Agreement only to the extent indicated below:

- (i) The 2022 Options shall only be exercisable during calendar year 2022.
- (ii) The 2023 Options shall only be exercisable during calendar year 2023.
- (iii) The 2024 Options shall only be exercisable during calendar year 2024.
- (iv) The 2025 Options shall only be exercisable during calendar year 2025.

The Options for any calendar year shall terminate if not exercised prior to the end of the respective calendar year.

B. Partial Exercise. Subject to the terms of the Plan, the Options (to the extent exercisable as provided in Paragraph 5A above) may be exercised for all or any part of the Option Shares.

C. Method of Exercising Option. Subject to Paragraph 5A above, any Option granted hereunder or any portion thereof may be exercised by the Optionee by delivering to the Company at its main office (attention of its Secretary) written notice which shall set forth the Optionee's election to exercise a portion or all of his Option, the number of shares with respect to which the Option rights are being exercised and such other representations and agreements as may be required by the Company to comply with applicable securities laws and by paying in full the purchase price of the shares purchased in cash or its equivalent or, subject to the approval of the Committee, pursuant to one of the alternative methods set forth in Paragraph 7(d) of the Plan.

D. Nonassignability of Option. The Option shall not be assignable or transferable by the Optionee except by will or by the laws of descent and distribution. Any distributee by will or by the laws of descent and distribution shall be bound by the provisions of the Plan and this Agreement. During the life of the Optionee, the Option shall be exercisable only by the Optionee. Any attempt to assign, pledge, transfer, hypothecate or otherwise dispose of the Option, and any levy of execution, attachment or similar process on the Option, shall be null and void.

E. Termination of Employment other than as a Result of Death or Disability. If Optionee ceases to be an Employee other than as a result of Optionee's death or disability (as defined in Paragraph F below), then the Options which are exercisable during the calendar year of termination must be exercised on or before the earlier of (i) December 31 of such calendar year, or (ii) the date that is one hundred eighty (180) days after the effective date of termination of employment. The Options which first become exercisable in any calendar year after the calendar year of termination shall terminate on the date of termination of employment. To the extent any portion of the Options is not exercised on or before the earlier of (i) December 31 of such calendar year or (ii) the date that is one hundred eighty (180) days after the date of termination of employment, such portion of the Option shall terminate as of such date. Nothing in the Plan shall be construed as imposing any obligation on the Company to continue the employment of Optionee or shall interfere or restrict in any way the rights of the Company to discharge Optionee at any time for any reason whatsoever, with or without cause.

F. Termination of Employment as a Result of Death or Disability. In the event of the death or disability of the Optionee while in the employ of the Company, the personal representative of the Optionee (in the event of Optionee's death) or the Optionee (in the event of Optionee's disability) may, subject to the provisions hereof and before the earlier of the Option's expiration date or December 31 of the calendar year of death or disability, exercise the Option granted to the Optionee to the same extent the Optionee might have exercised such Option on the date of Optionee's death or disability, but not further or otherwise. The Options which first become exercisable in any calendar year after the calendar year of death or disability shall terminate on the date of death or disability. To the extent any portion of the Option is not exercised within the time period provided, such portion of the Option shall terminate as of the date of expiration of such time period. For purposes of this Paragraph F, the Optionee shall be considered to be subject to a disability when the Optionee is disabled within the meaning of Code Section 22(e)(3), and the date of any such disability shall be deemed to be the day following the last day the Optionee performed services for the Company.

G. Exercisability Example. By way of example, if Optionee's employment is terminated during 2023, then only the 2023 Options will be exercisable during the period specified in Paragraph E or F above, as applicable, and the 2024 Options and 2025 Options shall terminate.

H. Period to Exercise Option. The Option granted hereunder may, prior to its expiration or termination, be exercised from time to time, in whole or in part, up to the total number of Option Shares with respect to which it shall have then become exercisable. An Option granted hereunder may become exercisable in installments as determined by the Committee; provided, however, that if the Option is exercisable in more than one installment, and if the employment of the Optionee is terminated, then the Option (or such portion thereof as shall be exercisable in accordance with the terms of this Agreement) shall be exercisable only during the period set forth in Paragraph E or F (whichever is applicable).

I. Issuance of Stock Certificates Upon Exercise. Subject to the provisions of Item 6 of this Agreement, upon receipt of the Exercise Price for any Option Shares, the Company will issue to Optionee shares of Common Stock equal to the number of such Option Shares; provided, however, that no stock certificate shall be issued to the Optionee pursuant to the exercise of any Option granted herein, in whole or in part, unless and until either: (i) the Option Shares have been registered in accordance with the rules of the SEC, or (ii) Optionee signs an Investment Letter in a form provided by the Company.

6. Restriction on Issuance of Shares; Optionee's Representations.

A. Securities Laws - Restrictions on Issuance of Shares. No shares of Common Stock shall be issued or sold upon the exercise of any portion of the Option unless and until (i) the full amount of the Exercise Price has been paid as provided in Item 5C hereof, and (ii) the then applicable requirements of the Securities Act of 1933 and the applicable securities laws of any state, the rules and regulations of the Securities and Exchange Commission and any

other regulations of any securities exchange on which the Common Stock may be listed, shall have been fully complied with and satisfied.

B. Purchase for Investment; Other Representations of Optionee. In the event the offering of shares with respect to which the Option is being exercised is not registered under the Securities Act of 1933, but an exemption is available which requires an investment representation or other representation, the Optionee shall, as a condition to exercise of this Option, be required to execute such documents as may be necessary or advisable in the opinion of counsel for the Company to comply with any federal securities laws or any applicable state securities laws. Stock certificates evidencing such unregistered shares acquired upon exercise of the Option shall bear a restrictive legend in substantially the following form and such other restrictive legends as are required or advisable under the provisions of any applicable laws:

This stock certificate and the shares represented hereby have not been registered under the Securities Act of 1933, as amended (the "Act") nor under the securities laws of any state and shall not be transferred at any time in the absence of (i) an effective registration statement under the Act and any other applicable state law with respect to such shares at such time; or (ii) an opinion of counsel satisfactory to the Company and its counsel to the effect that such transfer at such time will not violate the Act or any applicable state securities laws; or (iii) a "no action" letter from the Securities and Exchange Commission and a comparable ruling from any applicable state agency with respect to such state's securities laws.

C. Holding Period Before Sale of Option Shares. If the Optionee is an insider subject to the SEC's rules under Section 16(b) of the Securities and Exchange Act of 1934, then the Optionee shall be restricted from selling any Option Shares acquired by him through exercise of the Options or any portion thereof during the six (6) month period following the date of grant of the Option.

7. No Rights as a Shareholder. The Optionee shall not have any rights as a shareholder with respect to any Option Shares covered by the Option granted hereunder until the issuance of a stock certificate for such shares. No adjustment shall be made on the issuance of a stock certificate to the Optionee as to any dividends or other rights for which the record date occurred prior to the date of issuance of such certificate.

8. No Employment Rights. This Agreement shall not confer upon Optionee any right with respect to the continuance of employment by the Company, nor shall it interfere in any way with the right of the Company to terminate such employment at any time.

9. Enforcement. If any portion of this Agreement shall be determined to be invalid or unenforceable, the remainder shall be valid and enforceable to the extent possible.

10. Clawback Agreement. In accordance with the Company's clawback policy applicable to executive officers of the Company, in the event Optionee is an executive officer of

the Company, then Optionee hereby agrees to reimburse the Company for all or any portion of any bonuses or incentive or equity-based compensation if the Compensation Committee of the Company's Board of Directors in good faith determines: (a) the payment or grant was based on the achievement of certain financial results that were subsequently the subject of a material financial restatement (other than as a result of a change in accounting principles) and a lower payment or award would have occurred based upon the restated financial results; or (b) Optionee engaged in fraud or intentional misconduct related to the Company or its business. In each such instance, the Company will, to the extent practicable and allowable under applicable law, require reimbursement of any bonus or incentive or equity based compensation awarded or effect the cancellation of any unvested or deferred stock awards previously granted to Optionee in the amount by which Optionee's bonus or incentive or equity based compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results, or such other amount as determined by the Compensation Committee, provided that the Company will not be entitled to recover bonuses or incentive or equity based compensation paid more than three years prior to the date the applicable restatement is disclosed.

11. Notices. Any written notice under this Agreement shall be deemed given on the date that is three business days after it is sent by registered or certified mail, postage prepaid, addressed either to the Optionee at his address as indicated in the Company's employment records or to the Company at its principal office. Any notice may be sent using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail or electronic mail) but no such notice shall be deemed to have been duly given unless and until it is actually received by the intended recipient.

12. Amendment. This Agreement may not be amended except by a writing signed by the Company and Optionee.

13. Heirs and Successors. Subject to Item 5D above, this Agreement and all terms and conditions hereof shall be binding upon the Company and its successors and assigns, and upon the Optionee and his or her heirs, legatees and legal representatives.

14. Interpretation. Any issues of interpretation of any provision of this Agreement shall be resolved by the Compensation Committee of the Board of Directors of the Company.

15. Severability. The provisions of this Agreement, and of each separate section and subsection, are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

16. Governing Law; Jurisdiction. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed according to the internal law and not the law of conflicts of the State of Nevada. Each of the undersigned further agrees that any action or proceeding brought or initiated in respect of this Agreement may be brought or initiated in the United States District Court for the State of Nevada or in any District Court located in Clark County, Nevada, and each of the undersigned consents to the exercise of personal jurisdiction and the placement of venue in any of such courts, or in any jurisdiction

allowed by law, in any such action or proceeding and further consents that service of process may be effected in any such action or proceeding in the manner provided in Section 14.065 of the Nevada Revised Statutes or in such other manner as may be permitted by law. Each of the undersigned further agrees that no such action shall be brought against any party hereunder except in one of the courts above named.

17. Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or any other provision hereof.

18. Deemed Signature; Counterparts. It is contemplated that the Optionee will confirm his/her acceptance of the option grant evidenced hereby and the terms of this Agreement by logging onto the Plan administrator's website and electronically indicating his/her acceptance. As the Optionee's information on the Plan administrator's website is password protected, such acceptance shall be deemed to be the Optionee's acceptance absent Optionee's ability to establish that he/she did not accept this Agreement and that whoever indicated such acceptance did so without the Optionee's knowledge or acquiescence. Further, the acceptance by Optionee of any benefits from the ownership of stock options granted under this Agreement (whether by exercising any options, selling any shares acquired on option exercise or otherwise) shall also be deemed a confirmation by Optionee of his/her intent to be bound by the terms of this Agreement. If this Agreement is physically signed (which is not required), then it may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document, and all counterparts shall be construed together and shall constitute one instrument. If this Agreement is physically signed (which is not required), this Agreement may be executed by any party by delivery of a facsimile or pdf signature, which signature shall have the same force as an original signature. Any party which delivers a facsimile or pdf signature shall promptly thereafter deliver an originally executed signature to the other parties; provided, however, that the failure to deliver an original signature page shall not affect the validity of any signature delivered by facsimile or pdf. A facsimile, pdf or photocopied signature shall be deemed to be the functional equivalent of an original for all purposes.

IN WITNESS WHEREOF, this Agreement has been duly executed on the date first above written.

OPTIONEE:

ALLEGiant TRAVEL COMPANY

_____(SEAL)

By: _____

Name: JOHN REDMOND

Its: _____

Address: 1201 N. Town Center Drive

Las Vegas, Nevada 89144

Certifications

I, John Redmond, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allegiant Travel Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ John Redmond

Title: Principal Executive Officer

Certifications

I, Gregory Anderson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allegiant Travel Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ Gregory Anderson

Title: Principal Financial Officer

Allegiant Travel Company Certification under Section 906 of the Sarbanes/Oxley Act - filed as an exhibit to Form 10-Q for the Quarter Ended June 30, 2022

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Allegiant Travel Company (the "Company") on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, John Redmond, Chief Executive Officer of the Company, and Gregory Anderson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John Redmond

John Redmond

Principal Executive Officer

August 4, 2022

/s/ Gregory Anderson

Gregory Anderson

Principal Financial Officer

August 4, 2022

The foregoing Certification shall not be deemed incorporated by reference by any general statement incorporating by reference this report into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.