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

FORM 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024

Or

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

Commission File Number 001-40217

Sun Country Airlines Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	82-4092570
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2005 Cargo Road Minneapolis, Minnesota	55450
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (651) 681-3900

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 $0.01 per share	SNCY	The Nasdaq Stock Market LLC

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 ☑

Number of shares outstanding by each class of common stock, as of June 30, 2024:
Common Stock, $0.01 par value – 52,807,083 shares outstanding

Sun Country Airlines Holdings, Inc.
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PART I. Financial Information
ITEM 1. FINANCIAL STATEMENTS

SUN COUNTRY AIRLINES HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share and share amounts)

	June 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 26,864	$ 46,279
Restricted Cash	7,173	17,401
Investments	108,301	141,127
Accounts Receivable, net of an allowance for credit losses of $37 and $17, respectively	44,635	38,166
Short-term Lessor Maintenance Deposits	1,078	1,046
Inventory, net of a reserve for obsolescence of $703 and $977, respectively	8,458	7,793
Prepaid Expenses	15,040	15,823
Other Current Assets	2,163	3,716
Total Current Assets	213,712	271,351
Property & Equipment, net:		
Aircraft and Flight Equipment	716,422	685,559
Aircraft and Flight Equipment Held for Operating Lease	154,175	154,185
Ground Equipment and Leasehold Improvements	45,458	39,847
Computer Hardware and Software	20,771	17,875
Finance Lease Assets	332,682	304,384
Rotable Parts	25,355	19,848
Total Property & Equipment	1,294,863	1,221,698
Accumulated Depreciation & Amortization	(292,463)	(252,717)
Total Property & Equipment, net	1,002,400	968,981
Other Assets:		
Goodwill	222,223	222,223
Other Intangible Assets, net of accumulated amortization of $27,054 and $24,190, respectively	80,687	83,551
Operating Lease Right-of-use Assets	13,903	14,917
Aircraft Deposits	8,974	9,564
Long-term Lessor Maintenance Deposits	52,336	44,675
Other Assets	9,652	8,365
Total Other Assets	387,775	383,295
Total Assets	$ 1,603,887	$ 1,623,627

See accompanying Notes to Condensed Consolidated Financial Statements

SUN COUNTRY AIRLINES HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share and share amounts)

	June 30, 2024	December 31, 2023
	(Unaudited)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$ 60,884	$ 59,011
Accrued Salaries, Wages, and Benefits	31,807	33,305
Accrued Transportation Taxes	15,162	18,097
Air Traffic Liabilities	116,877	157,996
Finance Lease Obligations	34,137	44,756
Loyalty Program Liabilities	9,435	9,898
Operating Lease Obligations	2,414	2,219
Current Maturities of Long-term Debt, net	75,911	74,177
Income Tax Receivable Agreement Liability	7,984	3,250
Other Current Liabilities	12,728	15,873
Total Current Liabilities	367,339	418,582
Long-term Liabilities:		
Finance Lease Obligations	263,192	232,546
Loyalty Program Liabilities	3,837	3,839
Operating Lease Obligations	15,356	16,611
Long-term Debt, net	289,589	327,468
Deferred Tax Liability	18,634	9,148
Income Tax Receivable Agreement Liability	89,710	97,794
Other Long-term Liabilities	9,379	3,236
Total Long-term Liabilities	689,697	690,642
Total Liabilities	1,057,036	1,109,224
Commitments and Contingencies (see Note 10)		
Stockholders' Equity:		
Common stock, with $0.01 par value, 995,000,000 shares authorized, 59,150,089 and 58,878,723 issued and 52,807,083 and 53,291,001 outstanding at June 30, 2024 and December 31, 2023, respectively	592	589
Preferred stock, with $0.01 par value, 5,000,000 shares authorized, no shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	—	—
Treasury stock, at cost, 6,343,006 and 5,587,722 shares held at June 30, 2024 and December 31, 2023, respectively	(105,914)	(94,341)
Additional Paid-In Capital	521,036	513,988
Retained Earnings	131,354	94,229
Accumulated Other Comprehensive Loss	(217)	(62)
Total Stockholders' Equity	546,851	514,403
Total Liabilities and Stockholders' Equity	$ 1,603,887	$ 1,623,627

See accompanying Notes to Condensed Consolidated Financial Statements

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SUN COUNTRY AIRLINES HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share and share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating Revenues:				
Passenger	$ 216,395	$ 227,866	$ 491,059	$ 495,135
Cargo	25,447	25,017	49,395	48,378
Other	12,539	8,203	25,410	11,688
Total Operating Revenues	254,381	261,086	565,864	555,201
Operating Expenses:				
Aircraft Fuel	62,188	52,360	132,492	124,650
Salaries, Wages, and Benefits	79,359	75,919	161,597	151,349
Aircraft Rent	—	779	—	2,259
Maintenance	17,339	15,942	34,156	28,981
Sales and Marketing	8,392	8,507	19,071	18,436
Depreciation and Amortization	23,631	22,355	47,440	41,815
Ground Handling	11,368	9,747	20,522	18,917
Landing Fees and Airport Rent	13,723	11,944	28,452	22,889
Other Operating, net	26,016	27,946	54,593	54,535
Total Operating Expenses	242,016	225,499	498,323	463,831
Operating Income	12,365	35,587	67,541	91,370
Non-operating Income (Expense):				
Interest Income	1,800	2,545	4,248	5,286
Interest Expense	(11,077)	(11,239)	(22,189)	(19,869)
Other, net	(4)	(143)	42	(355)
Total Non-operating Expense, net	(9,281)	(8,837)	(17,899)	(14,938)
Income Before Income Tax	3,084	26,750	49,642	76,432
Income Tax Expense	1,272	6,132	12,517	17,486
Net Income	$ 1,812	$ 20,618	$ 37,125	$ 58,946
Net Income per share to common stockholders:				
Basic	$ 0.03	$ 0.37	$ 0.70	$ 1.05
Diluted	$ 0.03	$ 0.35	$ 0.67	$ 0.99
Shares used for computation:				
Basic	52,689,408	56,084,759	52,861,973	56,364,170
Diluted	54,792,848	59,712,048	55,095,265	59,630,008

See accompanying Notes to Condensed Consolidated Financial Statements

SUN COUNTRY AIRLINES HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net Income	$ 1,812	$ 20,618	$ 37,125	$ 58,946
Other Comprehensive (Loss) Income:				
Net unrealized (losses) gains on Available-for-Sale securities, net of deferred tax (benefit) expense of $(12), $(73), $(54), and $43, respectively	(16)	(246)	(155)	143
Other Comprehensive (Loss) Income	(16)	(246)	(155)	143
Comprehensive Income	$ 1,796	$ 20,372	$ 36,970	$ 59,089

See accompanying Notes to Condensed Consolidated Financial Statements

SUN COUNTRY AIRLINES HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS’ EQUITY
(Dollars in thousands, except share amounts)
(Unaudited)

Six Months Ended June 30, 2024

		Common Stock		Treasury Stock					
	Warrants	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
December 31, 2023	3,224,093	58,878,723	$ 589	5,587,722	$ (94,341)	$ 513,988	$ 94,229	$ (62)	$ 514,403
Stock Issued for Stock-Based Awards	—	75,606	1	—	—	110	—	—	111
Net Income	—	—	—	—	—	—	35,313	—	35,313
Common Stock Repurchases and Excise Tax	—	—	—	755,284	(11,596)	—	—	—	(11,596)
Amazon Warrants	189,652	—	—	—	—	1,400	—	—	1,400
Stock-based Compensation	—	—	—	—	—	1,514	—	—	1,514
Other Comprehensive (Loss)	—	—	—	—	—	—	—	(139)	(139)
March 31, 2024	3,413,745	58,954,329	$ 590	6,343,006	$ (105,937)	$ 517,012	$ 129,542	$ (201)	$ 541,006
Stock Issued for Stock-Based Awards	—	195,760	2	—	—	587	—	—	589
Common Stock Repurchases, Excise Tax	—	—	—	—	23	—	—	—	23
Net Income	—	—	—	—	—	—	1,812	—	1,812
Amazon Warrants	252,869	—	—	—	—	1,867	—	—	1,867
Stock-based Compensation	—	—	—	—	—	1,570	—	—	1,570
Other Comprehensive (Loss)	—	—	—	—	—	—	—	(16)	(16)
June 30, 2024	3,666,614	59,150,089	$ 592	6,343,006	$ (105,914)	$ 521,036	$ 131,354	$ (217)	$ 546,851

Six Months Ended June 30, 2023

		Common Stock		Treasury Stock					
	Warrants	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
December 31, 2022	2,402,268	58,217,647	$ 582	892,409	$ (17,605)	$ 488,494	$ 22,048	$ (807)	$ 492,712
Stock Issued for Stock-Based Awards	—	147,105	2	—	—	554	—	—	556
Net Stock Settlement of Stock-Based Awards	—	—	—	406	(8)	—	—	—	(8)
Net Income	—	—	—	—	—	—	38,328	—	38,328
Common Stock Repurchases and Excise Tax	—	—	—	1,230,932	(22,549)	7,501	—	—	(15,048)
Amazon Warrants	189,652	—	—	—	—	1,400	—	—	1,400
Stock-based Compensation	—	—	—	—	—	2,678	—	—	2,678
Other Comprehensive Income	—	—	—	—	—	—	—	389	389
March 31, 2023	2,591,920	58,364,752	$ 584	2,123,747	$ (40,162)	$ 500,627	$ 60,376	$ (418)	$ 521,007
Stock Issued for Stock-Based Awards	—	187,975	2	—	—	613	—	—	615
Net Income	—	—	—	—	—	—	20,618	—	20,618
Common Stock Repurchases and Excise Tax	—	—	—	416,751	(7,511)	—	—	—	(7,511)
Amazon Warrants	252,869	—	—	—	—	1,867	—	—	1,867
Stock-based Compensation	—	—	—	—	—	4,415	—	—	4,415
Other Comprehensive (Loss)	—	—	—	—	—	—	—	(246)	(246)
June 30, 2023	2,844,789	58,552,727	$ 586	2,540,498	$ (47,673)	$ 507,522	$ 80,994	$ (664)	$ 540,765

See accompanying Notes to Condensed Consolidated Financial Statements

SUN COUNTRY AIRLINES HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2024	2023
Net Income	$ 37,125	$ 58,946
Adjustments to reconcile Net Income to Cash from Operating Activities:		
Depreciation and Amortization	47,440	41,815
Deferred Income Taxes	9,539	16,269
Other, net	3,947	11,677
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,268)	9,199
Inventory	(2,444)	(1,012)
Prepaid Expenses	783	(780)
Lessor Maintenance Deposits	(8,387)	(5,635)
Aircraft Deposits	—	(427)
Other Assets	291	1,269
Accounts Payable	3,625	(2,744)
Accrued Transportation Taxes	(2,934)	(2,178)
Air Traffic Liabilities	(41,119)	(27,731)
Loyalty Program Liabilities	(464)	(1,781)
Operating Lease Obligations	(958)	(2,999)
Other Liabilities	(6,304)	1,805
Net Cash Provided by Operating Activities	38,872	95,693
Cash Flows from Investing Activities:		
Purchases of Property & Equipment	(38,231)	(192,352)
Purchases of Investments	(31,610)	(49,437)
Proceeds from the Maturities of Investments	64,500	71,795
Other, net	8,863	1,953
Net Cash Provided by (Used in) Investing Activities	3,522	(168,041)
Cash Flows from Financing Activities:		
Common Stock Repurchases	(11,493)	(22,249)
Proceeds from Borrowings	10,000	119,200
Repayment of Finance Lease Obligations	(20,870)	(8,671)
Repayment of Borrowings	(46,767)	(21,808)
Other, net	(2,907)	(2,841)
Net Cash Provided by (Used in) Financing Activities	(72,037)	63,631
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(29,643)	(8,717)
Cash, Cash Equivalents and Restricted Cash--Beginning of the Period	63,680	102,928
Cash, Cash Equivalents and Restricted Cash--End of the Period	$ 34,037	$ 94,211
Non-cash transactions:		
Aircraft Acquired under Finance Lease	$ 40,116	$ —
Aircraft Acquired from the Exercise of Finance Lease Purchase Option, net of Accumulated Depreciation	$ 11,634	$ —
Changes to Finance Lease Assets due to Lease Modifications	$ —	$ 14,095

The following provides a reconciliation of Cash, Cash Equivalents and Restricted Cash to the amounts reported on the Condensed Consolidated Balance Sheets:

	June 30, 2024	June 30, 2023
Cash and Cash Equivalents	$ 26,864	$ 86,930
Restricted Cash	7,173	7,281
Total Cash, Cash Equivalents and Restricted Cash	$ 34,037	$ 94,211

See accompanying Notes to Condensed Consolidated Financial Statements

1. BASIS OF PRESENTATION

Sun Country Airlines Holdings, Inc. (together with its consolidated subsidiaries, "Sun Country" or the "Company") is the parent company of Sun Country, Inc., which is a certificated air carrier providing scheduled passenger service, air cargo service, charter air transportation and related services.

The Company has prepared the unaudited Condensed Consolidated Financial Statements according to U.S. Generally Accepted Accounting Principles ("GAAP") and has included the accounts of Sun Country Airlines Holdings, Inc. and its subsidiaries. Certain information and footnote disclosures normally included in the audited annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for Form 10-Q. Therefore, the accompanying unaudited Condensed Consolidated Financial Statements of Sun Country Airlines Holdings, Inc. should be read in conjunction with the Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the SEC ("2023 10-K"). Management believes that all adjustments necessary for the fair presentation of results, consisting of normally recurring items, have been included in the unaudited Condensed Consolidated Financial Statements for the interim periods presented. The Company reclassified certain prior period amounts to conform to the current period presentation. All material intercompany balances and transactions have been eliminated in consolidation.

The preparation of financial statements in accordance with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Due to impacts from seasonal variations in the demand for air travel, the volatility of aircraft fuel prices, the impact of macroeconomic conditions, and other factors, operating results for the six months ended June 30, 2024 are not necessarily indicative of operating results for other interim periods or for the full year ending December 31, 2024.

2. REVENUE

Sun Country is a certificated air carrier generating Operating Revenues from Scheduled Service, Charter, Ancillary, Cargo and Other revenue. Scheduled Service revenue mainly consists of base fares. Charter revenue is primarily generated through service provided to the U.S. Department of Defense ("DoD"), collegiate and professional sports teams, and casinos. Ancillary revenues consist of revenue earned from air travel-related services, such as: baggage fees, seat selection fees, other fees and on-board sales. Cargo consists of revenue earned from flying cargo aircraft for Amazon.com Services, Inc. (together with its affiliates, "Amazon") under the Amended and Restated Air Transportation Services Agreement (the "A&R ATSA"). Other revenue consists primarily of revenue from services in connection with Sun Country Vacations products and rental revenue related to certain transactions where the Company serves as a lessor. The Company recognized rental revenue of $9,873 and $5,871, during the three months ended June 30, 2024 and 2023, respectively; and $19,148 and $5,949 during the six months ended June 30, 2024 and 2023, respectively.

During the three months ended June 30, 2024, the Company entered into the A&R ATSA with Amazon that will increase the number of 737-800 cargo aircraft that Sun Country operates on behalf of Amazon from 12 to 20. The A&R ATSA includes revised economics to reflect the higher-cost environment that has ensued since the original Air Transportation Services Agreement ("ATSA") was signed in December 2019. The performance obligations under the A&R ATSA are unchanged from the original ATSA. The first additional aircraft are expected to begin service in the first quarter of 2025. All eight aircraft are expected to be operational by the end of the third quarter of 2025. The A&R ATSA includes an initial six-year term, which runs until October 2030. The agreement includes two additional, two-year renewal terms exercisable at Amazon's option, and a subsequent three-year renewal term subject to mutual written agreement, which, if not agreed to, will trigger a final two-year wind-down term. Amazon did not make any incremental payments for start-up costs in connection with the signing of the A&R ATSA. The warrant agreement was not amended, and Amazon did not receive any additional warrants.

(Dollars in thousands, except per share and share amounts)

The significant categories comprising Operating Revenues are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Scheduled Service	$ 88,078	$ 111,467	$ 229,272	$ 264,124
Charter	51,009	49,626	98,321	95,813
Ancillary	77,308	66,773	163,466	135,198
Passenger	216,395	227,866	491,059	495,135
Cargo	25,447	25,017	49,395	48,378
Other	12,539	8,203	25,410	11,688
Total Operating Revenues	$ 254,381	$ 261,086	$ 565,864	$ 555,201

The Company attributes and measures its Operating Revenues by geographic region as defined by the United States Department of Transportation ("DOT") for airline reporting based upon the origin of each passenger and cargo flight segment.

The Company's operations are highly concentrated in the U.S., but include service to many international locations, primarily based on scheduled service to Latin America during the winter season and on military charter services.

Total Operating Revenues by geographic region are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Domestic	$ 247,898	$ 251,582	$ 538,112	$ 526,071
Latin America	6,483	9,451	27,752	28,555
Other	—	53	—	575
Total Operating Revenues	$ 254,381	$ 261,086	$ 565,864	$ 555,201

Contract Balances

The Company's contract assets primarily relate to costs incurred to get Amazon cargo aircraft ready for service under the original ATSA. The balances are included in Other Current Assets and Other Assets on the Condensed Consolidated Balance Sheets.

The Company's contract liabilities are comprised of: 1) ticket sales for transportation that have not yet been provided (reported as Air Traffic Liabilities on the Condensed Consolidated Balance Sheets), 2) outstanding loyalty points that may be redeemed for future travel and other non-air travel awards (reported as Loyalty Program Liabilities on the Condensed Consolidated Balance Sheets) and, 3) the Amazon Deferred Up-front

(Dollars in thousands, except per share and share amounts)

Payment received (reported within Other Current Liabilities and Other Long-term Liabilities on the Condensed Consolidated Balance Sheets).

Contract Assets and Liabilities are as follows:

	June 30, 2024	December 31, 2023
Contract Assets		
Amazon Contract	$ 1,099	$ 1,493
Total Contract Assets	$ 1,099	$ 1,493
Contract Liabilities		
Air Traffic Liabilities	$ 116,877	$ 157,996
Loyalty Program Liabilities	13,272	13,737
Amazon Contract	1,811	2,225
Total Contract Liabilities	$ 131,960	$ 173,958

The balance in the Air Traffic Liabilities fluctuates with seasonal travel patterns. Most tickets can be purchased no more than twelve months in advance, therefore any revenue associated with tickets sold for future travel will be recognized within that timeframe. For the six months ended June 30, 2024, $147,256 of revenue was recognized in Passenger revenue that was included in the Air Traffic Liabilities as of December 31, 2023.

Loyalty Program

The Sun Country Rewards program provides loyalty awards to program members based on accumulated loyalty points. The Company records a liability for loyalty points earned by passengers under the Sun Country Rewards program using two methods: 1) a liability for points that are earned by passengers on purchases of the Company's services is established by deferring revenue based on the redemption value, net of estimated loyalty points that will expire unused, or breakage; and 2) a liability for points attributed to loyalty points issued to the Company's Visa card holders is established by deferring a portion of payments received from the Company's co-branded agreement. The balance of the Loyalty Program Liabilities fluctuates based on seasonal patterns, which impacts the volume of loyalty points awarded through travel or issued to co-branded credit card and other partners (deferral of revenue) and loyalty points redeemed (recognition of revenue). Due to these reasons, the timing of loyalty point redemptions can vary significantly.

Changes in the Loyalty Program Liabilities are as follows:

	2024	2023
Balance – January 1	$ 13,737	$ 15,437
Loyalty Points Earned	4,519	4,262
Loyalty Points Redeemed [(1)]	(4,984)	(6,043)
Balance – June 30	$ 13,272	$ 13,656

(1) Loyalty points are combined in one homogenous pool, which includes both air and non-air travel awards, and are not separately identifiable. As such, the revenue recognized is comprised of points that were part of the Loyalty Program Liabilities balance at the beginning of the period, as well as points that were earned during the period.

(Dollars in thousands, except per share and share amounts)

3. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net Income	$ 1,812	$ 20,618	$ 37,125	$ 58,946
Denominator:				
Weighted Average Common Shares Outstanding - Basic	52,689,408	56,084,759	52,861,973	56,364,170
Dilutive effect of Stock Options, RSUs and Warrants	2,103,440	3,627,289	2,233,292	3,265,838
Weighted Average Common Shares Outstanding - Diluted	54,792,848	59,712,048	55,095,265	59,630,008
Basic earnings per share	$ 0.03	$ 0.37	$ 0.70	$ 1.05
Diluted earnings per share	$ 0.03	$ 0.35	$ 0.67	$ 0.99

The Company has excluded 4,856,996 and 4,543,986 of stock options, RSUs and warrants that would have had an anti-dilutive effect on its diluted earnings per share calculation for the three and six months ended June 30, 2024, respectively. The Company's anti-dilutive shares for the three and six months ended June 30, 2023 were not material to the Condensed Consolidated Financial Statements.

(Dollars in thousands, except per share and share amounts)

4. AIRCRAFT

As of June 30, 2024, Sun Country's fleet consisted of 63 Boeing 737-NG aircraft, comprised of 58 Boeing 737-800s and five Boeing 737-900ERs.

The following tables summarize the Company's aircraft fleet activity for the six months ended June 30, 2024 and 2023, respectively:

	December 31, 2023	Additions	Reclassifications	Removals	June 30, 2024
Passenger:					
Owned	29	1	1	—	31
Finance leases	13	1	(1)	—	13
Sun Country Airlines' Fleet	42	2	—	—	44
Cargo:					
Aircraft Operated for Amazon	12	—	—	—	12
Other:					
Owned Aircraft Held for Operating Lease	5	—	—	—	5
Subleased Aircraft (1)	1	1	—	—	2
Total Aircraft	60	3	—	—	63

	December 31, 2022	Additions	Reclassifications	Removals	June 30, 2023
Passenger:					
Owned	29	1	—	—	30
Finance leases	11	—	1	—	12
Operating leases	2	—	(1)	—	1
Sun Country Airlines' Fleet	42	1	—	—	43
Cargo:					
Aircraft Operated for Amazon	12	—	—	—	12
Other:					
Owned Aircraft Held for Operating Lease	—	5	—	—	5
Total Aircraft	54	6	—	—	60

(1) The head leases associated with these subleases are classified as finance leases.

During the six months ended June 30, 2024, the Company acquired one incremental owned aircraft and took control of two aircraft through finance lease arrangements, one of which was subsequently subleased to the same unaffiliated airline to whom we subleased another aircraft during the year ended December 31, 2023. During the three months ended June 30, 2024, amendments were executed to extend the lease expiry terms for both subleased aircraft through the second and fourth quarters of 2025, respectively. Upon expiry of these subleases, both aircraft will be redelivered to the Company and are expected to be inducted into the Company's passenger fleet. Further, the Company purchased one aircraft previously classified as a finance lease, which is now unencumbered. Of the 36 Owned aircraft and Owned Aircraft Held for Operating Lease as of June 30, 2024, 31 aircraft were financed and five aircraft were unencumbered.

(Dollars in thousands, except per share and share amounts)

During the six months ended June 30, 2023, the Company acquired five 737-900ERs that are currently on lease to an unaffiliated airline ("Owned Aircraft Held for Operating Lease"). The Owned Aircraft Held for Operating Lease are financed through a term loan arrangement. See Note 6 within Part II, Item 8 in our 2023 10-K for more information on this transaction. Additionally, during the six months ended June 30, 2023, the Company acquired an incremental aircraft and executed a lease amendment to purchase one aircraft at the end of its lease term. The lease amendment modified the classification of this lease from an operating lease to a finance lease and has an expiration date in fiscal year 2024.

Depreciation, amortization, and rent expense on aircraft are as follows:

		Three Months Ended June 30,		Six Months Ended June 30,	
Aircraft Status	Expense Type	2024	2023	2024	2023
Owned	Depreciation	$ 14,167	$ 14,443	$ 28,507	$ 26,315
Finance Leased	Amortization	5,438	4,875	11,167	9,558
Operating Leased	Aircraft Rent [(1)]	—	779	—	2,259
		$ 19,605	$ 20,097	$ 39,674	$ 38,132

(1) Aircraft Rent expense includes credits for the amortization of over-market liabilities established at the Acquisition Date.

5. DEBT

Credit Facilities

On February 10, 2021, the Company executed a five-year credit agreement (the “Credit Agreement”) with a group of lenders. The Credit Agreement includes a $25,000 Revolving Credit Facility (the "Revolving Credit Facility") and a $90,000 Delayed Draw Term Loan Facility (“DDTL”), which are collectively referred to as the “Credit Facilities.” The Credit Agreement includes financial covenants that require a minimum trailing 12-month EBITDAR of $87,700 and minimum liquidity, as defined within the Credit Agreement, of $30,000 at the close of any business day. The Company was in compliance with these covenants as of June 30, 2024.

Due to previous transactions which utilized the DDTL and the subsequent repayment, no amounts under the DDTL were available to the Company as of June 30, 2024. As of June 30, 2024, the Company had $24,393 of financing available through the Revolving Credit Facility, as $607 had been pledged to support letters of credit.

Long-term Debt

Term Loan Credit Facility

During the six months ended June 30, 2023, the Company executed a term loan credit facility with a face amount of $119,200 for the purpose of financing the five Owned Aircraft Held for Operating Lease. The loan is repaid monthly through March 2030. During the lease term, payments collected from the lessee are applied directly to the repayment of principal and interest on the term loan credit facility. The Owned Aircraft

(Dollars in thousands, except per share and share amounts)

Held for Operating Lease, as well as the related lease payments received from the lessee, are pledged as collateral.

The interest rate on the term loan credit facility is determined by using a base rate, which resets monthly, plus an applicable margin, and a fixed credit spread adjustment of 0.1%. The applicable margin during the lease term is fixed at 3.75%, and is subsequently reduced to 3.25% once the aircraft have been redelivered to the Company and a Loan-to-Value ("LTV") ratio calculation is completed at the end of the lease term. The interest rate in effect as of June 30, 2024 was 9.2%. To the extent that the LTV ratio exceeds 75% at the end of the lease term, a principal prepayment will be required in order to reduce the ratio to 75%. If at any point within 12 months of the end of the lease term for each respective aircraft the Company deems it probable that a principal prepayment will be required in order to reduce the LTV ratio to 75%, and such amount can be reasonably estimated, the estimated principal prepayment amount will be reclassified from Long-term Debt, net to Current Maturities of Long-term Debt, net on the Company's Condensed Consolidated Balance Sheets. In the event a principal prepayment is required, amounts received under the end of lease maintenance compensation clause will be applied towards any prepayment obligation. No amounts related to an estimated principal prepayment have been reclassified from Long-term Debt, net to Current Maturities of Long-term Debt, net on the Company's Condensed Consolidated Balance Sheets as of June 30, 2024.

Pass-Through Trust Certificates

During March 2022, the Company arranged for the issuance of Class A and Class B certificates (the "2022-1 EETC") in an aggregate face amount of $188,277 for the purpose of financing or refinancing 13 aircraft. The Company is required to make bi-annual principal and interest payments each March and September, through March 2031. These notes bear interest at an annual rate between 4.84% and 5.75%. The weighted average interest rate was 5.05% as of June 30, 2024.

In December 2019, the Company arranged for the issuance of Class A, Class B and Class C trust certificates Series 2019-1 (the “2019-1 EETC”), in an aggregate face amount of $248,587 for the purpose of financing or refinancing 13 aircraft, which was completed in 2020. The Company is required to make bi-annual principal and interest payments each June and December, through December 2027. These notes bear interest at an annual rate between 4.13% and 6.95%. The weighted average interest rate was 4.30% as of June 30, 2024.

Long-term Debt includes the following:

	June 30, 2024	December 31, 2023
2019-1 EETC (see terms and conditions above)	$ 119,208	$ 138,423
2022-1 EETC (see terms and conditions above)	148,653	158,775
Term Loan Credit Facility (see terms and conditions above)	101,011	108,442
Total Debt	368,872	405,640
Less: Unamortized debt issuance costs	(3,372)	(3,995)
Less: Current Maturities of Long-term Debt, net	(75,911)	(74,177)
Total Long-term Debt, net	$ 289,589	$ 327,468

(Dollars in thousands, except per share and share amounts)

Future maturities of the outstanding Debt are as follows:

	Debt Principal Payments	Amortization of Debt Issuance Costs	Net Debt
Remainder of 2024	$ 38,620	$ (566)	$ 38,054
2025	80,003	(956)	79,047
2026	61,151	(709)	60,442
2027	65,176	(525)	64,651
2028	36,363	(337)	36,026
Thereafter	87,559	(279)	87,280
Total as of June 30, 2024	$ 368,872	$ (3,372)	$ 365,500

The fair value of Debt was $346,789 as of June 30, 2024 and $383,061 as of December 31, 2023. The fair value of the Company's debt was based on the discounted amount of future cash flows using the Company's end-of-period estimated incremental borrowing rate for similar obligations. The estimates were primarily based on Level 3 inputs.

6. INVESTMENTS

A summary of debt securities by major security type:

	June 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-Sale Securities: (1)				
Corporate Debt Securities	$ 50,755	$ —	$ (167)	$ 50,588
U.S. Government Agency Securities	51,436	—	(122)	51,314
Total	$ 102,191	$ —	$ (289)	$ 101,902

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-Sale Securities: (1)				
Municipal Debt Securities	$ 6,981	$ —	$ (5)	$ 6,976
Corporate Debt Securities	59,222	76	(50)	59,248
U.S. Government Agency Securities	68,118	23	(125)	68,016
Total	$ 134,321	$ 99	$ (180)	$ 134,240

(1) The Company also holds Certificates of Deposit that are included in Investments on the Condensed Consolidated Balance Sheets totaling $6,399 and $6,887 as of June 30, 2024 and December 31, 2023, respectively.

As of June 30, 2024, the unrealized losses were the result of increases in market interest rates and were not the result of a deterioration in the credit quality of the securities. The Company believes that any unrealized losses are recoverable prior to the investment's conversion to cash.

(Dollars in thousands, except per share and share amounts)

7. FAIR VALUE MEASUREMENTS

The following table summarizes the assets measured at fair value on a recurring basis:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents	$ 26,864	$ —	$ —	$ 26,864
Available-for-Sale Securities:				
Corporate Debt Securities	—	50,588	—	50,588
U.S. Government Agency Securities	—	51,314	—	51,314
Total Available-for-Sale Securities	—	101,902	—	101,902
Total Assets Measured at Fair Value on a Recurring Basis	$ 26,864	$ 101,902	$ —	$ 128,766

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents	$ 46,279	$ —	$ —	$ 46,279
Available-for-Sale Securities:				
Municipal Debt Securities	—	6,976	—	6,976
Corporate Debt Securities	—	59,248	—	59,248
U.S. Government Agency Securities	—	68,016	—	68,016
Total Available-for-Sale Securities	—	134,240	—	134,240
Total Assets Measured at Fair Value on a Recurring Basis	$ 46,279	$ 134,240	$ —	$ 180,519

8. INCOME TAXES

The Company's effective tax rate for the three and six months ended June 30, 2024 was 41.2% and 25.2%, respectively. The Company's effective tax rate for the three and six months ended June 30, 2023 was 22.9%. The effective tax rate represents a blend of federal and state taxes and includes the impact of certain nondeductible or nontaxable items. The increase in the effective tax rate during the three and six months ended June 30, 2024 was due to the impact of permanent stock compensation items on the effective rate.

Tax Receivable Agreement

The total Tax Receivable Agreement ("TRA") balance as of June 30, 2024 and December 31, 2023 was $97,694 and $101,044, of which $7,984 and $3,250 was current, respectively. The TRA liability is an estimate and actual amounts payable under the TRA could differ from this estimate. During the six months ended June 30, 2024 and 2023, the Company made payments of $3,350 and $2,425, respectively, to the pre-IPO stockholders (the “TRA holders”), which includes certain members of the Company's management and certain members of the Company's Board of Directors. The payment is included within Financing Activities on the Condensed Consolidated Statements of Cash Flows. Payments will be made in future periods as attributes that existed at the time of the IPO (the “Pre-IPO Tax Attributes”) are utilized.

9. STOCKHOLDERS' EQUITY

Equity Transactions

Common Stock Repurchases

The Company maintains a stock repurchase program, which has no expiration date and may be modified, suspended, or terminated by the Company's Board of Directors at any time. As of June 30, 2024, the Company did not have any remaining amount of Board authorization to repurchase shares of its Common Stock.

During the six months ended June 30, 2024, the Company completed open market repurchases for 755,284 shares of its Common Stock at a total cost of $11,493, or an average price of $15.22 per share. During the six months ended June 30, 2023, the Company repurchased 1,166,751 shares of its Common Stock at a total cost of $22,249, or an average price of $19.07 per share. The repurchases were part of a secondary public offering of the Company's shares by the Apollo Stockholder, as well as open market purchases. The settlement of a $25,000 Accelerated Share Repurchase Program occurred during January 2023, upon which the Company received an additional 480,932 shares.

Amazon Agreement

On December 13, 2019, the Company signed a six-year contract with Amazon to provide cargo services under the ATSA. In connection with the ATSA, the Company issued warrants to Amazon to purchase an aggregate of up to 9,482,606 shares of common stock at an exercise price of approximately $15.17 per share. During the six months ended June 30, 2024 and 2023, 442,521 warrants vested in each respective period. As of June 30, 2024 and 2023, the cumulative vested warrants held by Amazon were 3,666,614 and 2,844,789, respectively. The exercise period of these warrants is through the eighth anniversary of the issue date. No incremental warrants were issued, nor was the original warrant agreement modified, upon the signing of the A&R ATSA. For more information on the A&R ATSA, see Note 2.

Stock Compensation

During the first quarter of 2024, the Company issued performance-based restricted stock units (“PRSUs”) to certain employees. The PRSUs are long-term incentive opportunities that represent the right to receive shares of the Company’s Common Stock based on the achievement of certain performance conditions over a three-year period. Potential payouts range from 50%-150% of a target level. The maximum number of shares that may be issued on the PRSU vesting date is 259,095. The Company recognizes PRSU stock compensation expense to the extent it is probable the performance condition(s) will be satisfied.

10. COMMITMENTS AND CONTINGENCIES

The Company has contractual obligations and commitments primarily with regard to lease arrangements, repayment of debt (see Note 5), payments under the TRA (see Note 8), and probable future purchases of aircraft.

The Company is subject to an audit by the Internal Revenue Service (“IRS”) related to the collection of federal excise taxes on optional passenger seat selection charges covering the period of October 1, 2021 through June 30, 2023. During 2024, the Company received an assessment of approximately $2,700 from the IRS related to the results of the audit. The Company has appealed the results of the audit through a Formal Protest with the IRS. The Company believes a loss in this matter is not probable and has not recognized a loss contingency as of June 30, 2024.

(Dollars in thousands, except per share and share amounts)

The Company is subject to various legal proceedings in the normal course of business and expenses legal costs as incurred. Management does not believe these proceedings will have a materially adverse effect on the Company.

11. OPERATING SEGMENTS

The following tables present financial information for the Company's two operating segments: Passenger and Cargo.

	Three Months Ended June 30, 2024			Three Months Ended June 30, 2023		
	Passenger	Cargo	Consolidated	Passenger	Cargo	Consolidated
Operating Revenues	$ 228,934	$ 25,447	$ 254,381	$ 236,069	$ 25,017	$ 261,086
Non-Fuel Operating Expenses	154,213	25,615	179,828	146,207	26,932	173,139
Aircraft Fuel	62,180	8	62,188	52,347	13	52,360
Total Operating Expenses	216,393	25,623	242,016	198,554	26,945	225,499
Operating Income (Loss)	$ 12,541	$ (176)	12,365	$ 37,515	$ (1,928)	35,587
Interest Income			1,800			2,545
Interest Expense			(11,077)			(11,239)
Other, net			(4)			(143)
Income Before Income Tax			$ 3,084			$ 26,750

	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
	Passenger	Cargo	Consolidated	Passenger	Cargo	Consolidated
Operating Revenues	$ 516,469	$ 49,395	$ 565,864	$ 506,823	$ 48,378	$ 555,201
Non-Fuel Operating Expenses	314,913	50,918	365,831	286,843	52,338	339,181
Aircraft Fuel	132,484	8	132,492	124,613	37	124,650
Total Operating Expenses	447,397	50,926	498,323	411,456	52,375	463,831
Operating Income (Loss)	$ 69,072	$ (1,531)	67,541	$ 95,367	$ (3,997)	91,370
Interest Income			4,248			5,286
Interest Expense			(22,189)			(19,869)
Other, net			42			(355)
Income Before Income Tax			$ 49,642			$ 76,432

12. SUBSEQUENT EVENTS

The Company evaluated subsequent events for the period from the Balance Sheet date through August 2, 2024, the date that the Condensed Consolidated Financial Statements were available to be issued.

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ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise indicated, the terms “Sun Country,” “we,” “us” and “our” refer to Sun Country Airlines Holdings, Inc., and its subsidiaries.

Forward-Looking Statements

The following discussion and analysis presents factors that had a material effect on our results of operations during the six months ended June 30, 2024 and 2023. Also discussed is our financial position as of June 30, 2024 and December 31, 2023. This section should be read in conjunction with our unaudited Condensed Consolidated Financial Statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited Consolidated Financial Statements and related notes and discussion under the heading, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2023 10-K. This discussion contains forward-looking statements that involve risk, assumptions and uncertainties, such as statements of our plans, objectives, expectations, intentions and forecasts. Our actual results and the timing of selected events could differ materially from those discussed in these forward-looking statements as a result of several factors, including those set forth under the section of this report titled, “Risk Factors” and elsewhere in this report. You should carefully read the “Risk Factors” included in our 2023 10-K to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements.

Business Overview

Sun Country is a new breed of hybrid low-cost air carrier that dynamically deploys shared resources across our synergistic Scheduled Service, Charter, and Cargo businesses. By doing so, we believe we are able to generate high growth, high margins and strong cash flows with greater resilience than other passenger airlines. Based in Minnesota, we focus on serving leisure and visiting friends and relatives ("VFR") passengers, Charter customers and providing crew, maintenance and insurance (“CMI”) service to Amazon, with flights throughout the U.S. and to destinations in Canada, Mexico, Central America and the Caribbean. We share resources, such as flight crews, across our Scheduled Service, Charter and Cargo business lines with the objective of generating high returns and margins and mitigating the seasonality of our route network. We optimize capacity using an agile peak demand scheduling strategy which aims to shift flying to markets during periods of peak demand and away from markets during periods of low demand. We believe this flexible business model provides greater resiliency to economic and industry downturns than a traditional scheduled service carrier. This strategy has been implemented and executed by an experienced management team with deep knowledge of the industry.

Our Scheduled Service business combines low costs with a high-quality product to generate higher Total Revenue per Available Seat Mile (“TRASM”) than Ultra Low-Cost Carriers (“ULCCs”) while maintaining lower Adjusted Cost per Available Seat Mile (“CASM”) than Low Cost Carriers (“LCCs”), resulting in best-in-class unit profitability. Our business includes many cost characteristics of ULCCs, such as an unbundled product (which means we offer a base fare and allow customers to purchase ancillary products and services for an additional fee), point-to-point service and a single-family fleet of Boeing 737-NG aircraft, which allow us to maintain a cost base comparable to ULCCs. However, we offer a high-quality product that we believe is superior to ULCCs and consistent with that of LCCs. For example, our product includes more average legroom than ULCCs, complimentary soft drinks and juices, complimentary in-flight entertainment, and in-seat power, none of which are offered by other ULCCs.

Our Charter business, which is one of the largest narrow body Charter operations in the United States, is synergistic with our other businesses and provides both inherent diversification and downside protection. Our Charter business has several favorable characteristics, including: large repeat customers, more stable demand than Scheduled Service flying, and the ability to pass through certain costs, including fuel. Our diverse Charter customer base includes the DoD, collegiate and professional sports teams, and casino operators. Our Charter business includes ad hoc, repeat, short-term and long-term service contracts with pass through fuel arrangements and annual rate escalations. Most of our business is non-cyclical because the DoD and sports teams continue to fly during normal economic downturns and our casino contracts are long-term in nature.

On December 13, 2019, we signed the ATSA with Amazon to provide air cargo services. Flying under the ATSA began in May 2020 and we are currently operating 12 Boeing 737-800 cargo aircraft for Amazon. During the three months ended June 30, 2024, the Company entered into the A&R ATSA with Amazon that will increase the number of 737-800 cargo aircraft that Sun Country operates on behalf of Amazon from 12 to 20. The A&R ATSA includes revised economics to reflect the higher-cost environment that has ensued since the original ATSA was signed in December 2019. The performance obligations under the A&R ATSA are unchanged from the original ATSA. The first additional aircraft are expected to begin service in the first quarter of 2025. All eight aircraft are expected to be operational by the end of the third quarter of 2025. The A&R ATSA includes an initial six-year term, which runs until October 2030. The agreement includes two additional, two-year renewal terms exercisable at Amazon's option, and a subsequent three-year renewal term subject to mutual written agreement, which, if not agreed to, will trigger a final two-year wind-down term.

Our CMI service is asset-light from a Sun Country perspective as Amazon supplies the aircraft and covers many of the operating expenses, including fuel, and provides all cargo loading and unloading services. We are responsible for flying the aircraft under our air carrier certificate, crew, aircraft line maintenance and insurance, all of which allow us to leverage our existing operational expertise from our passenger businesses. Our cargo business also enables us to leverage certain assets, capabilities, and fixed costs to enhance profitability and promote growth across our Company.

Operations in Review

We believe a key component of our success is establishing Sun Country as a high growth, low-cost carrier in the United States by attracting customers with low fares and garnering repeat business by delivering a high-quality passenger experience, offering state-of-the-art interiors, complimentary streaming of in-flight entertainment to passenger devices, seat reclining and seat-back power in all of our aircraft.

Fuel price volatility due to market conditions and geopolitical events, and the impact of macroeconomic conditions, continue to impact the Company, as well as the industry. Our diversified business model, which includes a focus on leisure and VFR passengers, Charter and Cargo service, is unique in the airline sector and helps mitigate the impact of economic and industry downturns on our business when compared with other large U.S. passenger airlines. This strategy has allowed us to offset a majority of additional costs associated with fuel price volatility and the impact of macroeconomic conditions. Additionally, our Charter and Cargo businesses have the ability to pass on certain costs, including fuel. Our flexible business model gives us the ability to adjust our services in response to market conditions, which is targeted at producing the highest possible returns for Sun Country.

For more information on our business and strategic advantages, see the "Business" and "Management's Discussion and Analysis of Operations" sections within Part I, Item 1 and Part II, Item 7, respectively, in our 2023 10-K.

Components of Operations

For a more detailed discussion on the nature of transactions included in the separate line items of our Condensed Consolidated Statement of Operations, see "Management's Discussion and Analysis of Operations" in Part II, Item 7 in our 2023 10-K.

(Dollars in thousands, except per share amounts)

Operating Statistics

	Three Months Ended June 30, 2024 [1]				Three Months Ended June 30, 2023 [1]			
	Scheduled Service	Charter	Cargo	Total	Scheduled Service	Charter	Cargo	Total
Departures [2]	7,681	2,537	3,246	13,610	6,401	2,759	3,184	12,495
Block hours [2]	23,400	5,089	8,363	37,281	19,561	5,666	8,570	34,230
Aircraft miles [2]	9,010,358	1,755,354	3,170,139	14,077,119	7,622,465	1,955,117	3,292,789	13,015,134
Available seat miles (ASMs) (thousands) [2]	1,675,927	309,857		2,011,921	1,417,778	337,319		1,780,340
Total revenue per ASM (TRASM) (cents) [3]	10.03	16.46		10.89	12.74	14.71		12.93
Average passenger aircraft during the period [4]				42.2				42.0
Passenger aircraft at end of period [4]				44				43
Cargo aircraft at end of period				12				12
Leased Aircraft [5]				7				5
Average daily aircraft utilization (hours) [4]				7.5				6.7
Average stage length (miles)				1,054				1,046
Revenue passengers carried [6]	1,167,039				1,005,126			
Revenue passenger miles (RPMs) (thousands) [6]	1,392,312				1,216,261			
Load factor [6]	83.1 %				85.8 %			
Average base fare per passenger [6]	$ 75.47				$ 110.90			
Ancillary revenue per passenger [6]	$ 66.24				$ 66.43			
Total fare per passenger [6]	$ 141.71				$ 177.33			
Charter revenue per block hour [6]		$ 10,023				$ 8,758		
Fuel gallons consumed (thousands) [2]	18,019	3,599		21,864	15,128	4,023		19,399
Fuel cost per gallon, excluding indirect fuel credits				$ 2.86				$ 2.71
Employees at end of period				3,079				2,749
Cost per available seat mile (CASM) (cents) [7]				12.03				12.67
Adjusted CASM (cents) [8]				7.49				7.88

(1) Certain operating statistics and metrics are not presented as they are not calculable or are not utilized by management.
(2) Total System operating statistics for Departures, Block hours, Aircraft miles, ASMs and Fuel gallons consumed include amounts related to flights operated for maintenance; therefore, the Total System amounts are higher than the sum of Scheduled Service, Charter and Cargo amounts.
(3) Scheduled Service TRASM includes Schedule Service revenue, Ancillary revenue, and ASM generating revenue classified within Other Revenue on the Condensed Consolidated Statements of Operations.
(4) Scheduled Service and Charter utilize the same fleet of aircraft. Aircraft counts and utilization metrics are shown on a system basis only.
(5) Includes both the Company's Owned Aircraft Held for Operating Lease as well as subleased aircraft. These aircraft are leased to unaffiliated third parties.
(6) Passenger-related statistics and metrics are shown only for Scheduled Service. Charter revenue is driven by flight statistics.
(7) CASM is a key airline cost metric. CASM is defined as operating expenses divided by total available seat miles.
(8) Adjusted CASM is a non-GAAP measure derived from CASM by excluding fuel costs, costs related to our cargo operations, and certain other costs that are unrelated to our airline operations.

SUN COUNTRY AIRLINES HOLDINGS, INC

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Dollars in thousands, except per share amounts)
(Unaudited)

	Six Months Ended June 30, 2024 [1]				Six Months Ended June 30, 2023 [1]			
	Scheduled Service	Charter	Cargo	Total	Scheduled Service	Charter	Cargo	Total
Departures [2]	14,850	4,829	6,207	26,149	12,578	5,128	6,211	24,167
Block hours [2]	48,896	9,989	16,052	75,717	41,503	10,720	16,346	69,313
Aircraft miles [2]	19,187,193	3,451,475	6,026,801	28,917,587	16,362,938	3,680,870	6,133,159	26,416,342
Available seat miles (ASMs) (thousands) [2]	3,568,818	608,915		4,223,807	3,043,506	639,231		3,725,341
Total revenue per ASM (TRASM) (cents) [3]	11.18	16.15		11.77	13.31	14.99		13.45
Average passenger aircraft during the period [4]				42.1				41.7
Passenger aircraft at end of period [4]				44				43
Cargo aircraft at end of period				12				12
Leased Aircraft [5]				7				5
Average daily aircraft utilization (hours) [4]				7.8				7.0
Average stage length (miles)				1,150				1,132
Revenue passengers carried [6]	2,324,550				2,003,364			
Revenue passenger miles (RPMs) (thousands) [6]	3,047,163				2,648,392			
Load factor [6]	85.4 %				87.0 %			
Average base fare per passenger [6]	$ 98.63				$ 131.84			
Ancillary revenue per passenger [6]	$ 70.32				$ 67.49			
Total fare per passenger [6]	$ 168.95				$ 199.33			
Charter revenue per block hour [6]		$ 9,842				$ 8,938		
Fuel gallons consumed (thousands) [2]	38,069	7,032		45,540	32,511	7,550		40,472
Fuel cost per gallon, excluding indirect fuel credits				$ 2.94				$ 3.10
Employees at end of period				3,079				2,749
Cost per available seat mile (CASM) (cents) [7]				11.80				12.45
Adjusted CASM (cents) [8]				7.28				7.47

(1) Certain operating statistics and metrics are not presented as they are not calculable or are not utilized by management.
(2) Total System operating statistics for Departures, Block hours, Aircraft miles, ASMs and Fuel gallons consumed include amounts related to flights operated for maintenance; therefore, the Total System amounts are higher than the sum of Scheduled Service, Charter and Cargo amounts.
(3) Scheduled Service TRASM includes Schedule Service revenue, Ancillary revenue, and ASM generating revenue classified within Other Revenue on the Condensed Consolidated Statements of Operations.
(4) Scheduled Service and Charter utilize the same fleet of aircraft. Aircraft counts and utilization metrics are shown on a system basis only.
(5) Includes both the Company's Owned Aircraft Held for Operating Lease as well as subleased aircraft. These aircraft are leased to unaffiliated third parties.
(6) Passenger-related statistics and metrics are shown only for Scheduled Service. Charter revenue is driven by flight statistics.
(7) CASM is a key airline cost metric. CASM is defined as operating expenses divided by total available seat miles.
(8) Adjusted CASM is a non-GAAP measure derived from CASM by excluding fuel costs, costs related to our cargo operations, and certain other costs that are unrelated to our airline operations

(Dollars in thousands, except per share amounts)

Results of Operations
For the Three Months Ended June 30, 2024 and 2023

	Three Months Ended June 30,		$ Change	% Change
	2024	2023		
Operating Revenues:				
Scheduled Service	$ 88,078	$ 111,467	$ (23,389)	(21)%
Charter	51,009	49,626	1,383	3 %
Ancillary	77,308	66,773	10,535	16 %
Passenger	216,395	227,866	(11,471)	(5)%
Cargo	25,447	25,017	430	2 %
Other	12,539	8,203	4,336	53 %
Total Operating Revenues	254,381	261,086	(6,705)	(3)%
Operating Expenses:				
Aircraft Fuel	62,188	52,360	9,828	19 %
Salaries, Wages, and Benefits	79,359	75,919	3,440	5 %
Aircraft Rent	—	779	(779)	(100)%
Maintenance	17,339	15,942	1,397	9 %
Sales and Marketing	8,392	8,507	(115)	(1)%
Depreciation and Amortization	23,631	22,355	1,276	6 %
Ground Handling	11,368	9,747	1,621	17 %
Landing Fees and Airport Rent	13,723	11,944	1,779	15 %
Other Operating, net	26,016	27,946	(1,930)	(7)%
Total Operating Expenses	242,016	225,499	16,517	7 %
Operating Income	12,365	35,587	(23,222)	(65)%
Non-operating Income (Expense):				
Interest Income	1,800	2,545	(745)	(29)%
Interest Expense	(11,077)	(11,239)	162	(1)%
Other, net	(4)	(143)	139	NM
Total Non-operating Expense, net	(9,281)	(8,837)	(444)	5 %
Income Before Income Tax	3,084	26,750	(23,666)	(88)%
Income Tax Expense	1,272	6,132	(4,860)	(79)%
Net Income	$ 1,812	$ 20,618	$ (18,806)	(91)%

"NM" stands for not meaningful

Total Operating Revenues decreased $6,705, or 3%, to $254,381 for the three months ended June 30, 2024 as compared to the three months ended June 30, 2023. The revenue decrease was driven by a 20% reduction in Total Fare per passenger as a result of increased industry capacity. These decreases were partially offset by an increase in rental revenue included within Other revenue and an increase in operations which resulted in a 12% increase in Passenger segment departures .

(Dollars in thousands, except per share amounts)

Passenger. Passenger revenue decreased $11,471, or 5%, to $216,395 for the three months ended June 30, 2024 as compared to the three months ended June 30, 2023. The table below presents select operating data for lines of revenue within Passenger, expressed as quarter-over-quarter changes:

	Three Months Ended June 30,			
	2024	2023	Change	% Change
Scheduled Service and Ancillary Statistics:				
Departures	7,681	6,401	1,280	20 %
Block Hours	23,400	19,561	3,839	20 %
Passengers	1,167,039	1,005,126	161,913	16 %
Average base fare per passenger	$ 75.47	$ 110.90	$ (35.43)	(32)%
Ancillary revenue per passenger	$ 66.24	$ 66.43	$ (0.19)	— %
Total Fare per passenger	$ 141.71	$ 177.33	$ (35.62)	(20)%
RPMs (thousands)	1,392,312	1,216,261	176,051	14 %
ASMs (thousands)	1,675,927	1,417,778	258,149	18 %
TRASM (cents)	10.03	12.74	(2.71)	(21)%
Passenger load factor	83.1 %	85.8 %	(2.7)pts	N/A
Charter Statistics:				
Departures	2,537	2,759	(222)	(8)%
Block hours	5,089	5,666	(577)	(10)%
Charter revenue per block hour	$ 10,023	$ 8,758	1,265	14 %

Increased Scheduled Service capacity across the industry resulted in 21% and 20% reductions in TRASM and Total Fare per passenger, respectively. The fare decreases were offset by a 12% increase in average daily aircraft utilization. As a result, Scheduled Service departures increased by 20% and ASMs increased by 18%. This increase in capacity drove the 16% increase in passengers. These volume increases partially offset the quarter-over-quarter decreases in both Total Fare per passenger and TRASM. The 16% increase in Schedule Service passengers during the period also resulted in greater sales of ancillary products.

Passenger revenue was further supported by the $1,383, or 3%, increase in Charter revenue during the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. This increase was the result of a 14% improvement in Charter revenue per block hour. The improvement in Charter revenue per block hour was due to rate increases and management initiatives to reduce the number of ferry flights.

Cargo*.* Revenue from Cargo services increased $430, or 2%, to $25,447 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The increase was primarily driven by rate escalations, partially offset by a 2% quarter-over-quarter decrease in block hours.

Other*.* Other revenue increased $4,336, or 53%, to $12,539 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. Other revenue benefited from the $9,873 of rental revenue associated with seven leased aircraft during the three months ended June 30, 2024, as compared to $5,871 of rental revenue associated with five leased aircraft during the three months ended June 30, 2023.

(Dollars in thousands, except per share amounts)

Operating Expenses

Aircraft Fuel. We believe Aircraft Fuel expense, excluding indirect fuel credits, is the best measure of the effect of fuel prices on our business as it consists solely of direct fuel expenses that are related to our operations and is consistent with how management analyzes our operating performance. This measure is defined as GAAP Aircraft Fuel expense, excluding indirect fuel credits that are recognized within Aircraft Fuel expense, but are not directly related to our Fuel Cost per Gallon.

The primary components of Aircraft Fuel expense are shown in the following table:

	Three Months Ended June 30,			
	2024	2023	Change	% Change
Total Aircraft Fuel Expense	$ 62,188	$ 52,360	$ 9,828	19 %
Indirect Fuel Credits	268	212	56	26 %
Aircraft Fuel Expense, Excluding Indirect Fuel Credits	$ 62,456	$ 52,572	$ 9,884	19 %
Fuel Gallons Consumed (thousands)	21,864	19,399	2,465	13 %
Fuel Cost per Gallon, Excluding Indirect Fuel Credits	$ 2.86	$ 2.71	$ 0.15	6 %

Aircraft Fuel expense increased 19% quarter-over-quarter due to a 6% increase in the average fuel cost per gallon and a 13% increase in consumption.

Salaries, Wages, and Benefits. Salaries, Wages, and Benefits expense increased $3,440, or 5%, to $79,359 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The quarter-over-quarter increase in Salaries, Wages, and Benefits was impacted by a 12% increase in employee headcount, an increase in block hours as a result of operational growth, and contractual rate increases for our pilots.

Aircraft Rent. Aircraft Rent expense decreased by $779 to $0 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. Aircraft Rent expense decreased due to the composition of our aircraft fleet shifting from aircraft under operating leases to all owned aircraft or aircraft under finance leases.

Maintenance. Maintenance expense increased $1,397, or 9%, to $17,339 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The quarter-over-quarter increase in Maintenance expense was primarily driven by the increase in the size of our fleet and operations as well as an increase in routine, time-based heavy maintenance events.

Sales and Marketing. Sales and Marketing expense decreased $115, or 1%, to $8,392 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The change quarter-over-quarter was primarily driven by a reduction in credit card fees as a result of the decrease in Total Fare per passenger, as well as a reduction in Global Distribution System ("GDS") fees due to an increase in sales through direct distribution channels.

Depreciation and Amortization. Depreciation and Amortization expense increased $1,276, or 6%, to $23,631 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The increase was due to the impact of a change in the composition of our aircraft fleet that resulted in an increased number of owned aircraft and aircraft under finance leases. As of June 30, 2024 and 2023, there were 51 and 47 aircraft that were owned or under finance leases, respectively.

Ground Handling. Ground Handling expense increased $1,621, or 17%, to $11,368, for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. This quarter-over-quarter increase was the result of a 12% increase in Passenger segment departures as a result of our expanding operations, as well as rate increases due to market pressures.

Landing Fees and Airport Rent. Landing Fees and Airport Rent increased $1,779, or 15%, to $13,723 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The increase was a result of the exhaustion of the remaining Coronavirus Aid, Relief, and Economic Security Act funding, which increased rates. The increase was also impacted by market pressures and the 12% increase in Passenger segment departures as a result of our expanding operations.

Other Operating, net. Other operating, net decreased $1,930, or 7%, to $26,016 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The decrease was a result of the Company's part sales programs, partially offset by an increase in operations.

Non-operating Income (Expense)

Interest Income. Interest income decreased $745, or 29%, to $1,800 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The decrease was primarily due to the decrease in the Company's investment balance quarter-over-quarter.

Interest Expense. Interest expense decreased $162, or 1%, to $11,077 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The decrease was primarily due to decreasing debt balances and aircraft transactions financed with operating cash, partially offset by an increase in aircraft under finance leases. For more information on the Company's Debt, see Note 5 of the Condensed Consolidated Financial Statements included in Part I, Item I of this report.

Other, net. Other, net changed by $139 resulting in a net expense of $4 for the three months ended June 30, 2024, as compared to a net expense of $143 for the three months ended June 30, 2023.

Income Tax. The Company's effective tax rate for the three months ended June 30, 2024 was 41.2% compared to 22.9% for the three months ended June 30, 2023. The increase in the effective tax rate was due to the impact of permanent stock compensation items.

(Dollars in thousands, except per share amounts)

Results of Operations
For the Six Months Ended June 30, 2024 and 2023

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	$ Change	% Change
Operating Revenues:				
Scheduled Service	$ 229,272	$ 264,124	$ (34,852)	(13)%
Charter	98,321	95,813	2,508	3 %
Ancillary	163,466	135,198	28,268	21 %
Passenger	491,059	495,135	(4,076)	(1)%
Cargo	49,395	48,378	1,017	2 %
Other	25,410	11,688	13,722	117 %
Total Operating Revenues	565,864	555,201	10,663	2 %
Operating Expenses:				
Aircraft Fuel	132,492	124,650	7,842	6 %
Salaries, Wages, and Benefits	161,597	151,349	10,248	7 %
Aircraft Rent	—	2,259	(2,259)	(100)%
Maintenance	34,156	28,981	5,175	18 %
Sales and Marketing	19,071	18,436	635	3 %
Depreciation and Amortization	47,440	41,815	5,625	13 %
Ground Handling	20,522	18,917	1,605	8 %
Landing Fees and Airport Rent	28,452	22,889	5,563	24 %
Other Operating, net	54,593	54,535	58	— %
Total Operating Expenses	498,323	463,831	34,492	7 %
Operating Income	67,541	91,370	(23,829)	(26)%
Non-operating Income (Expense):				
Interest Income	4,248	5,286	(1,038)	(20)%
Interest Expense	(22,189)	(19,869)	(2,320)	12 %
Other, net	42	(355)	397	NM
Total Non-operating Expense, net	(17,899)	(14,938)	(2,961)	20 %
Income Before Income Tax	49,642	76,432	(26,790)	(35)%
Income Tax Expense	12,517	17,486	(4,969)	(28)%
Net Income	$ 37,125	$ 58,946	$ (21,821)	(37)%

"NM" stands for not meaningful

Total Operating Revenues increased $10,663, or 2%, to $565,864 for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023. The revenue increase was driven by an increase in rental revenue included within Other revenue, as well as an 11% increase in Passenger segment departures, partially offset by a 15% decrease in Total Fare per passenger as a result of increased industry capacity.

Passenger. Passenger revenue decreased $4,076, or 1%, to $491,059 for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023.

(Dollars in thousands, except per share amounts)

The table below presents select operating data for lines of revenue within Passenger, expressed as year-over-year changes:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change	% Change
Scheduled Service and Ancillary Statistics:				
Departures	14,850	12,578	2,272	18 %
Block Hours	48,896	41,503	7,393	18 %
Passengers	2,324,550	2,003,364	321,186	16 %
Average base fare per passenger	$ 98.63	$ 131.84	$ (33.21)	(25)%
Ancillary revenue per passenger	$ 70.32	$ 67.49	$ 2.83	4 %
Total Fare per passenger	$ 168.95	$ 199.33	$ (30.38)	(15)%
RPMs (thousands)	3,047,163	2,648,392	398,771	15 %
ASMs (thousands)	3,568,818	3,043,506	525,312	17 %
TRASM (cents)	11.18	13.31	(2.13)	(16)%
Passenger load factor	85.4 %	87.0 %	(1.6)pts	N/A
Charter Statistics:				
Departures	4,829	5,128	(299)	(6)%
Block hours	9,989	10,720	(731)	(7)%
Charter revenue per block hour	$ 9,842	$ 8,938	904	10 %

The year-over-year decreases in both Total Fare per passenger and TRASM were the result of increased capacity across the industry. The fare decreases were offset by an 11% increase in average daily aircraft utilization. As a result, Scheduled Service departures increased by 18% and ASMs increased by 17%. This increase in capacity drove the 16% increase in passengers. The 16% increase in Schedule Service passengers during the period also resulted in greater sales of ancillary products.

Passenger revenue was further supported by the $2,508, or 3%, increase in Charter revenue during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The increase was primarily due to the 10% increase in Charter revenue per block hour. The improvement in Charter revenue per block hour was due to rate increases and management initiatives to reduce the number of ferry flights.

Cargo. Revenue from Cargo services increased $1,017, or 2%, to $49,395 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The increase was primarily driven by rate escalations, partially offset by a 2% year-over-year decrease in block hours.

Other. Other revenue increased $13,722, or 117%, to $25,410 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. Other revenue benefited from the $19,148 of rental revenue associated with the seven leased aircraft during the six months ended June 30, 2024, as compared to $5,949 in rental revenue associated with the five leased aircraft during the six months ended June 30, 2023.

(Dollars in thousands, except per share amounts)

Operating Expenses

Aircraft Fuel. We believe Aircraft Fuel expense, excluding indirect fuel credits, is the best measure of the effect of fuel prices on our business as it consists solely of direct fuel expenses that are related to our operations and is consistent with how management analyzes our operating performance. This measure is defined as GAAP Aircraft Fuel expense, excluding indirect fuel credits that are recognized within Aircraft Fuel expense, but are not directly related to our Fuel Cost per Gallon.

The primary components of Aircraft Fuel expense are shown in the following table:

	Six Months Ended June 30,			
	2024	2023	Change	% Change
Total Aircraft Fuel Expense	$ 132,492	$ 124,650	$ 7,842	6 %
Indirect Fuel Credits	1,222	651	571	88 %
Aircraft Fuel Expense, Excluding Indirect Fuel Credits	$ 133,714	$ 125,301	$ 8,413	7 %
Fuel Gallons Consumed (thousands)	45,540	40,472	5,068	13 %
Fuel Cost per Gallon, Excluding Indirect Fuel Credits	$ 2.94	$ 3.10	$ (0.16)	(5)%

Aircraft Fuel expense increased 6% year-over-year primarily due to a 13% increase in consumption, partially offset by a 5% decrease in the average fuel cost per gallon.

Salaries, Wages, and Benefits. Salaries, Wages, and Benefits expense increased $10,248, or 7%, to $161,597 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The year-over-year increase in Salaries, Wages, and Benefits was impacted by a 12% increase in employee headcount, an increase in block hours as a result of operational growth, and contractual rate increases for our pilots.

Aircraft Rent. Aircraft Rent expense decreased by $2,259 to $0 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. Aircraft Rent expense decreased due to the composition of our aircraft fleet shifting from aircraft under operating leases to all owned aircraft or aircraft under finance leases.

Maintenance. Maintenance expense increased $5,175, or 18%, to $34,156 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The year-over-year increase in Maintenance expense was primarily driven by an increase in routine, time-based heavy maintenance and landing gear events, as well as the increase in the size of our fleet and operations.

Sales and Marketing. Sales and Marketing expense increased $635, or 3%, to $19,071 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The change year-over-year was primarily driven by an increase in advertising and other costs, partially offset by a reduction in credit card fees as a result of the year-over-year decrease in Total Fare per passenger and a reduction in GDS fees due to an increase in sales through direct distribution channels.

Depreciation and Amortization. Depreciation and Amortization expense increased $5,625, or 13%, to $47,440 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The increase was due to the impact of a change in the composition of our aircraft fleet that resulted in an increased number of owned aircraft and aircraft under finance leases. As of June 30, 2024 and 2023, there were 51 and 47 aircraft that were owned or under finance leases, respectively.

Ground Handling. Ground Handling expense increased $1,605, or 8%, to $20,522, for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The year-over-year increase was primarily the result of an 11% increase in Passenger segment departures as a result of our expanding operations, as well as rate increases due to market pressures. Ground Handling expenses during the six months ended June 30, 2023 were significantly impacted by the challenging winter weather conditions at our main hub, the Minneapolis – St. Paul International Airport.

Landing Fees and Airport Rent. Landing Fees and Airport Rent increased $5,563, or 24%, to $28,452 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The increase was a result of the exhaustion of the remaining Coronavirus Aid, Relief, and Economic Security Act funding, which increased rates. The increase was also impacted by market pressures and the 11% increase in Passenger segment departures as a result of our expanding operations.

Other Operating, net. Other operating, net for the six months ended June 30, 2024 was materially unchanged year-over-year. This was the result of our part sales programs, mostly offset by an increase in operations.

Non-operating Income (Expense)

Interest Income. Interest income decreased $1,038, or 20%, to $4,248 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The decrease was primarily due to the decrease in the Company's investment balance year-over-year.

Interest Expense. Interest expense increased $2,320, or 12%, to $22,189 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The increase was due to the change in our aircraft fleet that resulted in an increase of aircraft under finance leases and owned aircraft that were financed with debt proceeds. For more information on the Company's Debt, see Note 5 of the Condensed Consolidated Financial Statements included in Part I, Item I of this report.

Other, net. Other, net changed by $397, or 112% to a net benefit of $42 for the six months ended June 30, 2024, as compared to a net expense of $355 for the six months ended June 30, 2023. The change is a result of secondary offering costs incurred during the six months ended June 30, 2023.

Income Tax. The Company's effective tax rate for the six months ended June 30, 2024 was 25.2% compared to 22.9% for the six months ended June 30, 2023. The increase in the effective tax rate was due to the impact of permanent stock compensation items.

(Dollars in thousands, except per share amounts)

Segments
For the Three Months Ended June 30, 2024 and 2023

	Three Months Ended June 30, 2024			Three Months Ended June 30, 2023		
	Passenger	Cargo	Total	Passenger	Cargo	Total
Operating Revenues	$ 228,934	$ 25,447	$ 254,381	$ 236,069	$ 25,017	$ 261,086
Operating Expenses:						
Aircraft Fuel	62,180	8	62,188	52,347	13	52,360
Salaries, Wages, and Benefits	62,508	16,851	79,359	57,745	18,174	75,919
Aircraft Rent	—	—	—	779	—	779
Maintenance	13,853	3,486	17,339	12,179	3,763	15,942
Sales and Marketing	8,392	—	8,392	8,507	—	8,507
Depreciation and Amortization	23,626	5	23,631	22,341	14	22,355
Ground Handling	11,368	—	11,368	9,747	—	9,747
Landing Fees and Airport Rent	13,575	148	13,723	11,843	101	11,944
Other Operating, net	20,891	5,125	26,016	23,066	4,880	27,946
Total Operating Expenses	216,393	25,623	242,016	198,554	26,945	225,499
Operating Income (Loss)	$ 12,541	$ (176)	$ 12,365	$ 37,515	$ (1,928)	$ 35,587
Operating Margin %	5.5 %	(0.7)%	4.9 %	15.9 %	(7.7)%	13.6 %

Passenger. Passenger Operating Income decreased $24,974 to $12,541 for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. The Operating Margin Percentage for the three months ended June 30, 2024 decreased by 10.4 percentage points, as compared to the three months ended June 30, 2023. The quarter-over-quarter decrease in Passenger Operating Income and Operating Margin Percentage was primarily driven by a 20% reduction in Total Fare per passenger as a result of increased capacity across the industry. Operating Income and Operating Margin Percentage were also pressured by increased expenses associated with our operational growth, contractual rate increases for our pilots, an increase in heavy maintenance events, and rate increases for Landing Fees and Airport Rent. For more information on the changes in the components of Operating Income for the Passenger segment, refer to the Results of Operations discussion above.

Cargo. Cargo Operating Loss decreased by $1,752, to $176, for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023. Operating Margin Percentage for the three months ended June 30, 2024 improved by 7.0 percentage points, as compared to the three months ended June 30, 2023. The changes in both Operating Loss and Operating Margin Percentage were driven by rate escalations and scheduling efficiency improvements between our segments, which offset the contractual rate increases for our pilots and resulted in materially consistent quarter-over-quarter Operating Expenses. For more information on the components of Operating Income for the Cargo segment, refer to the Results of Operations discussion above.

(Dollars in thousands, except per share amounts)

Segments
For the Six Months Ended June 30, 2024 and 2023

	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
	Passenger	Cargo	Total	Passenger	Cargo	Total
Operating Revenues	$ 516,469	$ 49,395	$ 565,864	$ 506,823	$ 48,378	$ 555,201
Operating Expenses:						
Aircraft Fuel	132,484	8	132,492	124,613	37	124,650
Salaries, Wages, and Benefits	128,096	33,501	161,597	116,553	34,796	151,349
Aircraft Rent	—	—	—	2,259	—	2,259
Maintenance	27,257	6,899	34,156	21,660	7,321	28,981
Sales and Marketing	19,071	—	19,071	18,436	—	18,436
Depreciation and Amortization	47,430	10	47,440	41,771	44	41,815
Ground Handling	20,513	9	20,522	18,917	—	18,917
Landing Fees and Airport Rent	28,151	301	28,452	22,687	202	22,889
Other Operating, net	44,395	10,198	54,593	44,560	9,975	54,535
Total Operating Expenses	447,397	50,926	498,323	411,456	52,375	463,831
Operating Income (Loss)	$ 69,072	$ (1,531)	$ 67,541	$ 95,367	$ (3,997)	$ 91,370
Operating Margin %	13.4 %	(3.1)%	11.9 %	18.8 %	(8.3)%	16.5 %

Passenger. Passenger Operating Income decreased $26,295 to $69,072 for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. The Operating Margin Percentage for the six months ended June 30, 2024 decreased by 5.4 percentage points, as compared to the six months ended June 30, 2023. The year-over-year decrease in Passenger Operating Income and Operating Margin Percentage was primarily driven by a 15% decrease in Total Fare per passenger as a result of increased capacity across the industry, partially offset by an 11% increase in Passenger segment departures. Operating Income and Operating Margin Percentage were further impacted by increased expenses associated with our operational growth, contractual rate increases for our pilots, an increase in heavy maintenance and landing gear events, and rate increases for Landing Fees and Airport Rent. For more information on the changes in the components of Operating Income for the Passenger segment, refer to the Results of Operations discussion above.

Cargo. Cargo Operating Loss decreased by $2,466, to $1,531, for the six months ended June 30, 2024, as compared to the six months ended June 30, 2023. Operating Margin Percentage for the six months ended June 30, 2024 improved by 5.2 percentage points, as compared to the six months ended June 30, 2023. The changes in both Operating Loss and Operating Margin Percentage were driven by rate escalations and scheduling efficiency improvements between our segments, which offset the contractual rate increases for our pilots and resulted in materially consistent year-over-year Operating Expenses. For more information on the components of Operating Income for the Cargo segment, refer to the Results of Operations discussion above.

Non-GAAP Financial Measures

We sometimes use information that is derived from the Condensed Consolidated Financial Statements, but that is not presented in accordance with GAAP. We believe these non-GAAP measures provide a meaningful comparison of our results to others in the airline industry and our prior year results. Investors should consider these non-GAAP financial measures in addition to, and not as a substitute for, our financial performance measures prepared in accordance with GAAP. Further, our non-GAAP information may be different from the non-GAAP information provided by other companies. We believe certain charges included in our operating expenses on a GAAP basis make it difficult to compare our current period results to prior periods as well as future periods and guidance. The tables below show a reconciliation of non-GAAP financial measures used in this report to the most directly comparable GAAP financial measures.

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDA

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Net Income, and Adjusted EBITDA are non-GAAP measures included as supplemental disclosure because we believe they are useful indicators of our operating performance. Derivations of Operating Income and Net Income are well recognized performance measurements in the airline industry that are frequently used by our management, as well as by investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry.

The measures described above have limitations as analytical tools. Some of the limitations applicable to these measures include: they do not reflect the impact of certain cash and non-cash charges resulting from matters we consider not to be indicative of our ongoing operations; and other companies in our industry may calculate these non-GAAP measures differently than we do, limiting each measure's usefulness as a comparative measure. Because of these limitations, the following non-GAAP measures should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP and may not be the same as or comparable to similarly titled measures presented by other companies due to the possible differences in the method of calculation and in the items being adjusted.

For the foregoing reasons, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDA have significant limitations which affect their use as indicators of our profitability. Accordingly, readers are cautioned not to place undue reliance on this information.

(Dollars in thousands, except per share amounts)

The following table presents the reconciliation of Operating Income to Adjusted Operating Income, and Adjusted Operating Income Margin for the periods presented below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Adjusted Operating Income Margin Reconciliation:				
Operating Revenue	$ 254,381	$ 261,086	$ 565,864	$ 555,201
Operating Income	12,365	35,587	67,541	91,370
Stock Compensation Expense	1,570	4,415	3,084	7,093
Adjusted Operating Income	$ 13,935	$ 40,002	$ 70,625	$ 98,463
Operating Income Margin	4.9 %	13.6 %	11.9 %	16.5 %
Adjusted Operating Income Margin	5.5 %	15.3 %	12.5 %	17.7 %

The following table presents the reconciliation of Net Income to Adjusted Net Income for the periods presented below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Adjusted Net Income Reconciliation:				
Net Income	$ 1,812	$ 20,618	$ 37,125	$ 58,946
Stock Compensation Expense	1,570	4,415	3,084	7,093
Secondary offering costs	—	112	—	640
TRA adjustment (1)	—	—	—	(357)
Income tax effect of adjusting items, net (2)	(361)	(1,041)	(709)	(1,779)
Adjusted Net Income	$ 3,021	$ 24,104	$ 39,500	$ 64,543

(1) This represents the adjustment to the TRA for the period, which is recorded in Non-Operating Income (Expense).

(2) The tax effect of adjusting items, net is calculated at the Company's statutory rate for the applicable period. The TRA adjustment is not included within the income tax effect calculation.

(Dollars in thousands, except per share amounts)

The following table presents the reconciliation of Net Income to Adjusted EBITDA for the periods presented below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Adjusted EBITDA Reconciliation:				
Net Income	$ 1,812	$ 20,618	$ 37,125	$ 58,946
Stock Compensation Expense	1,570	4,415	3,084	7,093
Secondary offering costs	—	112	—	640
TRA adjustment [1]	—	—	—	(357)
Interest Income	(1,800)	(2,545)	(4,248)	(5,286)
Interest Expense	11,077	11,239	22,189	19,869
Provision for Income Taxes	1,272	6,132	12,517	17,486
Depreciation and Amortization	23,631	22,355	47,440	41,815
Adjusted EBITDA	$ 37,562	$ 62,326	$ 118,107	$ 140,206

(1) This represents the adjustment to the TRA for the period, which is recorded in Non-Operating Income (Expense).

CASM and Adjusted CASM

CASM is a key airline cost metric defined as operating expenses divided by total available seat miles. Adjusted CASM is a non-GAAP measure derived from CASM by excluding fuel costs, costs related to our cargo operations, depreciation and amortization recognized on certain assets that generate lease income, stock-based compensation, certain commissions and other costs of selling our vacation products from this measure as these costs are unrelated to our airline operations and improve comparability to our peers. Adjusted CASM is an important measure used by management and by our Board of Directors in assessing quarterly and annual cost performance. Adjusted CASM is commonly used by industry analysts and we believe it is an important metric by which they compare our airline to others in the industry, although other airlines may exclude certain other costs in their calculation of Adjusted CASM. The measure is also the subject of frequent questions from investors.

Adjusted CASM excludes fuel costs. By excluding volatile fuel expenses that are outside of our control from our unit metrics, we believe that we have better visibility into the results of operations and our non-fuel cost initiatives. Our industry is highly competitive and is characterized by high fixed costs, so even a small reduction in non-fuel operating costs can lead to a significant improvement in operating results. In addition, we believe that all domestic carriers are similarly impacted by changes in jet fuel costs over the long run, so it is important for management and investors to understand the impact and trends in company-specific cost drivers, such as labor rates, aircraft costs and maintenance costs, and productivity, which are more controllable by management.

We have excluded costs related to the Cargo operations, as well as depreciation and amortization recognized on certain assets that generate lease income as these operations do not create ASMs. The Cargo expenses in the reconciliation below are different from the total operating expenses for our Cargo segment in the “Segment Information” table presented above, due to several items that are included in the Cargo segment, but have been captured in other line items used in the Adjusted CASM calculation. We have entered into a series of transactions where we serve as an aircraft lessor. As of June 30, 2024, we leased or subleased seven aircraft.

(Dollars in thousands, except per share amounts)

Depreciation and Amortization expense on these aircraft materially began during the three months ended June 30, 2023. Adjusted CASM further excludes special items and other adjustments, as defined in the relevant reporting period, that are not representative of the ongoing costs necessary to our airline operations and may improve comparability between periods. We also exclude stock compensation expense when computing Adjusted CASM. The Company's compensation strategy includes the use of stock-based compensation to attract and retain employees and executives and is principally aimed at aligning their interests with those of our stockholders and long-term employee retention, rather than to motivate or reward operational performance for any period. Thus, stock-based compensation expense varies for reasons that are generally unrelated to operational decisions and performance in any period.

As derivations of Adjusted CASM are not determined in accordance with GAAP, such measures are susceptible to varying calculations and not all companies calculate the measures in the same manner. As a result, derivations of Adjusted CASM as presented may not be directly comparable to similarly titled measures presented by other companies. Adjusted CASM should not be considered in isolation or as a replacement for CASM. For the aforementioned reasons, Adjusted CASM has significant limitations which affect its use as an indicator of our profitability. Accordingly, readers are cautioned not to place undue reliance on this information.

The following tables present the reconciliation of CASM to Adjusted CASM.

	Three Months Ended June 30,			
	2024		2023	
	Operating Expenses	Per ASM (in cents)	Operating Expenses	Per ASM (in cents)
CASM	$ 242,016	12.03	$ 225,499	12.67
Less:				
Aircraft Fuel	62,188	3.09	52,360	2.94
Stock Compensation Expense	1,570	0.08	4,415	0.25
Cargo expenses, not already adjusted above	25,278	1.26	25,966	1.46
Sun Country Vacations	254	0.01	266	0.01
Leased Aircraft, Depreciation and Amortization Expense [1]	2,069	0.10	2,273	0.13
Adjusted CASM	$ 150,657	7.49	$ 140,219	7.88
ASM (thousands)	2,011,921		1,780,340	

(Dollars in thousands, except per share amounts)

	Six Months Ended June 30,			
	2024		2023	
	Operating Expenses	Per ASM (in cents)	Operating Expenses	Per ASM (in cents)
CASM	$ 498,323	11.80	$ 463,831	12.45
Less:				
Aircraft Fuel	132,492	3.14	124,650	3.35
Stock Compensation Expense	3,084	0.07	7,093	0.19
Cargo expenses, not already adjusted above	50,248	1.19	50,778	1.36
Sun Country Vacations	793	0.02	702	0.02
Leased Aircraft, Depreciation and Amortization Expense [1]	4,320	0.10	2,273	0.06
Adjusted CASM	$ 307,386	7.28	$ 278,335	7.47
ASM (thousands)	4,223,807		3,725,341	

(1) Includes both the Company's Owned Aircraft Held for Operating Lease as well as subleased aircraft. These aircraft are leased to unaffiliated third parties.

Liquidity and Capital Resources

The airline business is capital intensive. Our ability to successfully execute our business strategy is largely dependent on the continued availability of capital with attractive terms and maintaining sufficient liquidity. We have historically funded our operations and capital expenditures primarily through cash from operations, proceeds from stockholders' capital contributions, the issuance of promissory notes, and debt financing.

Our primary sources of liquidity as of June 30, 2024 included our existing cash and cash equivalents of $26,864 and short-term investments of $108,301, our expected cash generated from operations, and the $24,393 of available funds from the Revolving Credit Facility. In addition, we had restricted cash of $7,173 as of June 30, 2024, which generally consists of cash received as prepayment for chartered flights that is maintained in separate escrow accounts in accordance with DOT regulations requiring that charter revenue receipts received prior to the date of transportation are maintained in a separate third-party escrow account. The restrictions are released once the charter transportation is provided.

Our primary uses of liquidity are for operating expenses, capital expenditures, lease rentals and maintenance reserve deposits, debt repayments, working capital requirements, and other general corporate purposes. Our single largest capital expenditure requirement relates to the acquisition of aircraft. We do not maintain an aircraft order book; instead, we enter into aircraft transactions on an opportunistic basis based on market conditions, our prevailing level of liquidity and capital market availability. As a result, we are not locked into large future capital expenditures. We have historically acquired aircraft through finance leases and debt. Our management team retains broad discretion to allocate liquidity.

We believe our unrestricted cash and cash equivalents, short-term investments, and availability under our Revolving Credit Facility, combined with expected future cash flows from operations, will be sufficient to fund our operations and meet our debt payment obligations for at least the next twelve months. However, we cannot predict what the effect on our business and financial position might be from a change in the competitive environment in which we operate or from events beyond our control, such as volatile fuel prices, economic conditions, pandemics, weather-related disruptions, the impact of airline bankruptcies, restructurings or consolidations, U.S. military actions, regulations, or acts of terrorism.

Aircraft – As of June 30, 2024, our fleet consisted of 63 Boeing 737-NG aircraft. This includes 44 aircraft in the passenger fleet, 12 cargo operated aircraft through the ATSA, and seven aircraft currently on lease to unaffiliated airlines.

For more information on our fleet, see Note 4 of the Condensed Consolidated Financial Statements included in Part I, Item I of this report.

Maintenance Deposits - In addition to funding the acquisition of aircraft, we are required by certain of our aircraft lessors to fund reserves in cash in advance for scheduled maintenance to act as collateral for the benefit of lessors. Qualifying payments that are expected to be recovered from lessors are recorded as Lessor Maintenance Deposits on our Condensed Consolidated Balance Sheets. As of June 30, 2024, we had $53,414 of total Lessor Maintenance Deposits.

Investments - We invest our cash and cash equivalents in highly liquid securities with strong credit ratings. As of June 30, 2024, the Company held $101,902 of debt securities, all of which are classified as current assets because of their highly liquid nature and availability to be converted into cash to fund current operations. Given the significant portion of our portfolio held in cash and cash equivalents and the high credit quality of our debt security investments, we do not anticipate fluctuations in the aggregate fair value of our investments to have a material impact on our liquidity or capital position.

We also hold $6,399 of Certificates of Deposit that are included in Investments on the Condensed Consolidated Balance Sheets as of June 30, 2024.

Credit Facilities - We use our Credit Facilities to provide liquidity support for general corporate purposes and to finance the acquisition of aircraft.

As of June 30, 2024, the Company had $24,393 of the $25,000 Revolving Credit Facility available due to $607 being pledged to support letters of credit, and no balance drawn. The Credit Agreement includes financial covenants that require a minimum trailing 12-month EBITDAR of $87,700 and minimum liquidity, as defined within the Credit Agreement, of $30,000 at the close of any business day. The Company was in compliance with these covenants as of June 30, 2024.

Debt - At our discretion, we obtain debt financing through the issuance of pass-through trust certificates to purchase, or refinance aircraft. In December 2019, we issued the 2019-1 EETC, for the purpose of financing or refinancing 13 aircraft. In March 2022, the Company issued the 2022-1 EETC for the purpose of financing or refinancing 13 aircraft.

During the three months ended June 30, 2023, we executed a term loan credit facility with a face amount of $119,200 for the purpose of financing the five Owned Aircraft Held for Operating Lease. The lease term for each aircraft expire at various dates between the fourth quarter of 2024 and the fourth quarter of 2025. On each lease expiry date, a LTV ratio calculation is completed. To the extent that the LTV ratio exceeds 75% at the end of the lease term, a principal prepayment will be required in order to reduce the ratio to 75%. If at any point within 12 months of the end of the lease term for each respective aircraft the Company deems it probable that a principal prepayment will be required in order to reduce the LTV ratio to 75%, and such amount can be reasonably estimated, the estimated principal prepayment amount will be reclassified from Long-term Debt, net to Current Maturities of Long-term Debt, net on the Company's Condensed Consolidated Balance Sheets. In the event a principal prepayment is required, amounts received under the end of lease maintenance compensation clause will be applied towards any prepayment obligation. No amounts related to an estimated principal prepayment have been reclassified from Long-term Debt, net to Current Maturities of Long-term Debt, net on the Company's Condensed Consolidated Balance Sheets as of June 30, 2024.

(Dollars in thousands, except per share amounts)

For more information on our credit facilities or debt, see Note 5 of the Condensed Consolidated Financial Statements included in Part I, Item I of this report.

TRA Liability - During the six months ended June 30, 2024 and 2023, we made a payment of $3,350 and $2,425 to the TRA holders, respectively. Payments will be made in future periods as Pre-IPO Tax Attributes are utilized. For more information on the TRA liability, see Note 8 of the Condensed Consolidated Financial Statements included in Part I, Item I of this report.

Liquidity and Financial Condition Indicators

The table below presents the major indicators of financial condition and liquidity:

	June 30, 2024	December 31, 2023
Cash and Cash Equivalents	$ 26,864	$ 46,279
Available-for-Sale Securities	101,902	134,240
Amount Available Under Revolving Credit Facility	24,393	24,650
Total Liquidity	$ 153,159	$ 205,169

	June 30, 2024	December 31, 2023
Total Debt, net	$ 365,500	$ 401,645
Finance Lease Obligations	297,329	277,302
Operating Lease Obligations	17,770	18,830
Total Debt, net, and Lease Obligations	680,599	697,777
Stockholders' Equity	546,851	514,403
Total Invested Capital	$ 1,227,450	$ 1,212,180
Debt-to-Capital	0.55	0.58

(Dollars in thousands, except per share amounts)

Sources and Uses of Liquidity

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	$ Change	% Change
Total Operating Activities	$ 38,872	$ 95,693	$ (56,821)	(59)%
Investing Activities:				
Purchases of Property & Equipment	(38,231)	(192,352)	154,121	(80)%
Purchases of Investments	(31,610)	(49,437)	17,827	(36)%
Proceeds from the Maturities of Investments	64,500	71,795	(7,295)	(10)%
Other, net	8,863	1,953	6,910	354 %
Total Investing Activities	3,522	(168,041)	171,563	(102)%
Financing Activities:				
Common Stock Repurchases	(11,493)	(22,249)	10,756	(48)%
Proceeds from Borrowings	10,000	119,200	(109,200)	(92)%
Repayment of Finance Lease Obligations	(20,870)	(8,671)	(12,199)	141 %
Repayment of Borrowings	(46,767)	(21,808)	(24,959)	114 %
Other, net	(2,907)	(2,841)	(66)	2 %
Total Financing Activities	(72,037)	63,631	(135,668)	(213)%
Net Decrease in Cash	$ (29,643)	$ (8,717)	$ (20,926)	240 %

"Cash" consists of Cash, Cash Equivalents and Restricted Cash

Operating Cash Flow Activities

Operating activities in the six months ended June 30, 2024 provided $38,872, as compared to $95,693 during the six months ended June 30, 2023. During the six months ended June 30, 2024, our Net Income was $37,125, as compared to $58,946 during the six months ended June 30, 2023.

Our operating cash flow is primarily impacted by the following factors:

Seasonality of Advance Ticket Sales. We sell tickets for air travel in advance of the customer's travel date. When we receive a cash payment at the time of sale, we record the cash received on advance sales as deferred revenue in Air Traffic Liabilities. Air Traffic Liabilities typically increase during the fall and early winter months as advanced ticket sales grow prior to the late winter and spring peak travel season and decrease during the summer months. Most tickets can be purchased no more than twelve months in advance, therefore any revenue associated with tickets sold for future travel will be recognized within that timeframe. For the six months ended June 30, 2024, $147,256 of revenue recognized in Passenger revenue was included in the $157,996 of Air Traffic Liabilities as of December 31, 2023.

Aircraft Fuel. Aircraft Fuel expense represented approximately 27% of our total operating expense for the six months ended June 30, 2024 and 2023, respectively. The market price for jet fuel is volatile, which can impact the comparability of our periodic cash flows from operations. Fuel cost per gallon decreased by 5% year-over-year. Fuel consumption increased by 13% during the six months ended June 30, 2024, compared to the prior year as a result of the increase in fleet size and total operations. We expect volatility in Aircraft Fuel prices per gallon throughout 2024 due to market conditions and global geopolitical events.

Investing Cash Flow Activities

Capital Expenditures. Our capital expenditures were $38,231 and $192,352 for the six months ended June 30, 2024 and 2023, respectively. Our capital expenditures during the six months ended June 30, 2024 included the acquisition of one aircraft and other items not individually material. Our capital expenditures during the six months ended June 30, 2023, primarily included the purchase of five Owned Aircraft Held for Operating Lease and one incremental aircraft for our passenger fleet.

Investments. The Company's net investment activity resulted in cash inflows of $32,890 and $22,358 during the six months ended June 30, 2024 and 2023, respectively, due to maturing debt securities exceeding purchases of investments.

Financing Cash Flow Activities

Debt. During the six months ended June 30, 2023, the Company executed a term loan credit facility with a face amount of $119,200 for the purpose of financing the five Owned Aircraft Held for Operating Lease. The term loan credit facility is repaid monthly through March 2030. During the lease term, payments collected from the lessee are applied directly to the repayment of principal and interest on the term loan credit facility.

The Company is required to make bi-annual principal and interest payments on the 2022-1 EETC each March and September, through March 2031. The Company is required to make bi-annual principal and interest payments on the 2019-1 EETC each June and December, through December 2027.

Finance Leases. Our repayments of finance lease obligations were $20,870 and $8,671 for the six months ended June 30, 2024 and 2023, respectively. During the six months ended June 30, 2024, the Company purchased an aircraft previously classified as finance lease. The resulting cash outflows are recorded as payments for finance lease obligations. As of June 30, 2024 and 2023, the Company had 15 and 12 aircraft finance leases, respectively.

Common Stock Repurchases. During the six months ended June 30, 2024, the Company repurchased 755,284 shares of its Common Stock at a total cost of $11,493, or $15.22 per share. During the six months ended June 30, 2023, the Company repurchased 1,166,751 shares of its Common Stock at a total cost of $22,249, or $19.07 per share. For more information on the stock repurchase program and this purchase, see Note 9 of the Condensed Consolidated Financial Statements included in Part I, Item I of this report.

Other. During the six months ended June 30, 2024 and 2023, the Company made payments of $3,350 and $2,425 to the TRA holders, respectively. For more information on the payment of the TRA, see Note 8 of the Condensed Consolidated Financial Statements included in Part I, Item I of this report.

Off Balance Sheet Arrangements

For a detailed discussion on the nature of the Company's Off Balance Sheet Arrangements, see "Management's Discussion and Analysis of Operations" in Part II, Item 7 in our 2023 10-K. There have been no material changes to the Company's Off Balance Sheet Arrangements as compared to the 2023 10-K.

Commitments and Contractual Obligations

See Note 10 to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for more information regarding commitments and contractual obligations.

Recently Adopted Accounting Pronouncements

During the six months ended June 30, 2024, there were no recently adopted accounting standards that had a material impact to the Company.

Critical Accounting Policies and Estimates

Our unaudited Condensed Consolidated Financial Statements and the accompanying notes thereto included elsewhere in this Quarterly Report on Form 10-Q are prepared in accordance with GAAP. The preparation of the Condensed Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected. For more information on our critical accounting policies, see “Management’s Discussion and Analysis of Operations” sections within Part II, Item 7, respectively, in our 2023 10-K.

There have been no material changes to our critical accounting policies and estimates as compared to the 2023 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to market risks in the ordinary course of our business. These risks include commodity price risk, specifically with respect to aircraft fuel, as well as interest rate risk. The adverse effects of changes in these markets could pose a potential loss 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. Accordingly, actual results may differ from the information provided below.

Aircraft Fuel. Unexpected pricing changes of aircraft fuel could have a material adverse effect on our business, results of operations and financial condition. For example, based on our forecasted Aircraft Fuel expense for the third quarter of 2024, we estimate that a one cent per gallon increase in the average aircraft fuel price would increase Aircraft Fuel expense by approximately $205. Aircraft Fuel expense does not include amounts where we are considered the customer's agent for procuring fuel. We had no fuel option and swap contracts in place to hedge the economic risk associated with volatile fuel prices as of June 30, 2024. We currently do not expect to enter into these types of contracts prospectively, although significant changes in market conditions could affect our decisions.

Interest Rates. We have exposure to market risk associated with changes in interest rates related to the interest expense from our variable-rate debt and our short-term investment securities. A change in market interest rates would impact interest expense under the $119,200 term loan credit facility used to finance the Owned Aircraft Held for Operating Lease. A 100 basis point increase in interest rates on the June 30, 2024 balance of the term loan would result in a corresponding increase in interest expense of approximately $1,010 annually. As of the date of this filing, the entire term loan credit facility had been drawn. The Company also maintains a $25,000 Revolving Credit Facility with a variable interest rate that is impacted by market conditions. As of June 30, 2024, the Company had $24,393 of financing available through the Revolving Credit Facility, as $607 had been pledged to support letters of credit. As of June 30, 2024, no amounts on the Revolving Credit Facility were outstanding.

Our short-term investment securities are primarily comprised of fixed-rate debt investments. An increase in market interest rates decreases the market value of fixed-rate investments. Conversely, a decrease in market interest rates increases the market value. The fair market value of our short-term investments with exposure to interest rate risk was $101,902 as of June 30, 2024. The Company limits its investments to investment grade quality securities. Given these factors and that a significant portion of our portfolio is held in cash and cash equivalents, we do not anticipate fluctuations in the aggregate fair value of our financial assets to have a material impact on our liquidity or capital position.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures represent controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In connection with the preparation of this Form 10-Q, pursuant to Rule 13a-15(b) of the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2024.

Based on the evaluation of our disclosure controls and procedures as of June 30, 2024, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2024.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained from time to time. We currently believe that the ultimate outcome of such lawsuits, proceedings and reviews will not, individually or in the aggregate, have a material adverse effect on our financial position, liquidity or results of operations.

ITEM 1A. RISK FACTORS

We have disclosed under the heading "Risk Factors" in our 2023 10-K the risk factors which materially affect our business, financial condition or results of operations. There have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in our 2023 10-K. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

Our directors and executive officers may purchase or sell shares of our common stock in the market from time to time, including pursuant to equity trading plans adopted in accordance with Rule 10b5-1 under the Exchange Act ("Rule 10b5-1") and in compliance with guidelines specified by the Company. In accordance with Rule 10b5-1 and the Company's insider trading policy, directors, officers and certain employees who, at such time, are not in possession of material non-public information about the Company are permitted to enter into written plans that pre-establish amounts, prices and dates (or formula for determining the amounts, prices and dates) of future purchases or sales of the Company's stock, including shares acquired pursuant to the Company's equity plans ("Rule 10b5-1 Trading Plans"). Under a Rule 10b5-1 Trading Plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. During the three months ended June 30, 2024, our directors and executive officers did not adopt, terminate, or modify any instructions or written plans for the sale or purchase of our securities that would be intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

ITEM 6. EXHIBITS

(a) Exhibits

10.1#	Amended and Restated Air Transportation Services Agreement, dated as of June 18, 2024, by and between Sun Country, Inc. and Amazon.com Services LLC (incorporated by reference to Exhibit 10.1 to Sun Country Airlines Holdings, Inc.'s Form 8-K filed with the Securities and Exchange Commission on June 20, 2024)
31.1*	Certification by Sun Country's Chief Executive Officer with respect to Sun Country's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024
31.2*	Certification by Sun Country's President and Chief Financial Officer with respect to Sun Country's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024
32*	Certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code by Sun Country Airlines Holdings, Inc.'s Chief Executive Officer and President and Chief Financial Officer with respect to Sun Country's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024
101.INS*	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data Files (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith

\# Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURE

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.

Sun Country Airlines Holdings, Inc.
(Registrant)

/s/ Dave Davis

Dave Davis
President and Chief Financial Officer
(Principal Financial and Accounting Officer)

August 2, 2024

Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jude Bricker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sun Country Airlines Holdings, Inc. ("Sun Country") for the six month period ended June 30, 2024;

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 Sun Country as of, and for, the periods presented in this report;

4. Sun Country'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 Sun Country 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 Sun Country, 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 Sun Country’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 Sun Country's internal control over financial reporting that occurred during Sun Country's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Sun Country's internal control over financial reporting; and

5. Sun Country's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Sun Country's auditors and the Audit Committee of Sun Country'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 Sun Country'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 Sun Country's internal control over financial reporting.

August 2, 2024

/s/ Jude Bricker
Jude Bricker
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dave Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sun Country Airlines Holdings, Inc. ("Sun Country") for the six month period ended June 30, 2024;

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 Sun Country as of, and for, the periods presented in this report;

4. Sun Country'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 Sun Country 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 Sun Country, 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 Sun Country’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 Sun Country's internal control over financial reporting that occurred during Sun Country's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Sun Country's internal control over financial reporting; and

5. Sun Country's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Sun Country's auditors and the Audit Committee of Sun Country'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 Sun Country'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 Sun Country's internal control over financial reporting.

August 2, 2024

/s/ Dave Davis
Dave Davis
President and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

August 2, 2024

The certifications set forth below are hereby submitted to the Securities and Exchange Commission pursuant to, and solely for the purpose of complying with, Section 1350 of Chapter 63 of Title 18 of the United States Code in connection with the filing on the date hereof with the Securities and Exchange Commission of the quarterly report on Form 10-Q of Sun Country Airlines Holdings, Inc. ("Sun Country") for the quarterly period ended June 30, 2024 (the "Report").

Each of the undersigned, the Chief Executive Officer and the President and Chief Financial Officer, respectively, of Sun Country, hereby certifies that, as of the end of the period covered by the Report:

1. such Report fully complies with the requirements of Section 13(a) 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 Sun Country.

/s/ Jude Bricker
Jude Bricker
Chief Executive Officer

/s/ Dave Davis
Dave Davis
President and Chief Financial Officer