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, 2023

or

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

For the transition period from _______ to_______

Commission File Number **001-33166**

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**	**89144**
(Address of Principal Executive Offices)	(Zip Code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.001	ALGT	NASDAQ Global Select 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 21, 2023, the registrant had 18,447,113 shares of common stock, $0.001 par value per share, outstanding.

ALLEGIANT TRAVEL COMPANY
FORM 10-Q
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ALLEGIANT TRAVEL COMPANY
CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2023 (unaudited)	December 31, 2022
CURRENT ASSETS		
Cash and cash equivalents	$ 152,239	$ 229,989
Restricted cash	16,381	15,457
Short-term investments	825,167	725,063
Accounts receivable	47,147	106,578
Expendable parts, supplies and fuel, net	34,566	35,546
Prepaid expenses and other current assets	132,998	161,636
TOTAL CURRENT ASSETS	1,208,498	1,274,269
Property and equipment, net	3,176,517	2,810,693
Long-term investments	69,296	63,318
Deferred major maintenance, net	168,137	157,410
Operating lease right-of-use assets, net	110,493	111,679
Deposits and other assets	96,605	93,928
TOTAL ASSETS:	$ 4,829,546	$ 4,511,297
CURRENT LIABILITIES		
Accounts payable	63,995	58,335
Accrued liabilities	263,358	226,276
Current operating lease liabilities	21,088	19,973
Air traffic liability	411,131	379,459
Loyalty program liability	37,718	32,888
Current maturities of long-term debt and finance lease obligations, net of related costs	270,216	152,900
TOTAL CURRENT LIABILITIES	1,067,506	869,831
Long-term debt and finance lease obligations, net of current maturities and related costs	1,887,785	1,944,078
Deferred income taxes	371,044	346,388
Noncurrent operating lease liabilities	92,285	94,972
Loyalty program liability	27,127	23,612
Other noncurrent liabilities	10,238	11,718
TOTAL LIABILITIES:	$ 3,455,985	$ 3,290,599
SHAREHOLDERS' EQUITY		
Common stock, par value $0.001	26	25
Treasury shares	(671,224)	(660,023)
Additional paid in capital	727,534	709,471
Accumulated other comprehensive income, net	2,639	1,257
Retained earnings	1,314,586	1,169,968
TOTAL EQUITY:	1,373,561	$ 1,220,698
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY:	$ 4,829,546	$ 4,511,297

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,	
	2023	**2022**	**2023**	**2022**
OPERATING REVENUES:				
Passenger	$ 642,747	$ 592,604	$ 1,252,023	$ 1,056,566
Third party products	28,904	27,787	54,942	50,267
Fixed fee contracts	11,741	8,920	25,858	22,305
Other	418	536	674	818
Total operating revenues	683,810	629,847	1,333,497	1,129,956
OPERATING EXPENSES:				
Aircraft fuel	162,611	257,288	352,157	421,425
Salaries and benefits	177,170	139,681	336,793	273,691
Station operations	66,715	66,909	128,234	132,652
Depreciation and amortization	53,933	49,183	108,613	95,526
Maintenance and repairs	33,634	31,123	60,076	58,943
Sales and marketing	29,868	27,297	56,796	49,647
Aircraft lease rentals	5,975	5,451	13,067	11,584
Other	31,683	26,643	62,328	52,845
Special charges, net of recovery	(11,208)	142	(12,820)	284
Total operating expenses	550,381	603,717	1,105,244	1,096,597
OPERATING INCOME	133,429	26,130	228,253	33,359
OTHER (INCOME) EXPENSES:				
Interest expense	37,765	24,497	73,473	44,288
Capitalized interest	(8,881)	(2,082)	(14,061)	(3,298)
Interest income	(11,845)	(2,218)	(21,974)	(2,991)
Other, net	45	101	52	95
Total other expenses	17,084	20,298	37,490	38,094
INCOME (LOSS) BEFORE INCOME TAXES	116,345	5,832	190,763	(4,735)
INCOME TAX PROVISION (BENEFIT)	27,876	1,474	46,145	(1,212)
NET INCOME (LOSS)	$ 88,469	$ 4,358	$ 144,618	$ (3,523)
Earnings (loss) per share to common shareholders:				
Basic	$ 4.80	$ 0.24	$ 7.85	$ (0.20)
Diluted	$ 4.80	$ 0.24	$ 7.84	$ (0.20)
Shares used for computation:				
Basic	17,677	17,987	17,840	17,970
Diluted	17,683	18,006	17,861	17,970

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,	
	2023	**2022**	**2023**	**2022**
NET INCOME (LOSS)	$ 88,469	$ 4,358	$ 144,618	$ (3,523)
Other comprehensive income:				
Change in available for sale securities, net of tax	(603)	(2,667)	1,383	688
Total other comprehensive income (loss)	(603)	(2,667)	1,383	688
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 87,866	$ 1,691	$ 146,001	$ (2,835)

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, 2023						
	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, 2023	17,998	$ 25	$ 714,506	$ 3,242	$ 1,226,117	$ (672,493)	$ 1,271,397
Share-based compensation	443	1	13,028	—	—	—	13,029
Shares repurchased by the Company and held as treasury shares	(32)	—	—	—	—	(2,963)	(2,963)
Stock issued under employee stock purchase plan	41	—	—	—	—	4,232	4,232
Other comprehensive income (loss)	—	—	—	(603)	—	—	(603)
Net income	—	—	—	—	88,469	—	88,469
Balance at June 30, 2023	18,450	$ 26	$ 727,534	$ 2,639	$ 1,314,586	$ (671,224)	$ 1,373,561

	Six Months Ended June 30, 2023						
	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, 2022	18,128	$ 25	$ 709,471	$ 1,257	$ 1,169,968	$ (660,023)	$ 1,220,698
Share-based compensation	438	1	18,063	—	—	—	18,064
Shares repurchased by the Company and held as treasury shares	(157)	—	—	—	—	(15,433)	(15,433)
Stock issued under employee stock purchase plan	41	—	—	—	—	4,232	4,232
Other comprehensive income	—	—	—	1,382	—	—	1,382
Net income	—	—	—	—	144,618	—	144,618
Balance at June 30, 2023	18,450	$ 26	$ 727,534	$ 2,639	$ 1,314,586	$ (671,224)	$ 1,373,561

	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 income (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**	**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

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

	Six Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities:		
Net income (loss)	$ 144,618	$ (3,523)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	108,613	95,526
Special charges, net of recovery	(13,153)	284
Other adjustments	35,991	13,657
Changes in certain assets and liabilities:		
Air traffic liability	31,672	143,634
Other - net	38,871	(21,796)
Net cash provided by operating activities	346,612	227,782
Cash flows from investing activities:		
Purchase of investment securities	(596,669)	(672,318)
Proceeds from maturities of investment securities	503,069	675,656
Aircraft pre-delivery deposits	(157,355)	(51,111)
Purchase of property and equipment	(282,920)	(205,158)
Other investing activities	16,066	645
Net cash used in investing activities	(517,809)	(252,286)
Cash flows from financing activities:		
Proceeds from the issuance of debt and finance lease obligations	208,163	195,800
Repurchase of common stock	(15,434)	—
Principal payments on debt and finance lease obligations	(149,369)	(70,502)
Debt issuance costs	(1,422)	(669)
Sunseeker construction financing disbursements/(deposits)	48,200	(87,500)
Other financing activities	4,233	4,725
Net cash provided by financing activities	94,371	41,854
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(76,826)	17,350
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF PERIOD	245,446	400,701
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	$ 168,620	$ 418,051
CASH PAYMENTS FOR:		
Interest paid, net of amount capitalized	$ 68,347	$ 36,828
Income tax payments (receipts)	623	(46)
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Right-of-use (ROU) assets acquired	$ 8,320	$ —
Flight equipment acquired under finance leases	—	90,476
Purchases of property and equipment in accrued liabilities	61,922	45,887

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

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, 2022 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 has reclassified certain prior period amounts to conform to the current period presentation.

Note 2 — Sunseeker Special Charges

As a result of Hurricane Ian's direct hit on the southwest coast of Florida on September 28, 2022, the construction site of Sunseeker Resort at Charlotte Harbor (the "Resort" or "Sunseeker Resort") was damaged. Additionally in the fourth quarter of 2022, there was another weather-related event and a fire that caused additional damage. Based on the Company’s assessment of these damages and the anticipated future restoration costs, an estimated loss of $52.1 million was recorded as a special charge in 2022, which was offset by $18.1 million of recorded insurance recoveries during 2022.

During the quarter ended June 30, 2023, the Company recorded $11.3 million of insurance recoveries. The recoveries are offset by $0.1 million of additional losses recorded during the quarter, resulting in a special charge of $(11.2) million. To date, the Company has recorded insurance recoveries of $31.2 million related to Hurricane Ian and subsequent insurance events.

Note 3 — 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, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Scheduled service	$ 319,338	$ 297,343	$ 631,065	$ 521,196
Ancillary air-related charges	309,735	283,551	593,637	513,016
Loyalty redemptions	13,674	11,710	27,321	22,354
Total passenger revenue	$ 642,747	$ 592,604	$ 1,252,023	$ 1,056,566

Sales of passenger tickets not yet flown are recorded in air traffic liability. Passenger revenue is recognized when the underlying service is provided. As of June 30, 2023, the air traffic liability balance was $411.1 million, of which approximately $357.4 million was related to forward bookings, with the remaining $53.7 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 $379.5 million that was recorded in the air traffic liability balance as of December 31, 2022, approximately 85.3 percent was recognized into passenger revenue during the six months ended June 30, 2023.

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.

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. 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.

Loyalty redemptions

In relation to the travel component of the Allways® Allegiant co-branded credit card 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 passenger revenue when the points are redeemed and the underlying service 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 passenger revenue when the points are redeemed and the underlying service is provided.

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

(in thousands)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Points balance at January 1	$ 56,541	$ 40,490
Points awarded (deferral of revenue)	35,625	35,821
Points redeemed (recognition of revenue)	(27,321)	(22,354)
Points balance at June 30	$ 64,845	$ 53,957

The current portion of the loyalty program liability represents the estimate of revenue to be recognized in the next 12 months based on historical trends, with the remaining balance reflected in noncurrent liabilities expected to be recognized into revenue in periods thereafter.

Note 4 — Property and Equipment

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

(in thousands)	June 30, 2023	December 31, 2022
Flight equipment, including pre-delivery deposits	$ 3,159,940	$ 2,937,767
Computer hardware and software	236,631	209,808
Land and buildings/leasehold improvements	62,858	62,227
Other property and equipment	103,649	95,156
Sunseeker Resort	503,269	320,572
Total property and equipment	4,066,347	3,625,530
Less accumulated depreciation and amortization	(889,830)	(814,837)
Property and equipment, net	$ 3,176,517	$ 2,810,693

Accrued capital expenditures as of June 30, 2023 and December 31, 2022 were $61.9 million and $54.6 million, respectively.

Note 5 — Long-Term Debt

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

(in thousands)	June 30, 2023	December 31, 2022
Fixed-rate debt and finance lease obligations due through 2032	$ 1,797,006	$ 1,720,998
Variable-rate debt due through 2029	360,995	375,980
Total debt and finance lease obligations	2,158,001	2,096,978
Less current maturities	270,216	152,900
Long-term debt and finance lease obligations, net of current maturities	$ 1,887,785	$ 1,944,078
Weighted average fixed-interest rate on debt	6.5%	6.5%
Weighted average variable-interest rate on debt	7.2%	6.1%

		Interest Rate(s) Per Annum at	As of	
(in thousands)	Maturity Dates	June 30, 2023	June 30, 2023	December 31, 2022
Senior secured notes	2024 — 2027	7.25 % — 8.50%	$ 700,000	$ 700,000
Consolidated variable interest entities	2024 — 2029	2.92 % — 4.09%	101,091	79,453
Revolving credit facilities	2024 — 2027	7.74%	118,791	30,327
Debt secured by aircraft, engines, other equipment and real estate	2025 — 2029	1.87 % — 8.02%	441,925	466,335
Finance leases	2028 — 2032	4.44 % — 7.00%	467,394	494,328
Construction loan agreement	2028	5.75%	350,000	350,000
Total debt			$ 2,179,201	$ 2,120,443
Related costs			(21,200)	(23,465)
Total debt net of related costs			$ 2,158,001	$ 2,096,978

Maturities of long term debt as of June 30, 2023, for the next five years and thereafter, in the aggregate, are:

(in thousands)	As of June 30, 2023
Remaining in 2023	$ 59,762
2024	397,439
2025	180,237
2026	174,031
2027	728,415
2028	288,190
Thereafter	329,927
Total debt and finance lease obligations, net of related costs	$ 2,158,001

Revolving Credit Facility

In February 2023, the Company, through a wholly owned subsidiary, entered into a credit agreement with Credit Agricole Corporate and Investment Bank, under which the Company is entitled to borrow up to $100.0 million. This revolving credit facility replaced a revolving credit facility with the same lender which was to expire in March 2023. The revolving credit facility has a maturity date of March 31, 2026 and the borrowing ability is based on the value of aircraft and engines placed into the collateral pool. The notes under the facility bear interest at a floating rate based on SOFR. As of June 30, 2023, the facility remains undrawn.

During the six months ended June 30, 2023, the Company received $88.5 million in advances on a pre-delivery payment (PDP) credit facility secured by the Company's Boeing aircraft purchase rights. The notes under the facility bear interest at a floating interest rate based on SOFR and mature on December 31, 2024.

Consolidated Variable Interest Entities

In February 2023, the Company, through a wholly owned subsidiary, entered into agreements with a trust to borrow $27.0 million secured by one Airbus A320 series aircraft. The trust was funded on inception. The borrowing bears interest at a rate of 2.92 percent and is payable in monthly installments through February 2029, at which time the Company will have a purchase option at a fixed amount.

Other Secured Debt

In May 2023, the Company borrowed $92.7 million under a loan agreement secured by six Airbus A320 series aircraft. The notes bear interest at a fixed rate, payable in quarterly installments maturing in May 2028.

Debt Extinguishment

In June 2023, the Company made a $61.0 million prepayment to extinguish an aircraft-secured debt facility. The facility bore interest at a floating rate and had a maturity date of June 2024.

Note 6 — Income Taxes

The Company recorded a $27.9 million income tax expense at an effective tax rate of 24.0 percent and a $1.5 million income tax expense at a 25.3 percent effective tax rate for the three months ended June 30, 2023 and 2022, respectively. The effective tax rate for the three months ended June 30, 2023 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 a $46.1 million income tax expense at an effective tax rate of 24.2 percent and a $1.2 million income tax benefit at a 25.6 percent effective tax rate for the six months ended June 30, 2023 and 2022, respectively. The effective tax rate for the six months ended June 30, 2023 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, none of which are individually significant.

Note 7 — 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, 2023.

Financial instruments measured at fair value on a recurring basis:

	As of June 30, 2023			As of December 31, 2022		
(in thousands)	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**
Cash equivalents						
Money market funds	$ 34,211	$ 34,211	$ —	$ 88,073	$ 88,073	$ —
Commercial paper	25,946	—	25,946	50,791	—	50,791
Municipal debt securities	7,998	—	7,998	8,599	—	8,599
Federal agency debt securities	2,296	—	2,296	—	—	—
Total cash equivalents	70,451	34,211	36,240	147,463	88,073	59,390
Short-term						
Commercial paper	367,982	—	367,982	421,279	—	421,279
Federal agency debt securities	219,032	—	219,032	107,222	—	107,222
Corporate debt securities	189,954	—	189,954	166,136	—	166,136
US Treasury Bonds	30,713	—	30,713	—	—	—
Municipal debt securities	17,486	—	17,486	30,426	—	30,426
Total short-term	825,167	—	825,167	725,063	—	725,063
Long-term						
Federal agency debt securities	32,921	—	32,921	20,050	—	20,050
Corporate debt securities	22,915	—	22,915	35,688	—	35,688
Municipal debt securities	13,460	—	13,460	7,580	—	7,580
Total long-term	69,296	—	69,296	63,318	—	63,318
Total financial instruments	$ 964,914	$ 34,211	$ 930,703	$ 935,844	$ 88,073	$ 847,771

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:

	As of June 30, 2023		As of December 31, 2022		
(in thousands)	**Carrying Value**	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**	**Hierarchy Level**
Fair Value of Notes Payable	$ 1,711,807	$ 1,719,626	$ 1,626,114	$ 1,561,939	3

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

Note 8 — 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 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,	
	2023	2022	2023	2022
Basic:				
Net income (loss)	$ 88,469	$ 4,358	$ 144,618	$ (3,523)
Less income allocated to participating securities	(3,660)	(39)	(4,663)	—
Net income (loss) attributable to common stock	$ 84,809	$ 4,319	$ 139,955	$ (3,523)
Earnings (loss) per share, basic	$ 4.80	$ 0.24	$ 7.85	$ (0.20)
Weighted-average shares outstanding	17,677	17,987	17,840	17,970
Diluted:				
Net income (loss)	$ 88,469	$ 4,358	$ 144,618	$ (3,523)
Less income allocated to participating securities	(3,659)	(39)	(4,657)	—
Net income (loss) attributable to common stock	$ 84,810	$ 4,319	$ 139,961	$ (3,523)
Earnings (loss) per share, diluted	$ 4.80	$ 0.24	$ 7.84	$ (0.20)
Weighted-average shares outstanding	17,677	17,987	17,840	17,970
Dilutive effect of stock options and restricted stock	211	31	168	—
Adjusted weighted-average shares outstanding under treasury stock method	17,888	18,018	18,008	17,970
Participating securities excluded under two-class method	(205)	(12)	(147)	—
Adjusted weighted-average shares outstanding under two-class method	17,683	18,006	17,861	17,970

Note 9 — 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 10 — 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 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, 2023			
Operating revenue:			
Passenger	$ 642,747	$ —	$ 642,747
Third party products	28,904	—	28,904
Fixed fee contracts	11,741	—	11,741
Other	418	—	418
Operating income	127,508	5,921	133,429
Interest expense, net(1)	20,252	5,426	25,678
Capitalized interest	(3,409)	(5,472)	(8,881)
Depreciation and amortization	53,843	90	53,933
Capital expenditures	176,023	97,019	273,042
Three Months Ended June 30, 2022			
Operating revenue:			
Passenger	$ 592,604	$ —	$ 592,604
Third party products	27,787	—	27,787
Fixed fee contracts	8,920	—	8,920
Other	536	—	536
Operating income (loss)	27,882	(1,752)	26,130
Interest expense, net(1)	18,325	3,954	22,279
Capitalized interest	(923)	(1,159)	(2,082)
Depreciation and amortization	49,170	13	49,183
Capital expenditures	96,023	73,595	169,618

(in thousands)		Airline		Sunseeker Resort		Consolidated
Six Months Ended June 30, 2023						
Operating revenue:						
Passenger	$	1,252,023	$	—	$	1,252,023
Third party products		54,942		—		54,942
Fixed fee contract		25,858		—		25,858
Other		669		5		674
Operating income		225,081		3,172		228,253
Interest expense, net[(1)]		40,502		10,791		51,293
Capitalized interest		(4,919)		(9,142)		(14,061)
Depreciation and amortization		108,465		148		108,613
Capital expenditures		268,627		182,639		451,266
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[(1)]		34,661		6,636		41,297
Capitalized interest		(1,431)		(1,867)		(3,298)
Depreciation and amortization		95,509		17		95,526
Capital expenditures		238,201		137,376		375,577

[(1)] Excludes losses (net of gains) on debt extinguishment of $242 thousand and $206 thousand for quarter-to-date and year-to-date 2023 respectively. There were no losses on debt extinguishment for the corresponding periods in 2022.

Total assets were as follows as of the dates indicated:

(in thousands)		As of June 30, 2023		As of December 31, 2022
Airline	$	4,226,140	$	4,047,134
Sunseeker Resort		603,406		464,163
Consolidated	$	4,829,546	$	4,511,297

Note 11 — Subsequent Events

On August 2, 2023, the Company announced that it declared an annual cash dividend in the amount of $2.40 per share, payable $0.60 per quarter with the first dividend to be paid September 1, 2023 to shareholders of record on August 15, 2023.

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, 2023 and 2022. Also discussed is our financial position as of June 30, 2023 and December 31, 2022. 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, 2022. 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 2023 Review

Second quarter 2023 highlights include:

- Earnings per share of $4.80
- Operating income of $133.4 million, yielding an operating margin of 19.5 percent
- Total operating revenue was $683.8 million, up 8.6 percent over the prior year and the highest quarterly total in company history
    - Total fixed fee contracts revenue of $11.7 million, up 31.6 percent year-over-year
    - TRASM (total passenger revenue per scheduled service available seat mile) of 13.64 cents, up 7.5 percent year-over-year on scheduled service capacity increase of 0.7 percent year-over-year
- Total average fare of $142.31, up 8.1 percent year-over-year
    - Total average ancillary fare of $71.75, up 8.6 percent year-over-year
- Controllable completion of 99.7 percent for the quarter, among the highest in the industry
- Surpassed 600 thousand Allways rewards credit card holders during the quarter
    - Received $29.0 million in remuneration from our co-branded credit card during the quarter
    - Transitioning our co-brand credit card network from Mastercard to Visa
- Allways Rewards program enrolled 570 thousand new members during the quarter, bringing total members to 16.5 million
- Airline-only Operating CASM, excluding fuel, of 7.79 cents, up 12.9 percent year-over-year
- Allegiant flight dispatchers ratified contract with International Brotherhood of Teamsters, extending the contract through May 31, 2026

AIRCRAFT

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

	June 30, 2023	December 31, 2022
A319	35	35
A320[1]	91	86
Total	126	121

[1] *Does not include one and five aircraft of which we have taken delivery as of June 30, 2023 and December 31, 2022 respectively, but was not yet in service as of that date.*

As of June 30, 2023, we are party to forward purchase agreements for 52 aircraft. We currently expect three deliveries in 2023, 25 in 2024 and 24 thereafter.

NETWORK

As of June 30, 2023, we were selling 555 routes versus 610 as of the same date in 2022. As discussed below, growth in overall capacity and the number of routes served have been reduced as a result of efforts to balance the demand environment and prevailing fuel prices with system wide operational reliability. We expect route count to remain below 2022 levels throughout the year as we focus on our core markets during our busiest travel periods. We have identified 1,400 incremental nonstop routes as opportunities for future network growth, of which over 80% currently have no current non-stop service. Our total active number of origination cities and leisure destinations were 91 and 33, respectively, as of June 30, 2023.

Our unique model is predicated around expanding and contracting capacity to meet seasonal travel demands.

TRENDS

Strong Demand Momentum

As concerns over COVID-19 have declined, we have seen significant increases in leisure demand as evidenced by higher load factors and total average fare per passenger beginning in March 2022, and continuing 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.

Average fuel cost per gallon decreased by 37.7 percent in second quarter 2023 compared to second quarter 2022. Fuel prices reached a peak in second quarter 2022, due in part to the geopolitical impact of the war in Ukraine, and have declined since that time as we have seen refinery costs decline by approximately 30 percent year over year. Fuel costs remain significantly higher than periods prior to 2022. We expect high fuel costs will continue to impact our total costs and operating results.

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 complementary with our low cost strategy based on our intent to retain ownership of the aircraft, the longer useful life for depreciation purposes, reduced maintenance costs in the early periods of ownership, expected fuel savings and operational reliability from the use of these new aircraft.

Operations

Delays for aircraft in heavy maintenance, pilot constraints, airport construction disruption, weather, and air traffic control delays in certain markets continue to impact our operations and we have pulled back some of our capacity growth in 2023 as a result. We believe these issues are not unique to Allegiant nor do we believe they are systemic.

Union Negotiations

The collective bargaining agreement with our pilots is currently amendable. We and the International Brotherhood of Teamsters ("IBT") jointly requested the mediation services of the National Mediation Board ("NMB") in January 2023 to assist with the negotiations. The mediation process with the NMB is continuing, with dates for negotiation sessions currently scheduled through November.

Separately from the ongoing collective bargaining agreement negotiations, to begin to address pilot pay issues, effective in May 2023, we are recognizing a retention bonus for pilots who continue employment with us until a new labor agreement is approved. The amount is 35 percent of current pay for a minimum of 85 pay credit hours per month except for first year first officers for whom the percentage is 82 percent. IBT concurred with this approach.

The collective bargaining agreement with our flight attendants is also currently amendable. We and the Transportation Workers Union ("TWU") representing this group reached an initial tentative agreement in May 2023. That initial tentative agreement was not ratified by the flight attendant membership, and the parties intend to reengage in negotiations beginning in September.

We and the IBT representing our dispatchers reached a tentative agreement more than one year before the amendable date of their current collective bargaining agreement. This tentative agreement addressed rates only and added a two-year extension (until May 2026) to the other terms and conditions of the current collective bargaining agreement. The tentative agreement was overwhelmingly approved by the dispatchers in May 2023.

Similarly, we and the IBT representing our mechanics and related employees reached a tentative agreement more than three years before the amendable date of their current collective bargaining agreement. This tentative agreement also addressed rates only and added a two-year extension (until October 2028) to the other terms and conditions of the current collective bargaining agreement. We expect the tentative agreement to be voted on by the membership in August 2023.

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 are continuing our partnership with Schneider Electric to help us develop our Environmental, Social and Governance (ESG) program. During 2023, we expect to establish ESG goals and environmental goal achievement plans and will continue to provide carbon emissions reporting of Scope 1, 2, and 3 greenhouse gas (GHG) emissions.

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 on transborder flights between United States and Mexico. We and VivaAerobus have submitted a joint application to the DOT requesting approval of and antitrust immunity for the alliance. In January 2023, the DOT declared our application substantially complete, but we have yet to receive a final ruling from the DOT. However, due to recent actions undertaken by Mexico affecting U.S. operations at Mexico City's Benito Juarez International Airport, our application's procedural schedule set by the DOT has been temporarily suspended. This will delay approval for an undetermined period of time.

We and VivaAerobus expect to offer new routes under the alliance pending U.S. governmental approval of the applications and the return of Mexico to a Category 1 status under the FAA’s International Aviation Safety Assessment (“IASA”) program. The Category 1 status allows foreign airlines to expand their services to U.S. destinations and enter into codeshare partnerships with U.S. airlines. Mexico's FAA audit was concluded in June 2023 and a final determination from the FAA is expected soon.

Sunseeker Resort

Construction of Sunseeker Resort Charlotte Harbor is continuing and we expect to open the Resort in October 2023. The Resort is receiving bookings from transient customers and group sales and has begun hiring the initial staff for the Resort.

RESULTS OF OPERATIONS

Comparison of three months ended June 30, 2023 to three months ended June 30, 2022

Operating Revenue

Passenger revenue. For second quarter 2023, passenger revenue increased 8.5 percent compared to the same period in 2022 on relatively flat capacity, with scheduled service available seat miles (ASMs) increasing by 0.7 percent. Stronger leisure demand drove a 7.6 percent increase in average base fare. A 9.0 percent increase in ancillary air-related revenue per passenger, excluding third party products, also contributed to the increase in passenger revenue.

The increase in ancillary air-related revenue per passenger over the same period in 2022 was primarily driven by overall strength in core products and the Allegiant Extra rollout.

Third party products revenue. Third party products revenue for second quarter 2023 increased 4.0 percent compared to second quarter 2022. The increase from 2022 is primarily the result of a 26.3 percent increase in the marketing component of co-branded credit card revenues, offset by a decrease in rental car revenue.

Fixed fee contract revenue. Fixed fee contract revenue for second quarter 2023 increased 31.6 percent compared to the same period in 2022 as a result of a 50.6 percent increase in fixed fee departures, offset by lower fees per departure.

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. 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.

	Three Months Ended June 30,		Percent Change
Unitized costs (in cents)	**2023**	**2022**	**YoY**
Aircraft fuel	3.22 ¢	5.16 ¢	(37.6)%
Salaries and benefits	3.51	2.80	25.4
Station operations	1.32	1.34	(1.5)
Depreciation and amortization	1.07	0.99	8.1
Maintenance and repairs	0.67	0.62	8.1
Sales and marketing	0.59	0.55	7.3
Aircraft lease rentals	0.12	0.11	9.1
Other	0.61	0.53	15.1
Special charges, net of insurance recoveries	(0.22)	—	NM
CASM	10.89 ¢	12.10 ¢	(10.0)
Operating CASM, excluding fuel	7.67 ¢	6.94 ¢	10.5
Sunseeker Resort CASM	(0.12)	0.04	NM
Operating CASM, excluding fuel and Sunseeker Resort activity	7.79 ¢	6.90 ¢	12.9

NM - Not meaningful

Operating CASM, excluding fuel and Sunseeker Resort activity. Operating CASM, excluding fuel and Sunseeker Resort activity, increased by 12.9 percent to 7.79 ¢ for second quarter 2023 from 6.90 ¢ in second quarter 2022. The CASM- ex increase is attributable to a 14.2 percent increase in non-fuel airline costs, in total, in second quarter 2023 over second quarter 2022 (for the reasons described in the expense line item discussion below) with only a 1.3 percent increase in capacity as we intentionally reduced capacity growth to protect operational integrity. This is reflected in the reduced utilization of our aircraft as average block hours per aircraft per day decreased by 6.8 percent in the quarter compared to second quarter 2022.

Aircraft fuel expense. Aircraft fuel expense decreased $94.7 million, or 36.8 percent, for second quarter 2023 compared to second quarter 2022. This is primarily due to a 37.7 percent decrease in average fuel cost per gallon.

Salaries and benefits expense. Salaries and benefits expense increased $37.5 million, or 26.8 percent, for second quarter 2023 when compared to second quarter 2022. The increase is due in part to a 10.9 percent increase in the average number of full time equivalent employees from second quarter 2022, which increase includes newly hired Sunseeker team members. Higher salaries and benefits expense was also driven by increased crew pay, including an $11.8 million accrual for pilot retention bonuses, the impact of increased variable bonus pay due to increased profitability, and annual merit increases for team members not subject to a collective bargaining agreement.

Station operations expense. Station operations expense for second quarter 2023 decreased $0.2 million, or 0.3 percent compared to second quarter 2022, remaining relatively flat year over year as scheduled service departures also increased by only 0.3 percent. Reductions in irregular operations costs were offset by inflationary pressure on costs in general.

***Depreciation and amortization expense*.** Depreciation and amortization expense for second quarter 2023 increased by 9.7 percent as compared to second quarter 2022 driven by an 11.2 percent increase in the average number of aircraft owned and in service.

***Maintenance and repairs expense*.** Maintenance and repairs expense for second quarter 2023 increased $2.5 million, or 8.1 percent, compared to second quarter 2022, as the result of a 10.0 percent increase in the average number of aircraft in service.

Sales and marketing expense. Sales and marketing expense for second quarter 2023 increased by 9.4 percent compared to the same period in 2022, primarily due to a fee paid to transition our cobrand credit card to the Visa network and an increase in credit card fees as a result of an 8.5 percent increase in passenger revenue year-over-year.

Other operating expense. Other operating expense increased $5.0 million or 18.9 percent for second quarter 2023 compared to second quarter 2022 attributable to incremental increases in legal and governmental affairs and recruiting expense.

Special charges. During second quarter 2023, we recorded $(11.2) million of special charges as we recognized $11.3 million of insurance recoveries on Sunseeker Resort damage, offset by $0.1 million of additional charges during the quarter.

Interest Expense and Income

Interest expense for the quarter ended June 30, 2023 increased by $13.3 million, or 54.2 percent over second quarter 2022, attributable primarily to a 3.3 percentage point increase in the weighted average variable interest rate year-over-year due to increases in the indices. The increase in interest expense was partially offset by a $9.6 million increase in interest income compared to first quarter 2022, due to higher yields on investments in debt securities.

Income Tax Expense

We recorded a $27.9 million income tax expense at an effective tax rate of 24.0 percent and a $1.5 million income tax expense at a 25.3 percent effective tax rate for the three months ended June 30, 2023 and 2022, respectively. The effective tax rate for the three months ended June 30, 2023 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, 2023 to six months ended June 30, 2022

As comparisons of our first half 2023 results to first half 2022 reflect changes due to the continued impact of the COVID-19 pandemic on air travel during the six months ended June 30, 2022, and early in 2022 in particular, year-over-year comparisons below are not necessarily indicative of expected full year-over-year results.

Operating Revenue

Passenger revenue. For the six months ended June 30, 2023, passenger revenue increased 18.5 percent compared with the same period in 2022. Scheduled service passengers were up 5.0 percent and the average scheduled service base fare increased by 15.4 percent due to stronger leisure demand. The increase in passenger revenue was also driven by a 10.2 percent increase in ancillary air-related revenue per passenger, excluding third party products. The increase in ancillary air-related revenue per passenger over the same period in 2022 was primarily driven by overall strength in core products and the Allegiant Extra rollout.

Third party products revenue. Third party products revenue for the six months ended June 30, 2023 increased 9.3 percent over the same period in 2022. The increase from 2022 is primarily the result of increased Allways® Rewards Program revenues.

Fixed fee contract revenue. Fixed fee contract revenue for the six months ended June 30, 2023 increased 15.9 percent compared to the same period in 2022 as a result of a 20.7 percent increase in fixed fee departures.

Operating Expenses

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

	Six Months Ended June 30,		Percent Change
Unitized costs (in cents)	**2023**	**2022**	**YoY**
Aircraft fuel	3.62 ¢	4.39 ¢	(17.5)%
Salaries and benefits	3.46	2.85	21.4
Station operations	1.32	1.38	(4.3)
Depreciation and amortization	1.12	0.99	13.1
Maintenance and repairs	0.62	0.61	1.6
Sales and marketing	0.58	0.52	11.5
Aircraft lease rentals	0.13	0.12	8.3
Other	0.64	0.55	16.4
Special charges, net of insurance recoveries	(0.13)	—	NM
CASM	11.36 ¢	11.41 ¢	(0.4)
Operating CASM, excluding fuel (2)	7.74 ¢	7.02 ¢	10.3
Sunseeker Resort CASM	(0.03)	0.05	NM
Operating CASM, excluding fuel and Sunseeker Resort activity	7.77 ¢	6.97 ¢	11.5

Operating CASM, excluding fuel and Sunseeker Resort activity.

Operating CASM, excluding fuel and Sunseeker Resort activity, increased by 11.5 percent to 7.77 ¢ for the six months ended June 30, 2023 from 6.97 ¢ in the same period in 2022. The CASM-ex increase is attributable to a 12.8 percent increase in non-fuel airline costs, in total, in the first six months of 2023 over the same period in 2022 (for the reasons described in the expense line item discussion below) with only a 1.3 percent increase in capacity as we intentionally reduced capacity growth to protect operational integrity. This is reflected in the reduced utilization of our aircraft as average block hours per aircraft per day decreased by 8.3 percent in the period compared to the first six months of 2022.

Aircraft fuel expense. Aircraft fuel expense decreased $69.3 million, or 16.4 percent, for the six months ended June 30, 2023 compared to the same period in 2022. This is primarily driven by an 18.5 percent decrease in average fuel cost per gallon.The decrease in fuel cost was partially offset by a 2.6 percent increase in fuel gallons consumed on a 1.3 percent increase in available seat miles.

Salaries and benefits expense. Salaries and benefits expense increased $63.1 million, or 23.1 percent, for the six months ended June 30, 2023 compared to the same period in 2022. The increase is due in part to a 13.9 percent increase in the average number of full time equivalent employees from the same period in 2022, which increase includes newly hired Sunseeker team members.

On a per ASM basis, salaries and benefits expense increased 21.4 percent. The cost increases primarily relate to increases in crew pay, including an $11.8 million accrual for pilot retention bonuses, the impact of increased variable bonus pay due to increased profitability, and annual merit increases for team members not subject to a collective bargaining agreement.

Station operations expense. Station operations expense for the six months ended June 30, 2023 decreased $4.4 million or 3.3 percent due to decreased costs associated with irregular operations compared to the prior year period. Reductions in irregular operations costs were offset by inflationary pressure on costs in general.

Depreciation and amortization expense. Depreciation and amortization expense for the six months ended June 30, 2023 increased $13.1 million or 13.7 percent as compared to the same period in 2022 due primarily to an 11.5 percent increase in the average number of aircraft owned and in service.

Maintenance and repairs expense. Maintenance and repairs expense for the six months ended June 30, 2023 increased by $1.1 million or 1.9 percent compared to the same period in 2022. The increase was driven by an 11.0 percent increase in average aircraft in service offset by a higher volume of repairs in the prior year period compared to the current year.

Sales and marketing expense. Sales and marketing expense for the six months ended June 30, 2023 increased 14.4 percent compared to the same period in 2022 due to an increase in net credit card fees as a result of an 18.5 percent increase in passenger revenue year-over-year and due to a fee paid to transition our cobrand credit card to the Visa network.

Other operating expense. Other expense for the six months ended June 30, 2023 increased by $9.5 million, or 17.9 percent year-over-year, due to incremental increases in outsourced labor and software support associated with ongoing IT initiatives, legal and governmental affairs, and recruiting expense.

Special charges. During the six months ended June 30, 2023, we recorded $(12.8) million of special charges as recognition of $(13.2) million of insurance recoveries on Sunseeker Resort damages were offset by $0.3 million of additional charges during the period.

Income Tax Expense

We recorded a $46.1 million income tax expense at an effective rate of 24.2 percent compared to a $1.2 million tax benefit at a 25.6 percent effective tax rate for the six months ended June 30, 2023 and 2022, respectively. The 24.2 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.

Comparative Airline-Only Operating Statistics

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

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Percent Change [(1)] YoY
Airline operating statistics (unaudited):			
Total system statistics:			
Passengers	4,755,981	4,740,399	0.3 %
Available seat miles (ASMs) (thousands)	5,053,547	4,990,086	1.3
Airline operating expense per ASM (CASM) (cents)	11.01 ¢	12.06 ¢	(8.7)
Fuel expense per ASM (cents)	3.22 ¢	5.16 ¢	(37.6)
Airline operating CASM, excluding fuel (cents)	7.79 ¢	6.90 ¢	12.9
Departures	32,396	32,138	0.8
Block hours	76,615	75,472	1.5
Average stage length (miles)	884	881	0.3
Average number of operating aircraft during period	124.6	113.3	10.0
Average block hours per aircraft per day	6.8	7.3	(6.8)
Full-time equivalent employees at end of period	5,436	5,180	4.9
Fuel gallons consumed (thousands)	60,516	59,588	1.6
ASMs per gallon of fuel	83.5	83.7	(0.2)
Average fuel cost per gallon	$ 2.69	$ 4.32	(37.7)
Scheduled service statistics:			
Passengers	4,719,623	4,711,001	0.2
Revenue passenger miles (RPMs) (thousands)	4,278,399	4,267,828	0.2
Available seat miles (ASMs) (thousands)	4,925,194	4,888,539	0.7
Load factor	86.9 %	87.3 %	(0.4)
Departures	31,487	31,402	0.3
Block hours	74,602	73,857	1.0
Average seats per departure	175.8	175.6	0.1
Yield (cents) [(2)]	7.78 ¢	7.24 ¢	7.5
Total passenger revenue per ASM (TRASM) (cents)[(3)]	13.64 ¢	12.69 ¢	7.5
Average fare - scheduled service[(4)]	$ 70.56	$ 65.60	7.6
Average fare - air-related charges[(4)]	$ 65.63	$ 60.19	9.0
Average fare - third party products	$ 6.12	$ 5.90	3.7
Average fare - total	$ 142.31	$ 131.69	8.1
Average stage length (miles)	887	883	0.5
Fuel gallons consumed (thousands)	58,962	58,332	1.1
Average fuel cost per gallon	$ 2.70	$ 4.33	(37.6)
Rental car days sold	391,515	430,004	(9.0)
Hotel room nights sold	70,257	78,590	(10.6)
Percent of sales through website during period	95.2 %	96.3 %	(1.1)

(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, 2023	Six Months Ended June 30, 2022	Percent Change [(1)] YoY
Airline operating statistics (unaudited):			
Total system statistics:			
Passengers	8,904,434	8,474,661	5.1 %
Available seat miles (ASMs) (thousands)	9,731,169	9,610,230	1.3
Airline operating expense per ASM (CASM) (cents)	11.39 ¢	11.36 ¢	0.3
Fuel expense per ASM (cents)	3.62 ¢	4.39 ¢	(17.5)
Airline operating CASM, excluding fuel (cents)	7.77 ¢	6.97 ¢	11.5
Departures	61,541	60,632	1.5
Block hours	148,405	145,127	2.3
Average stage length (miles)	896	899	(0.3)
Average number of operating aircraft during period	123.7	111.4	11.0
Average block hours per aircraft per day	6.6	7.2	(8.3)
Full-time equivalent employees at end of period	5,436	5,180	4.9
Fuel gallons consumed (thousands)	115,950	113,026	2.6
ASMs per gallon of fuel	83.9	85.0	(1.3)
Average fuel cost per gallon	$ 3.04	$ 3.73	(18.5)
Scheduled service statistics:			
Passengers	8,841,819	8,420,105	5.0
Revenue passenger miles (RPMs) (thousands)	8,203,761	7,825,873	4.8
Available seat miles (ASMs) (thousands)	9,498,960	9,400,853	1.0
Load factor	86.4 %	83.2 %	3.2
Departures	59,760	59,039	1.2
Block hours	144,611	141,686	2.1
Average seats per departure	175.9	175.6	0.2
Yield (cents) [(2)]	8.03 ¢	6.95 ¢	15.5
Total passenger revenue per ASM (TRASM) (cents)[(3)]	13.76 ¢	11.77 ¢	16.9
Average fare - scheduled service[(4)]	$ 74.46	$ 64.55	15.4
Average fare - air-related charges[(4)]	$ 67.14	$ 60.93	10.2
Average fare - third party products	$ 6.21	$ 5.97	4.0
Average fare - total	$ 147.82	$ 131.45	12.5
Average stage length (miles)	900	903	(0.3)
Fuel gallons consumed (thousands)	113,107	110,442	2.4
Average fuel cost per gallon	$ 3.04	$ 3.67	(17.2)
Rental car days sold	745,941	797,098	(6.4)
Hotel room nights sold	139,196	151,129	(7.9)
Percent of sales through website during period	95.4 %	96.2 %	(0.8)

(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.*

LIQUIDITY AND CAPITAL RESOURCES

Current liquidity

Cash, cash equivalents and investment securities (short-term and long-term) increased to $1.05 billion at June 30, 2023, from $1.02 billion at December 31, 2022. Investment securities represent highly liquid marketable securities which are available-for-sale.

Restricted cash represents escrowed funds under fixed fee contracts 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 believe we have more than adequate liquidity resources through our cash balances, operating cash flows, availability under revolving credit facilities, 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 slightly from $2.12 billion as of December 31, 2022 to $2.18 billion as of June 30, 2023. Net debt (total debt less unrestricted cash, cash equivalents, and investments) as of June 30, 2023 was $1.11 billion, an increase of $32.7 million from December 31, 2022. During the six months ended June 30, 2023, we exercised a $15.2 million purchase option on one Airbus A320 finance leased aircraft and subsequently refinanced the same aircraft for $27.0 million. We also entered into a revolving credit facility to borrow up to $100 million which remains undrawn. In addition, we obtained a $92.7 million debt facility secured by Airbus A320 aircraft. For the six months ended June 30, 2023, we made total principal payments on debt of $149.4 million, including the voluntary repayment of a $61.0 million debt facility secured by 23 Airbus aircraft.

As of June 30, 2023, approximately 83.3 percent of our debt and finance lease obligations are fixed-rate.

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, 2023, our operating activities provided $346.6 million of cash compared to $227.8 million during the same period 2022. This change is primarily attributable to a $148.1 million increase in net income offset by changes in current assets and liability accounts.

Investing Activities. Cash used for investing activities was $517.8 million during the six months ended June 30, 2023 compared to $252.3 million used for investing activities during the same period in 2022. The change is primarily attributable to a $77.8 million increase in purchases of property and equipment, a $106.2 million increase in aircraft pre-delivery deposits, and a $96.9 million increase in purchases of investment securities net of proceeds from maturities, compared to the six months ended June 30, 2022.

Financing Activities. Cash provided by financing activities for the six months ended June 30, 2023 was $94.4 million, compared to $41.9 million for the same period in 2022. The change was the result of a $12.4 million increase in proceeds from debt and finance lease obligations and $48.2 million inflows of cash disbursed to us from funds held in a construction loan deposit trust account during the six months ended June 30, 2023, compared to $87.5 million of funds deposited into the construction deposit trust account (which are considered to be both cash proceeds from the issuance of debt and cash outflows to the deposit trust account) in the six months ended June 30, 2022. The funds in the construction deposit trust account consist of proceeds of the Sunseeker construction loan and insurance recoveries and are disbursed to us on approval of construction expenses submitted to the trustee. The cash provided by these factors in the first six months of 2023 was offset by $15.4 million used for repurchases of common stock during the six months ended June 30, 2023, compared to none in the prior year, and a $78.9 million increase in principal payments of debt and finance lease obligations in the six months ended June 30, 2023, compared to the same period in 2022.

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 the 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 opening date for 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 of Hurricane Ian on our Florida markets and on completion of Sunseeker Resort, the impact and duration of the COVID-19 pandemic on airline travel and the economy, 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 impact of government regulations on the airline industry, the ability to finance aircraft to be acquired, the ability to obtain necessary 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 impact of management changes and 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, increases in maintenance cost, cyclical and seasonal fluctuations in our operating results and the perceived acceptability of our environmental, social, and governance efforts.

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, 2023. For information regarding our critical accounting policies and estimates, see disclosures in the Consolidated Financial Statements and accompanying notes contained in our 2022 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, 2023 represented 31.9 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, 2023, a hypothetical ten percent increase in the average price per gallon of fuel would have increased fuel expense by approximately $35.1 million. We have not hedged fuel price risk for many years.

Interest Rates

As of June 30, 2023, we had $365.1 million of variable-rate debt, including current maturities and without reduction for $4.1 million in related costs. A hypothetical 100 basis point change in interest rates would have affected interest expense on variable rate debt by approximately $1.9 million for the six months ended June 30, 2023.

Item 4. Controls and Procedures

As of June 30, 2023, 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, 2023, 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, 2022 and filed with the Commission on February 27, 2023.

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

Our Repurchases of Equity Securities

The following table reflects the repurchases of our common stock during second quarter 2023:

Period	Total Number of Shares Purchased [(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of our Publicly Announced Plan	Approximate Dollar Value of Shares that May yet be Purchased Under the Plans or Programs (in thousands) [(2)]
April	21,411	$ 90.79	None	
May	38	$ 98.29	None	
June	10,363	$ 97.25	None	
Total	31,812	$ 92.90	—	$ 88,196

(1) Includes shares repurchased from employees who vested a portion of their restricted stock grants. These share repurchases were made at the election of each employee pursuant to an offer to repurchase by us. In each case, the shares repurchased constituted a portion of vested shares necessary to satisfy income tax withholding requirements.

(2) Represents the remaining dollar amount of open market purchases of our common stock which has been authorized by our board under a share repurchase program.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended June 30, 2023, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits

3.1	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).
3.2	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).
10.1	Form of Stock Option Agreement for President and Executive Vice Presidents
31.1	Rule 13a - 14(a) / 15d - 14(a) Certification of Principal Executive Officer
31.2	Rule 13a - 14(a) / 15d - 14(a) Certification of Principal Financial Officer
32	Section 1350 Certifications
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 7, 2023	By:	/s/ Robert J. Neal
			Robert J. Neal, as duly authorized officer of the Company (Senior Vice President and Chief Financial Officer) and as Principal Financial Officer

Exhibit 10.1

ALLEGIANT TRAVEL COMPANY

STOCK OPTION AGREEMENT

[Form for Presidents/EVPs]

THIS STOCK OPTION AGREEMENT (the "Agreement") is made and entered into as of __________, 202_ (the "Effective Date"), between ALLEGIANT TRAVEL COMPANY, a Nevada corporation (the "Company") and ______________ (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 2022 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 ____________ thousand (__,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 __,000 shares (the "2023 Options") at $170 per share
B. Options to purchase __,000 shares (the "2024 Options") at $210 per share
C. Options to purchase __,000 shares (the "2025 Options") at $255 per share
D. Options to purchase __,000 shares (the "2026 Options") at $295 per share

These Options are the stock options referred to in Section ___ of Optionee's Employment Agreement with the Company dated as of August 1, 2022. The exercise prices in the Employment Agreement were incorrect and the parties agree that the correct option pricing is as set forth herein.

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 2023 Options shall only be exercisable during calendar year 2023.
(ii) The 2024 Options shall only be exercisable during calendar year 2024.
(iii) The 2025 Options shall only be exercisable during calendar year 2025.
(iv) The 2026 Options shall only be exercisable during calendar year 2026.

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 2024, then only the 2024 Options will be exercisable during the period specified in Paragraph E or F above, as applicable, and the 2025 Options and 2026 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: ____________________________

Its:_____________________________

Address: ____________________________

____

Exhibit 31.1

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 7, 2023

/s/ John Redmond

Title: Principal Executive Officer

Exhibit 31.2

Certifications

I, Robert Neal, 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 7, 2023

/s/ Robert J. Neal

Title: Principal Financial Officer

Exhibit 32

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, 2023

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, 2023 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 Robert Neal, 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	/s/ Robert J. Neal
John Redmond	Robert J. Neal
Principal Executive Officer	Principal Financial Officer
August 7, 2023	August 7, 2023

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.