

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

or

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

For the transition period from __ to __

Commission File Number: 001-40304



Frontier Group Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

46-3681866
(I.R.S. Employer
Identification Number)

4545 Airport Way
Denver, CO 80239
(720) 374-4550
(Address of principal executive offices, including zip code, and Registrant's telephone number, including area code)

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, \$0.001 par value	ULCC	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$377 million computed by reference to the closing sale price of the registrant's common stock on the Nasdaq Global Select Market on June 30, 2023, the last trading day of the registrant's most recently completed second fiscal quarter.

The registrant had 223,374,396 shares of common stock, \$0.001 par value per share, outstanding as of February 16, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2024 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2023.

TABLE OF CONTENTS

	<u>Page</u>
<u>Part I</u>	
<u>Item 1. Business</u>	<u>4</u>
<u>Item 1A. Risk Factors</u>	<u>22</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>54</u>
<u>Item 1C. Cybersecurity</u>	<u>54</u>
<u>Item 2. Properties</u>	<u>56</u>
<u>Item 3. Legal Proceedings</u>	<u>57</u>
<u>Item 4. Mine Safety Disclosure</u>	<u>57</u>
<u>Part II</u>	
<u>Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>57</u>
<u>Item 6. [Reserved]</u>	<u>58</u>
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>59</u>
<u>Item 7A. Quantitative and Qualitative Disclosure About Market Risk</u>	<u>80</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>81</u>
<u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>120</u>
<u>Item 9A. Controls and Procedures</u>	<u>120</u>
<u>Item 9B. Other Information</u>	<u>121</u>
<u>Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u>	<u>121</u>
<u>Part III</u>	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	<u>121</u>
<u>Item 11. Executive Compensation</u>	<u>121</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>121</u>
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>121</u>
<u>Item 14. Principal Accountant Fees and Services</u>	<u>122</u>
<u>Part IV</u>	
<u>Item 15. Exhibits and Financial Statement Schedules</u>	<u>123</u>
<u>Item 16. Form 10-K Summary</u>	<u>131</u>
<u>Signatures</u>	<u>132</u>

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K should be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our current expectations and beliefs with respect to certain current and future events and anticipated financial and operating performance. Words such as "may," "might," "will," "should," "could," "would," "expect," "intends," "plan," "anticipate," "believe," "estimate," "project," "targets," "predict," "potential," and similar expressions intended to identify forward-looking statements. Additionally, forward-looking statements include statements that do not relate solely to historical facts, such as statements which identify uncertainties or trends, discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. Forward-looking statements are based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A, "Risk Factors", Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other factors set forth from time to time under the sections captioned "Risk Factors" in our reports and other documents filed with the Securities and Exchange Commission (the "SEC"). Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Summary Risk Factors

Our business is subject to a number of risks and uncertainties that may affect our business, results of operations and financial condition, or the trading price of our common stock or other securities. We caution the reader that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risks and uncertainties emerge from time to time. Management cannot predict such new risks and uncertainties, nor can it assess the extent to which any of the risk factors below or any such new risks and uncertainties, or any combination thereof, may impact our business. The risks identified below are more fully described in Part I, Item 1A, "Risk Factors". Such factors include:

Risks Related to Our Industry

- changes in economic conditions affecting demand for air travel, including from economic slowdowns, recessions, inflationary pressures, rising interest rates, financial market fluctuations, supply chain challenges, reduced credit availability, global conflict and public health threats;
- the ability to attract and retain qualified personnel at reasonable costs or maintain our company culture;
- the ability to operate in an exceedingly competitive industry against legacy network airlines, low-cost carriers ("LCCs") and other ultra low-cost carriers ("ULCCs");
- the price and availability of aircraft fuel;
- compliance with, and any changes in, governmental regulation;
- any restrictions on or increased taxes applicable to charges for non-fare products and services paid by airline passengers or the imposition of burdensome consumer protection regulations or laws;
- the impact of climate change and related laws, regulations, litigation and changing consumer preferences;
- environmental and noise laws and regulations;
- factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, major construction or improvement projects at airports, aircraft and engine defects, U.S. Federal Aviation Administration ("FAA") grounding of aircraft, adverse weather conditions, increased security measures, or new travel-related identification requirements, taxes or fees, natural disasters or outbreaks of disease;
- competition from air travel substitutes;

- future public health threats or outbreaks of disease, including pandemics similar to the COVID-19 pandemic, as well as measures to reduce the spread of such disease and the related economic impact, that negatively impact the demand for air travel;
- threatened or actual terrorist attacks or security concerns;
- our presence in international emerging markets that may experience political or economic instability and a failure to comply with legal requirements;
- increases in insurance costs or inability to secure adequate insurance coverage; and
- decline in, or suspension of, funding or operations of the U.S. federal government or its agencies.

Risks Related to Our Business

- our failure to implement our business strategy successfully;
- our ability to control our costs and maintain a competitive cost structure;
- our ability to grow or maintain our unit revenues or maintain our non-fare revenues;
- our ability to grow our fleet is dependent on a limited number of suppliers;
- the long-term nature of our fleet and order book which commits us to Airbus aircraft and the engines available for such aircraft for a substantial period of time into the future;
- any increased labor costs, union disputes and other labor-related disruptions;
- our inability to expand or operate reliably and efficiently out of airports where we maintain a large presence;
- any damage to our reputation or brand image;
- our reputation and business being adversely affected in the event of an emergency, accident, or similar public incident involving our aircraft or personnel;
- increasing scrutiny and evolving expectations from customers, regulators, investors and other stakeholders or competitors with respect to our environmental, social and governance practices, commitments or the quality or progress thereof;
- any negative publicity regarding our customer service;
- our inability to maintain a high daily aircraft utilization rate;
- being highly dependent upon cash balances and operating cash flows;
- our ability to obtain financing or access capital markets;
- our maintenance obligations;
- aircraft-related fixed obligations and obligations under other debt arrangements that could impair our liquidity; and
- our reliance on third-party specialists and other commercial partners to perform functions integral to our operations.

PART I

ITEM 1. BUSINESS

Overview

Frontier Airlines, Inc. (“Frontier”) is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*. We are headquartered in Denver, Colorado and offer flights throughout the United States and to select near international destinations in the Americas. As of December 31, 2023, we had a fleet of 136 Airbus single-aisle aircraft, consisting of 8 A320neos, 82 A320s, 21 A321neos and 25 A321s. Our unique strategy is underpinned by our low-cost structure and superior low-fare brand.

Our Business Model

Our business model is based on our unique *Low Fares Done Right* strategy. While our strategy is similar to the business models utilized by other ULCCs, including with respect to low-cost structure, low fares and flexible optional services, we believe *Low Fares Done Right* differentiates us from other ULCCs as a result of our focus on delivering a family-friendly customer experience with a more upscale look and feel than traditionally experienced on ULCCs globally. From the perspective of our customers, our business model provides a product offering that combines low base fares with dependable customer service, a customer-friendly digital platform, a rewarding frequent flyer program, a modern fleet, comfortable cabin seating, flexible optional services and operational integrity.

Our Competitive Strengths & Our Business Strategy—*Low Fares Done Right*

Our goal is to offer the most attractive option for air travel with a compelling combination of value, product and service, and, in doing so, to grow profitably and enhance our position among U.S. airlines. Through the key elements of our business strategy, we seek to achieve:

Low Unit Costs. Our low-cost structure, built around low aircraft ownership cost, fuel efficiency and low operational costs, is our key strategic advantage. We intend to strengthen and maintain our low unit costs, including by:

- maintaining high utilization levels;
- utilizing new generation, fuel-efficient aircraft that deliver lower operating costs compared to prior generation aircraft;
- increasing the average size and seat capacity of the aircraft in our fleet through the continued introduction and operation of 186-seat A320neo aircraft and 240-seat A321neo aircraft;
- utilizing a low-cost distribution model, with our services primarily sold through direct distribution channels including our website, mobile app and contact centers;
- maintaining a highly productive workforce and third-party specialist providers;
- outsourcing non-core functions, including customer contact centers, lost bag services, ground handling services and catering services; and
- taking a disciplined approach to our operational performance in order to reduce disruption.

A Superior Low-Fare Brand. In order to enhance our brand and drive revenue growth, we aim to deliver a higher-quality flight experience than historically offered by ULCCs globally and generate customer loyalty by:

- continuing to offer attractive low fares;
- expanding our marketing efforts, including family-friendly elements that appeal to a large audience, such as an attentive staff, popular animals on our aircraft tails and novelty cards for children, particularly

highlighting endangered species, and certain offers tailored for families including our *Kids Fly Free* program to continue to position our brand as a family-friendly and environmentally-conscious ULCC;

- continuing to improve penetration of our reasonably priced bundle options and further enhancing our *GoWild! All-You-Can-Fly Pass*, our *Discount Den* membership program and our *FRONTIER Miles* frequent flyer program;
- maintaining our focus on sustainability and environmental responsibility, including our position as “America’s Greenest Airline” as measured by fuel efficiency (available seat miles (“ASMs”) per fuel gallon consumed during the year ended December 31, 2023; compared to all other major U.S. carriers);
- modeling a carefully curated aesthetic for our livery, our website and mobile app, uniforms, seat design and on-board products, which are designed to look and feel more upscale than traditional ULCCs;
- maintaining a strong online presence with a customer-friendly digital platform that includes our passenger reservation system, website and mobile app;
- operating a modern fleet with amenities such as extra seat padding and premium seating options, which provide extra legroom as compared to our standard seating; and
- providing our customers a dependable, reliable, on-time and friendly travel experience.

Strong Growth Driven by an Expanding and Efficient Network. We strategically focus on routes where we believe our business model will stimulate demand and growth. This strategy has historically enabled us to reduce the seasonality of our revenue, improve utilization, lower unit costs, increase revenues and enhance profitability. We intend to continue to utilize our disciplined and methodical approach to expand our network in an efficient manner, including by:

- strategically deploying our capacity where demand is highest;
- continuing to take advantage of opportunities in overpriced and/or underserved markets across the United States and select international destinations in the Americas;
- leveraging our diverse geographic footprint and existing crew and maintenance base infrastructure to take advantage of lower-risk network growth opportunities while maintaining high operational standards;
- utilizing our low-cost structure to offer low fares which organically drive growth through market stimulation;
- enhancing our out-and-back scheduling approach, which we believe will help drive improved efficiencies and operational recoverability, as well as reducing crew travel costs;
- continuing to rebalance our network to mitigate seasonal fluctuations in our results and discontinue underperforming routes; and
- focusing on what we believe are the most profitable opportunities where our cost differential drives the largest competitive advantage.

Our Talented ULCC Leadership Team. Our management team has extensive day-to-day experience operating ULCCs and other airlines.

- Barry L. Biffle, our Chief Executive Officer, previously served as Chief Executive Officer for VivaColombia, Executive Vice President and Chief Marketing Officer for Spirit Airlines, and held various management roles with US Airways and American Eagle Airlines, a regional airline subsidiary of American Airlines;
- James G. Dempsey, our President, previously served as our Executive Vice President and Chief Financial Officer, and as Treasurer and Head of Investor Relations for Ryanair;
- Mark Mitchell, our Senior Vice President and Chief Financial Officer, previously served as our Vice President, Finance and Investor Relations as well as our Chief Accounting Officer, and prior to that, served in various leadership capacities for Starwood Hotels and Resorts Worldwide and Starwood Vacation Ownership;
- Howard M. Diamond, our Executive Vice President, Legal and Corporate Affairs and Corporate Secretary, previously served as Vice President, General Counsel, and Corporate Secretary for Thales USA;
- Rajat Khanna, our Senior Vice President and Chief Information Officer, previously served in various information technology leadership capacities for Lowe’s Companies and United Airlines;

- Trevor J. Stedke, our Senior Vice President, Operations, previously served as Vice President, Aircraft Technical Operations for Southwest Airlines;
- Steve Schuller, our Senior Vice President, Human Resources, previously served as our Vice President, Human Resources, and prior to that, served as Vice President of Talent and Chief Learning Officer for Catapult Health; and
- Alex Clerc, our Senior Vice President, Customers, previously worked as a Senior Expert with McKinsey & Company in their Transport and Travel Practice, served as Chief Operating Officer for Interjet Airlines, and has worked in leadership positions for multiple other airlines.

Strong Liquidity and Capital Structure. We intend to maintain our strong capital structure, which enables us to obtain financing for our aircraft pursuant to attractive operating leases, in order to support our growth strategies and the expansion of our fleet and network.

As of December 31, 2023, we had \$609 million of cash and cash equivalents, and our capital structure was comprised of the following (please refer to “Notes to Consolidated Financial Statements — 8. Debt”):

- \$312 million of the available \$365 million under our pre-delivery deposit (“PDP”) payment credit facility with Citibank (“PDP Financing Facility”);
- \$80 million from our pre-purchased miles facility;
- \$66 million in unsecured loans as part of our participation in the payroll support programs under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”); and
- \$16 million under our floating rate building note.

Our Fares and the Choices We Offer

We provide low-fare passenger airline service primarily to leisure travelers. Our low fares are designed to stimulate demand from price-sensitive travelers and consist of a base fare, plus taxes and governmental fees.

We combine our low fares with flexible optional services for an additional cost. Such additional options include carry-on and checked baggage, advance seat selection, our extended-legroom premium seats, priority boarding and ticket changes and cancellations, as well as bundled options combining various optional services. We also promote and sell products in-flight to enhance the customer experience. We offer a convenient onboard payment system that enables customers to bundle products together to save money, make multiple purchases with a single credit card transaction and provide gratuities to our flight attendants. We reward our repeat customers through our *FRONTIER Miles* frequent flyer program and also offer our *Discount Den* membership program, which provides subscribers with exclusive access to some of our lowest fares as well as access to our *Kids Fly Free* program. We also offer the *GoWild! All-You-Can-Fly Pass*, which allows members unlimited travel for a specified period of time for a base fare of \$0.01 per flight, subject to certain restrictions. In addition to enhancing the customer experience, these offerings have helped increase our ancillary revenues from \$12.80 per passenger in 2013 to \$76.51 in 2023. Our other revenues also include services such as our *FRONTIER Miles* affinity credit card program and commissions from the sale of items such as rental cars and hotels.

The following table represents our revenue, on a per-passenger basis for the periods presented:

	Year Ended December 31,	
	2023	2022
Fare revenue per passenger	\$ 42.26	\$ 54.22
Ancillary revenue per passenger:		
Non-fare passenger revenue per passenger	73.85	73.21
Other revenue per passenger	2.66	3.07
Total ancillary revenue per passenger	76.51	76.28
Total revenue per passenger	\$ 118.77	\$ 130.50

Route Network

The low unit cost, high quality of service and dependability that make *Low Fares Done Right* successful have enabled us to diversify our network across a wide range of leisure destinations as well as implement a network strategy that primarily targets high demand or underserved markets, where our low fares stimulate new traffic flows.

During the year ended December 31, 2023, we served approximately 90 airports throughout the United States and international destinations in the Americas. While our primary focus is to capture point-to-point demand on the nonstop routes that we serve, we also sell connecting itineraries, providing us with the opportunity to capture demand across a large number of routes beyond our nonstop footprint.

Below is a map of the destinations we serve as of our scheduled flights available for sale as of December 31, 2023:



We use publicly available data related to existing traffic, fares and capacity in domestic markets, as well as other data sources, to identify growth opportunities. To monitor the profitability of each route, we analyze monthly profitability reports as well as actual and forecasted advanced bookings. We routinely make capacity adjustments

within our network based on the financial performance of our markets, and we discontinue service in markets where we determine that long-term profitability is not likely to meet our expectations.

Competition

The airline industry is highly competitive. The principal competitive factors in the airline industry are fare pricing, total price, flight schedules, aircraft type, passenger amenities, number of routes served from a city, customer service, safety record and reputation, codesharing relationships (where an airline places its designator code on a flight operated by another airline), and frequent flyer programs and redemption opportunities. Our competitors and potential competitors include legacy network carriers, LCCs, ULCCs, regional airlines and new entrant airlines.

Our principal competitors on domestic routes are American Airlines, Delta Air Lines, United Airlines and Southwest Airlines (which classifies itself as an LCC), which are commonly referred to as the “Big Four” carriers, and Alaska Airlines and Hawaiian Airlines, which together with JetBlue Airways Corporation (“JetBlue”) (which classifies itself as an LCC), are commonly referred to as the “Middle Three” carriers. We also compete with the other U.S. ULCCs, including Allegiant Travel Company, Spirit Airlines, and Sun Country Airlines. There are also parties who have started new airlines since 2021, including Avelo Airlines and Breeze Airways. With respect to the Big Four and Middle Three carriers, our principal competitive advantage is our low-cost structure, low base fares and our focus on the leisure traveler. We believe our low-cost structure allows us to price our fares at levels where we can be profitable while the Big Four and Middle Three airlines cannot. We believe the association of our brand with a high level of operational performance differentiates us from the other U.S. ULCCs and enables us to generate greater customer loyalty.

The airline industry is particularly susceptible to price discounting as once a flight is scheduled, airlines incur only nominal incremental costs to provide service to passengers occupying otherwise unsold seats. Price competition occurs on a route-by-route basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize revenue per available seat mile (“RASM”). The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell. A key element of our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price-sensitive markets.

Distribution

We primarily sell our product through direct distribution channels, including via our website at www.flyfrontier.com, our mobile app and our contact centers, with our website and mobile app serving as the primary platforms for ticket sales. Approximately 72% and 70% of our total tickets sold for the years ended December 31, 2023 and 2022, respectively, were sold directly to our customers through these distribution channels. Sales through our website and mobile app represent our low-cost distribution channels.

We also offer the option to purchase tickets through third parties, such as travel agents who access us through Global Distribution Systems (“GDSs”), e.g., Amadeus, Galileo, Sabre and Worldspan, and select online travel agents (“OTAs”), e.g., Priceline and websites owned by Expedia, including Orbitz and Travelocity. Third-party channels represented approximately 28% and 30% of sales for the years ended December 31, 2023 and 2022, respectively. We maintain a zero percent standard commission policy for travel agency bookings worldwide unless local regulations mandate that we pay a commission. We also have agreements with all the leading GDSs. GDSs provide flight schedules and pricing information and allow travel agents to electronically book a flight reservation without separately contacting our reservations facility.

Marketing and Brand

Our principal marketing message to our customers is our *Low Fares Done Right* strategy. Consistent with our ULCC business model, we use a simple marketing message to keep marketing costs low and we offer promotional one-way base fares of \$19.

Our principal marketing tools are our proprietary email distribution list, our *FRONTIER Miles* frequent flyer program, our *Discount Den* subscription service and our *GoWild! All-You-Can-Fly Pass* membership offering, as well as advertisements in online, radio and other channels. Our objective is to use our low prices, superior customer service, price-based promotions and creativity to produce viral marketing programs that are cost effective.

Each of our aircraft features one of our widely-recognized animals on its tail and is named after such animal. We utilize these animals in several of our online marketing campaigns and on the novelty cards we distribute to children onboard, particularly highlighting endangered species.

Our brand includes our focus on sustainability and environmental responsibility efforts. We believe we are “America’s Greenest Airline” as measured by fuel efficiency (ASMs per fuel gallon consumed during the year ended December 31, 2023; compared to all other major U.S. carriers). Based on these estimates, our fleet continues to be the most fuel-efficient of all major U.S. carriers, generating over 100 ASMs per gallon during the year ended December 31, 2023, representing our focus on continued fuel efficiency as we grow. In addition, our headquarters is located in a LEED-certified building, which certification indicates buildings designed to achieve energy savings, water efficiency and lower carbon dioxide (“CO₂”) emissions.

We spent approximately 5% of total revenues on marketing, brand and distribution for each of the years ended December 31, 2023 and 2022.

Loyalty and Membership Programs

Our *FRONTIER Miles* frequent flyer program includes a number of attractive customer benefits, including family pooling benefits and varying status tiers, allowing for priority boarding and waived bag and seat selection fees, among other things. *FRONTIER Miles* offers award travel on every flight without blackout dates, and miles never expire as long as there is qualifying activity at least annually. In October 2023, we unveiled a reimagined *FRONTIER Miles* loyalty program for 2024 that enables our customers to “Get It All For Less”. The revamped program includes a new lower-tier status level and paths to quickly advance to higher tiers, with enhanced benefits at every status level. The new program also now allows consumers to earn miles for each dollar spent on Frontier flights and additional purchases through Frontier, with increasing earn rates as customers advance to higher tiers. All tiers also now include waived change and cancellation fees for changes made seven or more days in advance of flight departure and priority customer chat, among other benefits.

The *FRONTIER Airlines World MasterCard* is the primary vehicle through which customers earn miles and our frequent flyer program is geared specifically towards supporting adoption and continued use of this credit card. The credit card includes the ability to earn bonus travel miles for purchases through Frontier and at restaurants, as well as elite status points on every dollar spent. In addition, every card member who spends over a certain threshold on the card in any calendar year receives a Frontier voucher.

The *Discount Den* is an annual membership-based service that allows members exclusive access to the lowest fares on offer and first access to seats when our selling schedule is extended. Members pay an annual fee to join the *Discount Den*.

The *GoWild! All-You-Can-Fly Pass* is a membership launched in the fourth quarter of 2022 that allows members unlimited travel for a specified period of time for a base fare of \$0.01 per flight. This service is subject to certain restrictions including availability, the timing of booking and blackout dates and does not include taxes or ancillary charges.

Customers

We believe our product appeals to price-sensitive customers because we give them the choice to pay only for the products and services they want. In addition, we believe our product is particularly attractive to families, featuring popular animals on our aircraft tails, novelty cards for children and certain offers tailored for families including our *Kids Fly Free* program and a staff that understands our goal of providing excellent customer service.

Overall, our business model is designed to deliver what we believe our customers want: low fares and a high-quality flight experience. While we are primarily focused on stimulating leisure and visiting friends and relatives (“VFR”) travel, we believe our low fares do attract a significant number of business travelers who may be more sensitive to travel costs.

Fleet

We fly only Airbus A320 family aircraft, which provides us significant operational and cost advantages compared to airlines that operate multiple fleet types. Flight crews are entirely interchangeable across all of our aircraft, and maintenance, spare parts inventories and other operational support are highly simplified relative to more complex fleets. Due to this commonality among Airbus single-aisle aircraft, we can retain the benefits of a fleet composed of a single type of aircraft while still having the flexibility to match the capacity and range of the aircraft to the demands of each route.

As of December 31, 2023 and 2022, 79% and 72% of our total fleet, respectively, was comprised of A320neo family aircraft, which are more fuel-efficient than the prior generation of A320ceo family aircraft. The A320neo family aircraft that we continue to place in service are expected to continue delivering a 20% fuel burn and CO₂ emissions advantage compared to the prior generation of A320ceo family aircraft. In addition, while our entire fleet features new and lightweight seats, which eliminate excess weight and reduces fuel consumption per seat, the seat density on the A320neo family aircraft is higher than the prior generation of A320ceo family aircraft. With the continued transition to the higher seat density aircraft as we introduce more A320neo family aircraft into our fleet, we increased our average seats per departure from 193 during the year ended December 31, 2022, to 199 during the year ended December 31, 2023. The use of the A320neo family aircraft and our seating configuration, weight-saving tactics and baggage process have all contributed to our ability to continue to be the most fuel-efficient of all major U.S. carriers of significant size when measured by ASMs per fuel gallon consumed.

As of December 31, 2023, we had a fleet of 136 Airbus single-aisle aircraft, consisting of 8 A320ceos, 82 A320neos, 21 A321ceos and 25 A321neos. In January 2024, we were recognized by aviation as having the third youngest fleet in North America, and as of December 31, 2023, the average aircraft age of our fleet was approximately four years. As of December 31, 2023, all 136 aircraft in our fleet were financed under operating leases, and the operating leases for 0, 8, 20, 19 and 14 aircraft in our fleet were scheduled to terminate during 2024, 2025, 2026, 2027 and 2028, respectively. In certain circumstances, such operating leases may be extended. We intend to replace retired aircraft with A320neo family aircraft.

As of December 31, 2023, we had a firm purchase commitment with Airbus to acquire 210 A320neo family aircraft. Additionally, we had commitments with Pratt & Whitney for 15 additional spare aircraft engines by the end of 2029. After the consideration of planned aircraft returns, we expect to operate a fleet of 272 A320neo family

aircraft by the end of 2029, nearly all powered by new engine technology. Our firm fleet and spare engine commitments as of December 31, 2023 were comprised of the following aircraft:

Year Ending	A320neo	A321neo	Total Aircraft ^(a)	Engines
2024	—	23	23	2
2025	17	25	42	4
2026	19	22	41	4
2027	21	21	42	3
2028	10	30	40	2
Thereafter	—	22	22	—
Total	67	143	210	15

(a) While the commitments presented above reflect the agreed-upon delivery dates as of December 31, 2023, we have recently experienced delays in the deliveries of Airbus aircraft which may persist in future periods.

We have the option to convert 18 A320neo aircraft to A321XLR aircraft under certain terms and conditions. Since the option has not been exercised, this conversion right is not reflected in the table above.

Aircraft Fuel

Aircraft fuel is one of our largest expenses, representing 31% and 34% of our total operating costs for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, we had the most fuel-efficient fleet of all U.S. carriers of significant size when measured by ASMs per fuel gallon consumed. The price and availability of jet fuel are volatile due to global economic and geopolitical factors as well as domestic and local supply factors, which has contributed to fuel prices being higher than historical averages during the years ended December 31, 2023 and 2022. Our fuel consumption and costs were as follows:

	Year Ended December 31,	
	2023	2022
Gallons consumed (millions)	365	312
Average price per gallon ^(a)	\$ 3.10	\$ 3.72

(a) Average price per gallon includes related fuel fees and taxes.

We have historically maintained an active hedging program designed to reduce our exposure to sudden, sharp increases in fuel prices. We regularly review our fuel hedging program and, accordingly, the specific hedging instruments we use, the amount of our future hedges and the time period covered by our hedge portfolio vary from time to time depending on our view of market conditions and other factors. Among the hedging instruments we have used in the past and may use in the future are swaps and collar contracts on jet fuel, fixed forward prices, which allow us to lock in the price of jet fuel for specified quantities and at specified locations in future periods, and call options. As of December 31, 2023 and 2022, we had no fuel cash flow hedges for future fuel consumption, and fuel hedges had no material impact within our consolidated statements of operations for the years ended December 31, 2023 and 2022.

Maintenance and Repairs

We have an FAA mandated and approved maintenance program, which is administered by our technical operations department. Our maintenance technicians undergo extensive initial and recurrent training. Aircraft

maintenance and repair consists of routine and non-routine maintenance, and work performed is divided into three general categories: line maintenance, heavy maintenance and component service.

Line maintenance consists of routine daily and weekly scheduled maintenance checks on our aircraft. We categorize our line maintenance into four classes of stations, with each class categorized by the scope and complexity of work performed. The majority of and the most extensive line maintenance we and our specialist partners perform is conducted in Mobile, Tampa, Puerto Rico, Atlanta, Cleveland, Denver, Las Vegas, Orlando, Philadelphia, and Phoenix.

Major airframe maintenance checks consist of a series of more complex tasks that can take from one to four weeks to accomplish and typically are required approximately every 24 months. Engine overhauls and engine performance restoration events are quite extensive and can take several months. We maintain an inventory of spare engines to provide for continued operations during engine maintenance events under normal operating conditions. In 2024, we expect to experience higher than normal engine maintenance obligations to address the requirements related to the portion of our fleet using the Pratt & Whitney GTF engine. In addition, prior to aircraft being returned to lessors, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases. Due to our relatively small fleet size and projected fleet growth, we believe contracting with third-party specialists for all of our heavy maintenance, engine restoration and major part repair, is more economical than conducting these activities ourselves. We have entered into long-term flight hour agreements for our engine overhaul services and an hour-by-hour basis agreement for component services. We also contract with third-party specialists for our heavy airframe maintenance. These contracts cover the majority of our aircraft component inventory acquisition, replacement and repairs, thereby eliminating the need to carry expensive spare parts inventory.

We currently have a firm obligation to purchase 210 A320neo family aircraft by the end of 2029. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a “maintenance holiday”) because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are required. Once these maintenance holidays expire, these aircraft will require more maintenance as they age and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. See “Risk Factors — Risk Related to Our Business — Our maintenance costs will increase over the near term; we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet and obligations to the lessors and we could incur significant maintenance expenses outside of such maintenance schedules in the future.”

Human Capital Resources

Employees and Labor Relations

As of December 31, 2023, we had 7,235 total employees, consisting of 2,112 pilots, 3,513 flight attendants, 433 aircraft technicians, 57 aircraft appearance agents, 54 flight dispatchers, 28 material specialists, 28 maintenance controllers and 1,010 employees in administrative roles.

FAA regulations require pilots to have commercial licenses with specific ratings for the aircraft to be flown, and to be medically certified as physically fit to fly. FAA and medical certifications are subject to periodic renewal requirements including recurrent training and recent flying experience. Mechanics, quality-control inspectors and flight dispatchers must be certificated and qualified for specific aircraft. Flight attendants must have initial and periodic competency training and qualification. Training programs are subject to approval and monitoring by the FAA. Management personnel directly involved in the supervision of flight operations, training, maintenance, and aircraft inspection must also meet experience standards prescribed by FAA regulations. All safety-sensitive employees are subject to pre-employment, random and post-accident drug testing.

We focus on hiring highly productive employees and, where feasible, designing systems and processes around automation and the utilization of third-party specialists in order to maintain our low-cost base. With respect to pilots, given the pilot shortage being experienced by parts of the industry, particularly regional airlines, one of our

operational priorities is to maintain a robust pipeline of qualified pilot candidates. We intend to maintain our pipeline through the continuation of the recruiting and selection of direct-entry First Officers from other carriers, but also by expanding our focus on pilot-recruiting channels that we more directly manage. Our F9 Pilot Cadet Program is intended to train the next generation of pilots in as little as 24 months with the direct pathway to become a First Officer. The program, operated in partnership with Airline Transport Pilot (“ATP”) Flight School, allows applicants to complete flight training at over 70 ATP Flight School locations nationwide. Our Rotor Transition Program, run in partnership with the Rotary to Air Group, allows U.S. military-trained helicopter pilots to complete their fixed wing training and join Frontier as a First Officer. We recently expanded our focus on international pilots who are eligible to work in the U.S. under an E-3 visa, and also expanded our partnerships with university-based flight training programs to provide opportunities for recent graduates who have their ATP or Restricted ATP to begin their career as a pilot. We have seen strong demand for these programs, with over 8,400 applicants across all of our company-managed programs during the year ended December 31, 2023. We believe we are an attractive employer for pilots as a result of our strong growth, which provides our pilots with career progression opportunities and enables them to achieve substantial pay increases under the collective bargaining agreement. For example, as a result of our continuing fleet expansion, First Officers hired since late-2013 have been eligible for upgrade to Captain within 24 to 48 months of joining us.

As of December 31, 2023, approximately 86% of our employees were represented by labor unions under collective bargaining agreements. The table below sets forth our employee groups and status of the collective bargaining agreements with each as of December 31, 2023:

Employee Group	Representative	Amendable Date ^(a)	Percentage of Workforce
			December 31, 2023
Pilots	Air Line Pilots Association (ALPA)	January 2024 ^(b)	29%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2024 ^(c)	49%
Aircraft Technicians	International Brotherhood of Teamsters (IBT)	May 2025	6%
Aircraft Appearance Agents	IBT	October 2023 ^(d)	1%
Dispatchers	Transport Workers Union (TWU)	August 2028 ^(e)	1%
Material Specialists	IBT	March 2022 ^(d)	<1%
Maintenance Controllers	IBT	October 2023 ^(d)	<1%

(a) Subject to standard early opener provisions.

(b) ALPA filed for mediation through the National Mediation Board in January 2024 and the first mediation session is scheduled for March 2024.

(c) In November 2023, AFA-CWA exercised their contractual right to open negotiations early. Negotiations are currently ongoing.

(d) Our collective bargaining agreements with our aircraft appearance agents, material specialists, and maintenance controllers, each represented by IBT, were still amendable as of December 31, 2023 and negotiations are ongoing; however, the agreements are operating under their current arrangements until amendments have been reached.

(e) On August 4, 2023, we finalized a collective bargaining agreement with our dispatchers, represented by TWU, which will be amendable in August 2028.

The United States Railway Labor Act (the “RLA”) governs our relations with labor organizations. Under the RLA, the collective bargaining agreements generally do not expire, but instead become amendable as of a stated date. If either party wishes to modify the terms of any such agreement, they must notify the other party in the manner agreed to by the parties. Under the RLA, after receipt of such notice, the parties must meet for direct negotiations, and if no agreement is reached, either party may request the National Mediation Board (the “NMB”) to appoint a federal mediator. The RLA prescribes no set timetable for the direct negotiation and mediation process. It is not unusual for those processes to last for many months, and even for a few years. If no agreement is reached in mediation, the NMB in its discretion may declare at some time that an impasse exists, and if an impasse is declared, the NMB proffers binding arbitration to the parties. Either party may decline to submit to arbitration. If arbitration is rejected by either party, a 30-day “cooling off” period commences. During that period (or after), a Presidential Emergency Board (“PEB”), may be established, which examines the parties’ positions and recommends a solution.

The PEB process lasts for 30 days and is followed by another “cooling off” period of 30 days. At the end of a “cooling off” period, unless an agreement is reached or action is taken by the U.S. Congress, the labor organization may strike and the airline may resort to “self-help,” including the imposition of any or all of its proposed amendments and the hiring of new employees to replace any striking workers. The U.S. Congress and the President have the authority to prevent “self-help” by enacting legislation that, among other things, imposes a settlement on the parties.

Diversity, Equity and Inclusion

We seek to provide equal employment opportunities for all persons and seek to prohibit discrimination in all aspects of our operations. We believe that fostering an inclusive and diverse culture can add value and lead to a more highly engaged workforce, allowing us to deliver better business results. We have established Business Resource Groups — employee-led, voluntary organizations that are open to all and intended for people with similar interests, experiences, or demographic characteristics — including the Women’s Leadership Network, the Veterans’ Resource Group, the Green Steering Committee, the Frontier PRIDE Business Resource Group, the Team Connect culture committee and the Society of Black Professionals Business Resource Group. We also partner with organizations such as the Latino Pilots Association, National Gay Pilot’s Association, Asian Pilots Association, Organization of Black Aviation Professionals, Women in Aviation International and Rotary to Airline Group to help foster opportunities and support careers in aviation. We aim to honor and celebrate our differences throughout the year by recognizing meaningful achievements and shared stories through our company newsletters during Black History Month, Hispanic Heritage Month, Women’s History Month and Pride Month.

We are focused on creating an equitable workforce, seeking to consider diverse slates of candidates for all positions. The table below illustrates our employee diversity based on self-identification across all U.S. employees as of December 31, 2023:

Male	Female	Minority
55%	45%	40%

Compensation and Benefits

We design our compensation and benefits with the goal of supporting the financial, mental, and physical well-being of our employees and their families. We evaluate our benefit programs each year in terms of value of benefit offerings and out-of-pocket costs in an effort to be competitive with the benefit offerings of other employers with whom we compete for talent. We continuously evaluate our benefit offerings through these market studies as well as employee surveys. We offer the Rally wellness program to incentivize employees to invest in their health, earn points and participate in various health and wellness competitions. In January 2023, we launched a new online weight management program (United Healthcare’s Real Appeal), which aims to help members achieve real, lifelong results and live a healthier life. Our compensation philosophy is continuously adjusted to better meet the standards set in the marketplace. In response to COVID-19, we follow all federal, state and local protocols to help protect the health of our workforce and our customers. In March 2020, we implemented a pay protection policy, which remains in place as of December 31, 2023, to enable employees to take necessary time away from work to recover from COVID-19.

Safety and Security

We prioritize the safety and security of our passengers and employees. Some of the safety and security measures we have taken include: aircraft security and surveillance, positive bag matching procedures, enhanced passenger and baggage screening and search procedures, and securing of cockpit doors. We strive to comply with or exceed health and safety regulation standards. In pursuing these goals, we maintain an active aviation safety

program and all of our personnel are expected to participate in the program and take an active role in the identification, reduction and elimination of hazards.

Our ongoing focus on safety relies on training our employees on relevant standards and providing them with the tools and equipment they require so they can perform their job functions in a safe and efficient manner. Safety in the workplace targets several areas of our operation including: flight operations, maintenance, in-flight, dispatch, and station operations.

The U.S. Transportation Security Administration (the "TSA") is charged with aviation security for both airlines and airports. We maintain active, open lines of communication with the TSA at all of our locations so that we incorporate relevant standards for security of our personnel, customers, equipment and facilities throughout the operation.

Insurance

We maintain insurance policies we believe are of the types customary in the airline industry and as required by the U.S. Department of Transportation ("DOT"), lessors and other financing parties. Although we currently believe our insurance coverage is adequate, we cannot assure that the amount of such coverage will not be changed or that we will not be forced to bear substantial losses from accidents.

Foreign Ownership

Under federal law and DOT policy, we must be owned and controlled by U.S. citizens. The restrictions imposed by federal law and DOT policy currently require that at least 75% of our voting stock must be owned and controlled, directly and indirectly, by persons or entities who are U.S. citizens, as defined in 49 U.S.C. § 40102(a)(15), that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens, and that we be under the actual control of U.S. citizens. In addition, up to 49% of our stock may be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens but only if those non-U.S. citizens are from countries that have entered into "open skies" air transport agreements with the United States which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. We believe we are currently in compliance with these ownership provisions. Please see "Risk Factors—Risks Related to Owning Our Common Stock—Our amended and restated certificate of incorporation and amended and restated bylaws include provisions limiting ownership, control and voting by non-U.S. citizens."

Seasonality and Other Factors

The air transportation business and our route network are subject to seasonal fluctuations. Demand for air travel tends to be higher in the second and third quarters as there is an increase in vacation travel, compared to the first and fourth quarters of the year.

Government Regulation

Aviation Regulation

The DOT and FAA have regulatory authority over air transportation in the United States. The DOT has authority to issue certificates of public convenience and necessity, exemptions and other economic authority required for airlines to provide domestic and foreign air transportation. International routes and international codesharing arrangements are regulated by the DOT and by the governments of the foreign countries involved. A U.S. airline's ability to operate flights to and from international destinations is subject to the air transport agreements between the United States and the foreign country and the carrier's ability to obtain the necessary authority from the DOT and the applicable foreign government.

The U.S. government has negotiated “open skies” agreements with many countries, which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. With certain other countries, however, the United States has a restricted air transportation agreement. Our international flights to Mexico are governed by a liberalized bilateral air transport agreement which the DOT has determined has all of the attributes of an “open skies” agreement. Our flights to the Dominican Republic are governed by a bilateral air transport agreement between the United States and the Dominican Republic. Changes in U.S. aviation policies could result in the alteration or termination of the corresponding air transport agreement, diminish the value of our international route authorities or otherwise affect our operations to/from these countries.

The FAA is responsible for regulating and overseeing matters relating to the safety of air carrier flight operations, including the control of navigable air space, the qualification of flight personnel, flight training practices, compliance with FAA airline operating certificate requirements, aircraft certification and maintenance requirements and other matters affecting air safety. The FAA requires each commercial airline to obtain and hold an FAA air carrier certificate. We currently hold an FAA air carrier certificate.

International Regulation

All international air service is subject to certain U.S. federal requirements and approvals, as well as the regulatory requirements of the foreign countries involved. If we decide to increase our routes to additional international destinations, we will be required to obtain necessary authority from the DOT, and/or approvals from the FAA, as well as any applicable foreign government entity. In addition, we are required to comply with overfly regulations in countries that lay along our routes but which we do not serve.

International service is also subject to U.S. Customs and Border Protection (“CBP”), immigration and agriculture requirements and the requirements of equivalent foreign governmental agencies. The CBP is charged with international trade, collecting import duties, and enforcing U.S. regulations with respect to trade, customs and immigration. Like other airlines flying international routes, from time to time we may be subject to civil fines and penalties imposed by CBP if unmanifested or illegal cargo, such as illegal narcotics, is found on our aircraft. These fines and penalties, which in the case of narcotics are based upon the retail value of the seizure, may be substantial. We seek to cooperate actively with CBP and other U.S. and foreign law enforcement agencies in investigating incidents or attempts to introduce illegal cargo.

In addition, foreign regulatory agencies located in jurisdictions we serve can impose requirements on various aspects of our business, including safety, marketing, ticket sales, staffing, and tax. We will continue to comply with all contagious disease requirements issued by the United States and foreign governments, but we cannot forecast what additional requirements may be imposed in the future.

Airport Access

In the United States, the FAA currently regulates the allocation of landing and takeoff authority, slots, slot exemptions, operating authorizations or similar capacity allocation mechanisms which limit takeoffs and landings at three U.S. airports: Ronald Reagan Washington National Airport (DCA), New York’s LaGuardia Airport (LGA) and JFK International Airport (JFK), two of which we serve (DCA and LGA). In addition, John Wayne Airport (SNA) in Orange County, California has a locally imposed slot system. Our operations at these airports generally require the allocation of slots or analogous regulatory authorizations. We currently have sufficient slots or operating authorizations to operate our existing flights, but there is no assurance that we will be able to do so in the future because, among other reasons, such allocations are subject to changes in governmental regulations and policies. Our ability to retain slots or operating authorizations is subject to “use-or-lose” provisions of the governing regulations, and our ability to expand service at slot-controlled airports similarly is limited. The DOT also regulates slot transactions between airlines.

Consumer Protection Regulation

The DOT also has jurisdiction over certain economic issues affecting air transportation and consumer protection matters, including unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, airline advertising and marketing practices, codeshare disclosure, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. The DOT also has authority to review certain joint venture agreements, marketing agreements, codesharing agreements and wet-leasing agreements (where one airline provides aircraft and crew to another airline) between carriers and regulates other economic matters such as slot transactions.

The DOT has recently engaged in rulemaking with respect to airlines ticketing and fees.

In July 2021, the DOT issued a Notice of Proposed Rulemaking (“NPRM”) requiring airlines to refund checked bag fees for delayed bags if they are not delivered to the passenger within a specified number of hours and refunding ancillary fees for services related to air travel that passengers did not receive. In August 2022, the DOT issued a NPRM requiring airlines and ticket agents to provide non-expiring travel vouchers or credits to consumers holding non-refundable tickets for scheduled flights to, from or within the United States as a result of the carrier cancelling or making a significant change to a scheduled flight, a serious communicable disease or for several other rulings. The DOT combined this NPRM with the July 2021 NPRM and, while a final rule has not been issued as of December 31, 2023, the DOT has stated that it anticipates issuing a final rule in April 2024.

In October 2022, the DOT issued a NPRM which would require airlines to increase disclosure of bag fees, change and cancellation fees and family seating policies during the ticket purchase process in an effort to improve the transparency of airline pricing. While a final rule has not been issued as of December 31, 2023, the DOT has stated that it anticipates issuing a final rule in April 2024.

The DOT has also issued several NPRMs related to aircraft accessibility measures. In January 2020, the DOT published a NPRM regarding short-term improvements, including with respect to the accessibility features of lavatories and onboard wheelchair requirements on certain single-aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from their aircraft seat and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier’s website and in printed or electronic form on the aircraft, concerning the accessibility of aircraft lavatories. Comments were reopened on this NPRM in November 2021. In March 2022, the DOT issued a NPRM regarding long-term accessibility improvements that would require airlines to ensure that at least one lavatory on new single-aisle aircraft with 125 seats or more is large enough to permit a passenger with a disability (with the help of an assistant, if necessary) to approach, enter and maneuver within the lavatory, as necessary, to use all lavatory facilities and to leave by means of the aircraft’s onboard wheelchair. In August 2023, the DOT published the final rule covering both the short- and long-term accessibility measures. The final rule mandated certain short-term accessibility measures that are substantially consistent with the measures outlined in the NPRM, which we are required to comply with by October 2026. The final rule also adopted the expanded lavatory size requirement for new single-aisle aircraft with 125 seats or more, which applies to aircraft that are ordered within 10 years of or delivered 12 years after the rule’s October 2023 effective date.

Security Regulation

The TSA and the CBP, each a division of the U.S. Department of Homeland Security, are responsible for certain civil aviation security matters, including passenger and baggage screening at U.S. airports, and international passenger prescreening prior to entry into or departure from the United States. International flights are subject to

customs, border, immigration and similar requirements of equivalent foreign governmental agencies. We believe we are currently in compliance with all directives issued by such agencies.

Environmental Regulation

Environmental Compliance Requirements

We are subject to various federal, state, foreign and local laws and regulations relating to the environment and those affecting matters such as air emissions, including greenhouse gas (“GHG”) emissions, noise reduction, discharges to surface and subsurface waters, safe drinking water, and the use, management, release, discharge and disposal of, and exposure to, hazardous waste, materials and chemicals.

In particular, in June 2015, the U.S. Environmental Protection Agency (the “EPA”) issued revised underground storage tank regulations that affect airport fuel hydrant systems and reissued the Multi-Sector General Permit for Stormwater Discharges from Industrial Activities. Among other revisions, the reissued permit incorporates the EPA’s previously issued Airport Deicing Effluent Limitation Guidelines and New Source Performance Standards. In addition, California adopted a revised State Industrial General Permit for Stormwater Discharges effective July 1, 2015. This permit places additional reporting and monitoring requirements on permittees and requires implementation of mandatory best management practices. Cost estimates to comply with the above permitting requirements have not been defined, but we, along with other airlines, would share a portion of these costs at applicable airports. In addition, several U.S. airport authorities have been exploring ways to limit deicing fluid discharges. Any such existing, future, new or potential laws and regulations could have an adverse impact on our business, results of operations and financial condition.

We are also subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us.

Governmental authorities in the United States are increasingly focused on potential contamination resulting from the use of certain chemicals, most notably per- and polyfluoroalkyl, substances (“PFAS”). Products containing PFAS have been used in manufacturing, industrial and consumer applications over many decades, including those related to aviation. Among other things, recent changes to federal requirements for firefighting foams containing PFAS, as well as related state regulations affecting their use, will require operational changes. In August 2022, the EPA published for public comment a new rulemaking that would designate two PFAS substances (perfluorooctanoic acid and perfluorooctanesulfonic acid) as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act. This rulemaking, which is expected to be finalized in early 2024, would require entities to immediately report current and past releases that meet or exceed the reportable quantity for such substances to the EPA’s National Response Center. Depending on the final outcome of this rulemaking and the introduction of any additional state or federal regulations, we may incur costs in connection with reporting obligations and costs related to historic usage of PFAS-containing materials, transitioning away from the usage of PFAS-containing products, disposing of PFAS-containing waste or remediating any residual environmental impacts.

Aircraft Emissions and Climate Change Requirements

Concern about climate change and greenhouse gases may result in additional regulation and taxation of aircraft emissions in the United States and abroad. In particular, in August 2016, the EPA published a final rule finding that GHG emissions from aircraft cause or contribute to air pollution that may reasonably be anticipated to endanger public health and welfare. Several states are also considering or have adopted initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and/or regional cap-and-trade programs. On March 6, 2017, the International Civil Aviation Organization (“ICAO”) adopted new CO2 certification standards for new aircraft beginning in 2020. The new CO2 standards apply to new aircraft type designs

from 2020, and to aircraft type designs already in production as of 2023. In-production aircraft that do not meet the standards by 2028 will no longer be able to be produced unless their designs are modified to meet the new standards. In January 2021, the EPA adopted GHG emission standards for new aircraft engines, which are aligned with the 2017 ICAO aircraft engine GHG emission standards. Like the ICAO standards, the final EPA standards would not apply retroactively to engines on in-service aircraft. On November 15, 2021, the EPA announced that it would not rewrite the existing aircraft engine GHG emissions standards but would seek more ambitious new aircraft GHG emission standards within ICAO process. Since then, the EPA and ICAO's Committee on Aviation Environmental Protection have had several meetings on this issue, but no further progress has been made. Several states and environmental groups have challenged these final standards. On June 30, 2023, the U.S. Court of Appeals for the D.C. Circuit denied such petitions and upheld the EPA's standards. The outcome of any development of new aircraft GHG emissions standards cannot be predicted at this time. Additionally, on November 23, 2022, the EPA published the final rule for particulate matter emission standards and test procedures for civil aircraft engines, which took effect on January 1, 2023.

In the event that additional climate change legislation or regulation is enacted in the United States or in the event similar legislation or regulation is enacted in jurisdictions where we operate or where we may operate in the future, it could result in significant costs for us and the airline industry. In addition to direct costs, such regulation may have a greater effect on the airline industry through increases in fuel costs that could result from fuel suppliers passing on increased costs that they incur under such a system.

In addition, we are subject to the requirements of the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), an international, market-based emissions reduction program adopted by ICAO in 2016. CORSIA is intended to achieve carbon-neutral growth in the international aviation sector from 2021 through 2035 by requiring airlines to compensate for the growth in CO₂ emissions, relative to a predetermined baseline, of a significant majority of international flights through the purchase of carbon offsets or the use of low-carbon fuels. For each year from 2021 through 2032, CORSIA requires each airline to compensate for the rate of growth of the CO₂ emissions of the aviation sector as a whole as determined by ICAO. Starting in 2033, CORSIA will require airlines to compensate for growth in CO₂ emissions using a formula that will give 85% weight to the growth in aviation sector emissions and 15% weight to the growth in the individual airline's emissions over the period 2033 through 2035.

The CORSIA program will be implemented in three phases: A pilot phase that ran from 2021 through 2023, followed by a first phase of the program beginning in 2024 through 2026 and a second phase beginning in 2027 through 2035. Member countries can voluntarily participate in the pilot and first phases, while participation in the second phase is mandatory for certain countries, including the United States. The U.S. government has not yet enacted legislation to mandate that U.S. operators participate in CORSIA.

ICAO originally defined the baseline as the average emissions from covered flights in 2019 and 2020. However, due to the impact of the COVID-19 pandemic on air travel, in June 2020 ICAO removed 2020 from the baseline calculation for the CORSIA "pilot phase" (2021-2023). In October 2022, ICAO member countries have agreed that 85% of 2019 emissions would be used as the baseline for the remainder of CORSIA's term (2024-2035). Accordingly, ICAO member countries further agreed to a long-term aspirational goal of reaching net zero aviation emissions by 2050.

The costs of complying with our future obligations under CORSIA are uncertain, because there is a significant uncertainty with respect to the future supply and price of carbon offset credits and lower-carbon aircraft fuels. As of December 31, 2023, we have not been required to purchase any carbon offset credits or lower-carbon aircraft fuels for the CORSIA pilot phase. In addition, as described above, we will not directly control our CORSIA compliance costs because our compliance obligations through 2032 are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth starting in 2033.

U.S. commitments announced during the Biden Administration's April 2021 Leaders' Summit on Climate include working with other countries on a vision toward reducing the aviation sector's emissions in a manner consistent with the Biden Administration's 2050 net-zero emissions goal, continued participation in CORSIA and

development of sustainable aviation fuels (“SAF”). On September 9, 2021, the Biden Administration launched the Sustainable Aviation Fuel Grand Challenge, built upon by the FAA’s Aviation Climate Action Plan published November 9, 2021, which outlines plans to scale up the production of SAF, which aims to reduce GHG emissions from aviation by 20% by 2030 and to replace all traditional aviation fuel with SAF by 2050. Whether these U.S. goals will be achieved and if so, the potential impacts on our business, cannot be predicted at this time. As part of our efforts to decarbonize air transportation, in May 2023, we along with a consortium of other airlines, executed an agreement with CleanJoule, Inc., with a potential right to purchase SAF from CleanJoule once it achieves commercial production.

In October 2023, the state of California passed two climate disclosure laws that will impact the Company in the future. These laws require specific disclosures on the amount of Scope 1, 2 and 3 GHG emissions created by or associated with an organization for any company doing business in California with annual revenue in excess of \$1 billion, as well as disclosures around climate-related risks and the associated response to those risks, for any company doing business in California with annual revenue in excess of \$500 million. The potential direct and indirect impacts to the Company are not fully known at this time, but additional costs can be expected in relation to these disclosures. Compliance dates have not yet been finalized, but it is expected that these disclosures will be required as early as January 1, 2026.

Noise

The Airport Noise and Capacity Act of 1990 recognizes the right of airport operators with special noise problems to implement local noise abatement procedures so long as those procedures do not unreasonably interfere with interstate, foreign commerce or the national air transportation system, subject to FAA review. These restrictions can include limiting nighttime operations, directing specific aircraft operational procedures during take-off and initial climb and limiting the overall number of flights at an airport. While we have had sufficient scheduling flexibility to accommodate local noise restrictions in the past, our operations could be adversely impacted if locally imposed regulations become more restrictive or widespread.

Other Regulations

Airlines are also subject to various other federal, state, local and foreign laws and regulations. For example, the U.S. Department of Justice has jurisdiction over certain airline competition matters. Labor relations in the airline industry are generally governed by the RLA. The privacy and security of passenger and employee data is regulated by various domestic and foreign laws and regulations.

Future Regulations

The U.S. government and foreign governments may consider and adopt new laws, regulations, interpretations and policies regarding a wide variety of matters that could directly or indirectly affect our results of operations. We cannot predict what laws, regulations, interpretations and policies might be considered in the future, nor can we judge what impact, if any, the implementation of any of these proposals or changes might have on our business.

Impact of Regulatory Requirements on Our Business

Regulatory requirements, including but not limited to those discussed above, affect operations and increase operating costs for the airline industry and future regulatory developments may continue to do the same. For additional information, please see “Risk Factors — Risks Related to Our Industry — We are subject to extensive regulation by the FAA, the DOT, TSA, the CBP and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition,” “— We are subject to risks associated with climate change, including increased regulation of our CO₂ emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure,” “— We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition” and “Risk Factors — Risks Related to Our Business — Changes in legislation, regulation and government policy have affected, and

may in the future have a material adverse effect on our business, results of operations, cash flows and financial condition.”

Available Information

Our website is located at www.flyfrontier.com. We have made and expect in the future to make public disclosures to investors and the general public by means of the investor relations section of our website at ir.flyfrontier.com. In order to receive notifications regarding new postings to our website, investors are encouraged to enroll on our website to receive automatic email alerts (see <https://ir.flyfrontier.com/ir-resources/email-alerts>). We make available, free of charge, on our website our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after these reports are filed with or furnished to the SEC. The information on our website is not part of, and is not incorporated by reference in, this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making an investment decision related to our common stock. The risks and uncertainties described below may not be the only ones we face. We operate in a continually changing business environment, and new risks and uncertainties emerge from time to time. If any of these risks should occur, our business, results of operations, financial condition or growth prospects could be adversely affected. In those cases, the trading price of our common stock could decline and you may lose all or part of your investment.

Risks Related to Our Industry

The demand for airline services is highly sensitive to changes in economic conditions, and a recession or similar economic downturn in the United States or globally would further weaken demand for our services and have a material adverse effect on our business, results of operations and financial condition, particularly since a substantial portion of our customers travel for leisure or other non-essential purposes.

The demand for travel services is affected by U.S. and global economic conditions. Unfavorable economic conditions, such as those resulting from an inflationary economic environment and the responses by monetary authorities to control such inflation, rising interest rates, debt and equity market fluctuations, diminished liquidity and credit availability, increased unemployment rates, decreased investor and consumer confidence, political turmoil, supply chain challenges, natural catastrophes and the effects of climate change, regional and global conflicts and terrorist attacks and/or reactions to pandemics or other health threats, such as COVID-19, including measures to reduce the spread of any such disease, have historically impaired airline economics. For most cost-conscious leisure travelers, travel is a discretionary expense, and though we believe ULCCs are best suited to attract travelers during periods of unfavorable economic conditions as a result of such carriers' low base fares, travelers have often elected to replace air travel at such times with various other forms of ground transportation or have opted not to travel at all. Likewise, during periods of unfavorable economic conditions, businesses have deferred air travel or forgone it altogether. Travelers have also reduced spending by purchasing fewer non-fare services, which can result in a decrease in average revenue per passenger. Because airlines typically have relatively high fixed costs as a percentage of total costs, much of which cannot be mitigated during periods of lower demand for air travel, the airline business is particularly sensitive to changes in U.S. and global economic conditions. A reduction in the demand for air travel due to unfavorable economic conditions also limits our ability to raise fares to counteract increased fuel, labor and other costs. If U.S. or global economic conditions are unfavorable or uncertain for an extended period of time, including due to inflationary pressures and/or the disruption, instability and volatility in global markets resulting from the war between Russia and Ukraine and the conflict in the Middle East, it could have a material adverse effect on our business, results of operations and financial condition.

If we are unable to attract and retain qualified personnel, including our senior management team or other key employees, at reasonable costs or fail to maintain our company culture, our business, results of operations and financial condition could be harmed.

Our business is labor intensive. We require large numbers of pilots, flight attendants, maintenance technicians and other personnel. We compete against other airlines for pilots, mechanics and other skilled labor and certain U.S. airlines offer wage and benefit packages exceeding ours. The airline industry is currently experiencing certain shortages of qualified personnel. In particular, as more pilots in the industry approach mandatory retirement age, the U.S. airline industry is being affected by a pilot shortage. As is common with most of our competitors, we have faced considerable turnover of our employees. These factors have caused us recently to maintain a larger workforce than is immediately necessary for our planned operations in order to maintain network reliability and support planned growth in light of the challenges of hiring and retaining employees under current economic conditions, including the current worker shortage impacting certain sectors of the U.S. labor market. As a result of the foregoing, there can be no assurance that we will be able to attract or retain qualified personnel and we may be

required to increase wages and/or benefits in order to do so. Furthermore, we cannot predict what policies we may elect to or be required to implement in the future, or the effect thereof on our business, which could cause us to lose or experience difficulties hiring qualified personnel. If we are unable to hire, train and retain qualified employees, our business could be harmed.

Additionally, much of our future success and our ability to efficiently execute our business strategy depends on the retention of our senior management team and other key employees with industry experience and knowledge. Competition for highly qualified personnel is intense and the loss of key employees, including members of our senior management team, could disrupt our operations, adversely impact employee retention and morale, and seriously harm our business. If we are unable to provide for the succession of our senior management team and/or other key employees or if we are unable to find suitable replacements in the event that we lose one or more of those employees, our business and our growth plan may be adversely affected.

In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. Our company culture, which we believe is one of our competitive strengths, is important to providing dependable customer service and having a productive, accountable workforce that helps keep our costs low. As we continue to grow, we may be unable to identify, hire or retain enough people who meet the above criteria, including those in management or other key positions. Our company culture could otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business, results of operations and financial condition could be harmed.

The airline industry is exceedingly competitive, and we compete against legacy network airlines, low-cost carriers and other ultra low-cost carriers; if we are not able to compete successfully in our markets, our business, results of operations and financial condition may be materially adversely affected.

We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with legacy network carriers, LCCs and ULCCs. Competition on most of the routes we presently serve is significant, due to the large number of carriers in those markets. Furthermore, other airlines may begin service or increase existing service on routes where we currently face relatively little competition. In almost all instances, our competitors are larger than us and possess significantly greater financial and other resources than we do.

The airline industry is particularly susceptible to price discounting because, once a flight is scheduled, airlines incur only nominal additional costs to provide service to passengers occupying otherwise unsold seats. Increased fare or other price competition could adversely affect our operations. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to increase revenue per available seat mile. The prevalence of discount fares can be particularly acute when a competitor has excess capacity to sell. Moreover, many other airlines have unbundled their services, at least in part, by charging separately for services, such as baggage and advance seat selection, which previously were offered as a component of base fares. This unbundling and other cost-reducing measures could enable competitor airlines to reduce fares on routes that we serve.

In addition, airlines increase or decrease capacity in markets based on perceived profitability. If our competitors increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route that we serve, it could have a material adverse impact on our business. If we continue to experience increased competition, our business, results of operations and financial condition could be materially adversely affected.

We also expect that new work patterns and the growth of remote work will lead to increasing numbers of employees choosing to live remotely from their office location, which has and could continue to alter the historical demand levels on the routes we serve. While we believe our low fares and low costs will enable us to grow our network profitably in new markets in order to take advantage of new demand patterns as they arise, there can be no assurance that we will be successful in doing so or that we will be able to successfully compete with other U.S. airlines on such routes. If we fail to establish ourselves in such new markets, our business, results of operations and financial condition could be materially adversely affected.

Our growth and the success of our ULCC business model could stimulate competition in our markets through our competitors' development of their own ULCC strategies or through new market entrants. For example, certain legacy network airlines have further segmented the cabins of their aircraft in order to enable them to offer a tier of reduced base fares designed to be competitive with those offered by us and other ULCCs. We expect the legacy airlines to continue to match LCC and ULCC pricing on portions of their networks including through the selective deployment of so-called "basic economy" fares. A competitor adopting a ULCC strategy (including through the deployment of basic economy fares) may have greater financial resources and access to lower-cost sources of capital than we do, which could enable them to execute their network strategy with a lower cost structure than we can. If these competitors adopt and successfully execute a ULCC business model or similar model by deploying basic economy fares, our business, results of operations and financial condition could be materially adversely affected.

There has been significant consolidation within the airline industry and, in the future, there may be additional consolidation. Business combinations could significantly alter industry conditions and competition within the airline industry and could enable our competitors to reduce their fares.

The extremely competitive nature of the airline industry could prevent us from attaining the level of passenger traffic or maintaining the level of fares or revenues related to non-fare services, required to achieve and sustain profitable operations in new and existing markets. This could impede our growth strategy, which could harm our operating results. Due to our relatively small size, we are susceptible to a fare war or other competitive activities in one or more of the markets we serve, which could have a material adverse effect on our business, results of operations and financial condition.

Our business has been, and may in the future be, materially adversely affected by the price and availability of aircraft fuel. Unexpected pricing of aircraft fuel or a shortage of, or disruption in, the supply of aircraft fuel could have a material adverse effect on our business, results of operations and financial condition.

The cost of aircraft fuel is highly volatile and has generally been one of our largest individual operating expenses, accounting for 31% and 34% of our operating expenses for the years ended December 31, 2023 and 2022, respectively. High fuel prices or increases in fuel costs (or in the price of crude oil) would result in increased levels of expense, and we may not be able to increase ticket prices sufficiently to cover such increased fuel costs, particularly when fuel prices rise quickly. We also sell a significant number of tickets to passengers well in advance of travel and, as a result, fares sold for future travel may not reflect such increased fuel costs. In addition, our ability to increase ticket prices to offset an increase in fuel costs is limited by the competitive nature of the airline industry and the price sensitivity associated with air travel, particularly leisure travel, and any increases in fares may reduce the general demand. Conversely, prolonged periods of low fuel prices could limit our ability to differentiate our product and low fares from those of the legacy network airlines and LCCs, as prolonged periods of low fuel prices could enable such carriers to, among other things, substantially decrease their costs, fly longer stages or utilize older aircraft. In addition, prolonged periods of low fuel prices could also reduce the benefit we expect to receive from the new technology, more fuel-efficient A320neo family aircraft we operate and have on order. Any future fluctuations in aircraft fuel prices or sustained high or low fuel prices could have a material adverse effect on our business, results of operations and financial condition.

Our business is also dependent on the availability of aircraft fuel (or crude oil), which is not predictable. Weather-related events and natural disasters (including hurricanes or similar events in the U.S. Southeast and on the Gulf Coast where a significant portion of domestic refining capacity is located), terrorism, wars (including the war between Russia and Ukraine and the conflict in the Middle East), supply chain disruptions, political disruption or instability involving oil-producing countries, changes in production levels of individual nations or associations of oil-producing states, economic sanctions imposed against oil-producing countries or specific industry participants, changes in fuel-related government policy, the strength of the U.S. dollar against foreign currencies, labor strikes, cyberattacks or other events affecting refinery production, transportation, taxes, marketing, environmental concerns, market manipulation, price speculation and other unpredictable events may drive actual or perceived fuel supply shortages. Shortages in the availability of, or increases in demand for, crude oil in general, other crude oil-based fuel derivatives and aircraft fuel in particular have resulted, and could continue to result, in increased fuel prices and could have a material adverse effect on our business, results of operations and financial condition.

As of December 31, 2023 and 2022, we had no fuel cash flow hedges for future fuel consumption and fuel hedges; therefore, we had no material impact within our consolidated statements of operations for the year ended December 31, 2023. We cannot assure you that any potential future fuel hedging program will be effective or that we will maintain a fuel hedging program. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our hedge contracts will provide an adequate level of protection against increased fuel costs or that the counterparties to our hedge contracts will be able to perform. Our fuel hedge contracts may contain margin funding requirements that could require us to post collateral to counterparties in the event of a significant drop in fuel prices in the future. Additionally, our ability to realize the benefit of declining fuel prices may be delayed by the impact of any fuel hedges in place, and we may record significant losses on fuel hedges during periods of declining fuel prices. A failure of our fuel hedging strategy, significant margin funding requirements, overpaying for fuel through the use of hedging arrangements or our failure to maintain a fuel hedging program could prevent us from adequately mitigating the risk of fuel price increases and could have a material adverse effect on our business, results of operations and financial condition.

As a result of the U.S. Sustainable Aviation Fuel Grand Challenge launched by the Biden Administration on September 9, 2021 and the Aviation Climate Action Plan published by the FAA on November 9, 2021, which outlines plans to scale up the production of SAF and aims to reduce GHG emissions from aviation by 20% by 2030 and to replace all traditional aviation fuel with SAF by 2050, industry demand for SAF had grown. Currently, industrial production of SAF is small in scale and inadequate to meet growing industry demand, and while additional production capacity is expected to come online in coming years, we anticipate that competition for SAF among industry participants will remain intense. As a result, we may need to pay a significant premium for SAF above the price we would pay for conventional jet fuel. Certain existing or potential future agreements pertain to SAF production from facilities that are planned but not yet operational, and which may utilize technology that has not been proven at commercial scale. There is no assurance that these facilities will be built or that they will meet contracted production timelines and volumes. In the event that the SAF is not delivered on schedule or in sufficient volumes, there can be no assurance that we will be able to source a supply of SAF sufficient to meet our stated goals, or that we will be able to do so on favorable economic terms.

We are subject to extensive regulation by the FAA, the DOT, the TSA, the CBP and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition.

Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, the U.S. Congress has passed laws and the FAA, the DOT and the TSA have issued regulations, orders, rulings and guidance relating to the operation, safety and security of airlines and consumer protections that have required significant expenditures. We expect to continue to incur expenses in connection with complying with such laws and government regulations, orders, rulings and guidance. Additional laws, regulations, taxes and increased airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel, or have the effect of raising ticket prices, reducing revenue and increasing costs. For example, the Emergency Vacating of Aircraft Cabin Act (the "EVAC Act") was introduced in the U.S. Congress in December 2022 and reintroduced in May 2023. If enacted, the EVAC Act would require the FAA to promulgate a rule establishing evacuation standards, considering, among other factors, the ability of passengers with disabilities and passengers of different ages, heights and weight to safely and efficiently evacuate the aircraft, and the impact of seat size and seat pitch on the evacuation process. Required changes to the configuration of our aircraft could significantly increase our operational costs and could decrease potential passenger revenue.

The DOT has broad authority over airlines and their consumer and competitive practices, and has used this authority to issue numerous regulations and pursue enforcement actions, including rules and fines relating to the handling of unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, airline advertising and marketing practices, codeshare disclosure, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. In addition, the FAA Reauthorization Act of 2018, signed into law on October 5, 2018, contains

provisions requiring the DOT to, among other things, lift the payment cap on denied boarding compensation, create new requirements for the treatment of disabled passengers, and treble the maximum civil penalty for damage to wheelchairs and other assistive devices or for injuring a disabled passenger, and requiring the FAA to issue rules establishing minimum dimensions for passenger seats, including seat pitch, width and length, and to implement the rest requirements for flight attendants.

The FAA Reauthorization Act of 2018 also included a five-year funding authorization for the FAA which was scheduled to expire on September 30, 2023, but was most recently extended to March 8, 2024. The legislative process to renew this authorization (the "FAA Authorization Renewal") could impact us, and commercial aviation more generally, in numerous ways. As part of the FAA Authorization Renewal, the U.S. Congress could seek to impose new rules or regulations concerning, among other things, customer service, aviation safety, labor requirements, investments in FAA staffing and resources, improvements to the air traffic control system and managing new entrants in the U.S. national airspace system, as well as new or increased fees or taxes intended to fund these policies. Any new or enhanced requirements resulting from the FAA Authorization Renewal have the potential to increase our costs or impact our operation. If the U.S. Congress fails to pass the FAA Authorization Renewal, we expect passage of an additional extension of the current law to prevent a lapse in authorities.

In July 2021, the DOT issued a NPRM requiring airlines to refund checked bag fees for delayed bags if they are not delivered to the passenger within a specified number of hours and refunding ancillary fees for services related to air travel that passengers did not receive. In August 2022, the DOT issued a NPRM requiring airlines and ticket agents to provide non-expiring travel vouchers or credits to consumers holding non-refundable tickets for scheduled flights to, from or within the United States as a result of the carrier cancelling or making a significant change to a scheduled flight, a serious communicable disease or for several other rulings. The DOT combined this NPRM with the July 2021 NPRM and, while a final rule has not been issued as of December 31, 2023, the DOT has stated that it anticipates issuing a final rule in April 2024.

In October 2022, the DOT issued a NPRM which would require airlines to increase disclosure of bag fees, change and cancellation fees and family seating policies during the ticket purchase process in an effort to improve the transparency of airline pricing. While a final rule has not been issued as of December 31, 2023, the DOT has stated that it anticipates issuing a final rule in April 2024.

The DOT has also issued several NPRMs related to aircraft accessibility measures. In January 2020, the DOT published a NPRM regarding short-term improvements, including with respect to the accessibility features of lavatories and onboard wheelchair requirements on certain single-aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from their aircraft seat and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier's website and in printed or electronic form on the aircraft, concerning the accessibility of aircraft lavatories. Comments were reopened on this NPRM in November 2021. In March 2022, the DOT issued a NPRM regarding long-term accessibility improvements that would require airlines to ensure that at least one lavatory on new single-aisle aircraft with 125 seats or more is large enough to permit a passenger with a disability (with the help of an assistant, if necessary) to approach, enter and maneuver within the lavatory, as necessary, to use all lavatory facilities and to leave by means of the aircraft's onboard wheelchair. In August 2023, the DOT published the final rule covering both the short- and long-term accessibility measures. The final rule mandated certain short-term accessibility measures that are substantially consistent with the measures outlined in the NPRM, which we are required to comply with by October 2026. The final rule also adopted the expanded lavatory size requirement for new single-aisle aircraft with 125 seats or more, which applies to aircraft that are ordered within 10 years of, or delivered 12 years after, the rule's October 2023 effective date.

The DOT has also published final rules regarding traveling by air with service animals, defining unfair or deceptive practices, clarifying that the maximum amount of denied boarding compensation that a carrier may provide to a passenger denied boarding involuntarily is not limited, prohibiting airlines from involuntarily denying boarding to a passenger after the passenger's boarding pass has been collected or scanned and the passenger has

boarded (subject to safety and security exceptions), raising the liability limits for denied boarding compensation and raising the liability limit for mishandled baggage in domestic air transportation.

The FAA has issued final regulations governing pilot rest periods and work hours for all passenger airlines certificated under Part 121 of the Federal Aviation Regulations (“FAR”). The rule known as FAR Part 117, which became effective January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments and modifies duty and rest requirements based on the time of day, number of scheduled segments, time zones and other factors. In addition, the U.S. Congress enacted a law and the FAA issued regulations requiring U.S. airline pilots to have a minimum number of hours as a pilot in order to qualify for an Air Transport Pilot certificate, which all pilots on U.S. airlines must obtain. In October 2022, the FAA issued a final rule mandating rest periods of at least 10 consecutive hours for flight attendants who are scheduled for a duty period of 14 hours or less and prohibiting the reduction of the rest period under any circumstances, which will impact our scheduling flexibility. Compliance with these rules may increase our costs, while failure to remain in full compliance with these rules may subject us to fines or other enforcement action. FAR Part 117 and the minimum pilot hour requirements may also reduce our ability to meet flight crew staffing requirements. We cannot assure you that compliance with these and other laws, regulations, orders, rulings and guidance will not have a material adverse effect on our business, results of operations and financial condition.

In addition, the TSA mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, some of which is funded by a security fee imposed on passengers and collected by airlines. We cannot forecast what additional security and safety requirements may be imposed in the future or the costs or revenue impact that would be associated with complying with such requirements.

Our ability to operate as an airline is dependent on our obtaining and maintaining authorizations issued to us by the DOT and the FAA. The FAA from time to time issues directives and other mandatory orders relating to, among other things, operating aircraft, the grounding of aircraft, maintenance and inspection of aircraft, installation of new safety-related items, and removal and replacement of aircraft parts that have failed or may fail in the future. These requirements can be issued with little or no notice, can impact our ability to efficiently or fully utilize our aircraft, and could result in the temporary grounding of aircraft types altogether. A decision by the FAA to ground, or require time-consuming inspections of or maintenance on, our aircraft, for any reason, could negatively affect our business, results of operations and financial condition. Federal law requires that air carriers operating scheduled service be continuously “fit, willing and able” to provide the services for which they are licensed. Our “fitness” is monitored by the DOT, which considers managerial competence, operations, finances and compliance record. In addition, under federal law, we must be a U.S. citizen (as determined under applicable law). Please see “Business—Foreign Ownership”. While the DOT has seldom revoked a carrier’s certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. The DOT may also institute investigations or administrative proceedings against airlines for violations of regulations.

International routes are regulated by air transport agreements and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change, as the applicable agreements between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by the applicable air transport agreements between the United States and foreign governments and our ability to obtain the necessary authority from the United States and foreign governments to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals, airport slots and restrictions on competitive practices. We are subject to numerous foreign regulations in the countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see “Business—Government Regulation”.

Restrictions on, or increased taxes applicable to, charges for non-fare products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition.

For the years ended December 31, 2023 and 2022, we generated non-fare passenger revenues of \$2,232 million and \$1,866 million, respectively. Our non-fare passenger revenue consists primarily of revenue generated from air travel-related services such as service fees, baggage fees, seat selection fees and other passenger-related revenue and is a component of passenger revenue within our consolidated statements of operations. DOT has rules governing many facets of the airline-consumer relationship including, for instance, unfair or deceptive practices and unfair methods of competition including undisclosed display bias, lengthy tarmac delays, chronically delayed flights, airline advertising and marketing practices, codeshare disclosure, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. The DOT periodically audits airlines to determine whether such airlines have violated any of the DOT rules. The DOT has conducted audits of our business and routine post-audit investigations of our business are ongoing. If the DOT determines that we are not, or have not been, in compliance with these rules or if we are unable to remain compliant, the DOT may subject us to fines or other enforcement action.

The DOT may also impose additional consumer protection requirements, including adding requirements to modify our websites and computer reservations system, which could have a material adverse effect on our business, results of operations and financial condition. For a discussion of DOT regulations and rulemaking efforts, please see “—We are subject to extensive regulations by the FAA, the DOT, the TSA, the CBP and other U.S. and foreign governmental agencies, compliance with which would cause us to incur increased costs and adversely affect our business, results of operations and financial condition.”

The U.S. Congress and the DOT have also examined the increasingly common airline industry practice of unbundling the pricing of certain products and ancillary services, a practice that is a core component of our business strategy. If new laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, or if new taxes are imposed on non-fare passenger revenues, our business, results of operations and financial condition could be harmed. Congressional, federal agency and other government scrutiny may also change industry practice or the public’s willingness to pay for non-fare ancillary services. See also “—We are subject to extensive regulation by the FAA, the DOT, the TSA, the CBP and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition.”

We are also subject to the examination of our tax returns and other tax matters by the Internal Revenue Service and other tax authorities. There can be no assurance as to the outcome of these examinations, and we could face additional tax liability, including interest and penalties, which could adversely affect our business, results of operations and financial condition.

We are subject to risks associated with climate change, including increased regulation of our CO₂ emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure.

Efforts to transition to a low-carbon future have increased the focus by global, national and regional regulators on climate change and GHG emissions, including CO₂ emissions. In particular, ICAO has adopted rules, including those pertaining to CORSIA, which will require us to address the growth in CO₂ emissions of a significant majority of our international flights. For more information on CORSIA, see “Business—Government Regulation—Environmental Regulation”.

At this time, the costs of complying with our future obligations under CORSIA are uncertain because there is a significant uncertainty with respect to the future supply and price of carbon offset credits and lower-carbon aircraft fuels. In addition, we will not directly control our CORSIA compliance costs through 2032 because those obligations are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for

individual airline operator emissions growth beginning in 2033. Due to the competitive nature of the airline industry and unpredictability of the market for air travel, we can offer no assurance that we may be able to increase our fares, impose surcharges or otherwise increase revenues or decrease other operating costs sufficiently to offset our costs of meeting obligations under CORSIA.

In the event that CORSIA does not come into force as expected or is terminated for whatever reason, we and other airlines could become subject to an unpredictable and inconsistent array of national or regional emissions restrictions, creating a patchwork of complex regulatory requirements that could affect global competitors differently without offering meaningful aviation environmental improvements. Concerns over climate change are likely to result in continued attempts by municipal, state, regional and federal agencies to adopt requirements or change business environments related to aviation that, if successful, may result in increased costs to the airline industry and us. In addition, several countries and U.S. states have adopted, or are considering adopting, programs, including new taxes, to regulate domestic GHG emissions. For example, in October 2023, California became the first state to sign two climate disclosure laws which will require certain companies doing business in California to disclose their GHG emissions and climate-related financial risks. Other states and jurisdictions in which we operate may adopt similar laws. Certain airports have adopted, and others could in the future adopt, GHG emission or climate-related goals that could impact our operations or require us to make changes or investments in our infrastructure.

In addition, in January 2021, the EPA adopted GHG emission standards for new aircraft engines, which are aligned with the 2017 ICAO aircraft engine GHG emission standards. Like the ICAO standards, the final EPA standards for new aircraft engines would not apply retroactively to engines on in-service aircraft. On November 15, 2021, the EPA announced that it would not rewrite the existing airplane GHG emissions standards but would seek for more ambitious new airplane GHG emission standards within the ICAO process. Since then, the EPA and ICAO's Committee on Aviation Environmental Protection have had several meetings on this issue, but no further progress has been made. Several states and environmental groups have challenged EPA's final standards. On June 30, 2023, the U.S. Court of Appeals for the D.C. Circuit denied such petitions and upheld the EPA's standards.

U.S. commitments announced during President Biden's April 2021 Leaders' Summit on Climate include working with other countries on a vision toward reducing the aviation sector's emissions in a manner consistent with the Biden Administration's 2050 net-zero emissions goal, continued participation in CORSIA and development of SAF. On September 9, 2021, the Biden Administration launched the Sustainable Aviation Fuel Grand Challenge, built upon by the FAA's Aviation Climate Action Plan published November 9, 2021, which outlines plans to scale up the production of SAF, aiming to reduce GHG emissions from aviation by 20% by 2030 and to replace all traditional aviation fuel with SAF by 2050. Whether these U.S. or international goals will be achieved and the potential effects on our business cannot be predicted at this time. If demand for SAF increases beyond the current capacity of SAF production efforts, we may need to pay a significant premium for SAF above the cost of traditional fuel.

All such climate change-related regulatory activity and developments may adversely affect our business and financial results by requiring us to reduce our emissions, make capital investments to purchase specific types of equipment or technologies, purchase carbon offset credits or otherwise incur additional costs related to our emissions, either due to direct regulation on us, regulation on our suppliers or others in our value chain, or otherwise. Such activity may also impact us indirectly by increasing our operating costs, including fuel costs.

Growing recognition among consumers of the dangers of climate change may mean some customers choose to fly less frequently or fly on an airline they perceive as operating in a manner that is more sustainable to the climate or generally. Business customers may choose to use alternatives to travel, such as virtual meetings and workspaces. Greater development of high-speed rail in markets now served by short-haul flights could provide passengers with lower-carbon alternatives to flying with us. Our collateral to secure loans, in the form of aircraft, spare parts and airport slots, could lose value as customer demand shifts and economies move to low-carbon alternatives, which may increase our financing costs. Additionally, climate change-related litigation and investigations have increased in recent years and any claims or investigations against us could be costly to defend and our business could be adversely affected by the outcome.

Finally, the potential acute and chronic physical effects of climate change, such as increased frequency and severity of storms, floods, fires, sea-level rise, excessive heat, longer-term changes in weather patterns and other climate-related events, could affect our operations, infrastructure and financial results. Such severe weather events may increase the incidence of delays and cancellations, increase turbulence-related injuries, impact fuel consumption to avoid weather, require repositioning of aircraft to avoid damage or accommodate changed flights, or reduce demand for travel. Operational impacts, such as the cancelling of flights, could result in loss of revenue. We could incur significant costs to improve the climate resiliency of our infrastructure and otherwise prepare for, respond to and mitigate such physical effects of climate change. We are not able to predict accurately the materiality of any potential losses or costs associated with the physical effects of climate change at this time.

We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment and noise reduction, including those relating to air emissions, discharges (including storm water discharges) to surface and subsurface waters, safe drinking water and the use, management, disposal and release of, and exposure to, hazardous waste, materials and chemicals. We are or may be subject to new or proposed laws and regulations that may have a direct effect (or indirect effect through our third-party specialists or airport facilities at which we operate) on our operations. In addition, U.S. airport authorities are exploring ways to limit de-icing fluid discharges. Any such existing, future, new or potential laws and regulations could have an adverse impact on our business, results of operations and financial condition.

Similarly, we are subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us.

In addition, ICAO and jurisdictions around the world have adopted noise regulations that require all aircraft to comply with noise-level standards, and governmental authorities in several U.S. and foreign cities are considering or have already implemented aircraft noise reduction programs, including the imposition of overnight curfews and limitations on daytime take-offs and landings. Compliance with existing and future environmental laws and regulations, including emissions limitations and more restrictive or widespread noise regulations, that may be applicable to us could require significant expenditures, increase our cost base and have a material adverse effect on our business, results of operations and financial condition, and violations thereof can lead to significant fines and penalties, among other sanctions.

We routinely participate with other airlines in fuel consortia and fuel committees at our airports. The related agreements generally include cost-sharing provisions and environmental indemnities that are generally joint and several among the participating airlines. Any costs (including remediation and spill response costs) incurred by such fuel consortia could also have an adverse impact on our business, results of operations and financial condition.

Airlines are often affected by factors beyond their control, including: air traffic congestion at airports; air traffic control inefficiencies; government shutdowns; major construction or improvement projects at airports; aircraft and engine defects; FAA grounding of aircraft; adverse weather conditions; increased security measures; new travel-related identification requirements, taxes and fees; natural disasters; or outbreaks of disease, any of which could have a material adverse effect on our business, results of operations and financial condition.

Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, government shutdowns, major construction or improvement projects at airports at which we operate, aircraft and engine defects, FAA grounding of aircraft, adverse weather conditions, increased security measures, new travel-related identification requirements, taxes and fees, natural disasters and outbreaks of disease. Flight delays caused by these factors may frustrate passengers and may increase costs and

decrease revenues which, in turn, could adversely affect our profitability. The federal government controls all U.S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient and affordable manner. The federal government also controls airport security. The air traffic control system, which is operated by the FAA, has in the past and we expect will continue to face challenges in managing the demand for U.S. air travel. Federal government slowdowns or shutdowns may further impact the availability of federal resources, such as air traffic controllers and security personnel, necessary to provide air traffic control and airport security. Staffing shortages, such as the recent shortage of air traffic controllers, can cause delays or cancellations of flights or may impact our ability to take delivery of aircraft or expand our route network or airport footprint. In addition, U.S. and foreign air traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes resulting in delays. Further, implementation of the Next Generation Air Transport System, or NextGen, by the FAA could result in changes to aircraft routings and flight paths that could lead to increased noise complaints and other lawsuits, resulting in increased costs. The U.S. Congress could enact legislation that could impose a wide range of consumer protection requirements, which could increase our costs of doing business.

In addition, airlines may also experience disruptions to their operations as a result of the aircraft and engines they operate, such as manufacturing defects, spare part shortages and other factors beyond their control. Please see “Risk Factors—Risks Related to Our Business—We depend on a sole-source supplier for our aircraft and two suppliers for our engines.”

We provide service to many areas of the United States that are at risk of, and from time to time experience, severe weather events. Adverse weather conditions and natural disasters, such as hurricanes, thunderstorms, blizzards, snowstorms or earthquakes, can cause flight cancellations or significant delays. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors may affect us to a greater degree than other larger airlines that may be able to recover more quickly from these events, and therefore could have a material adverse effect on our business, results of operations and financial condition to a greater degree than other air carriers. Because of our high utilization, operational disruptions can have a disproportionate impact on our ability to recover from such disruptions. In addition, many airlines re-accommodate their disrupted passengers on other airlines at prearranged rates under flight interruption manifest agreements. We have been unsuccessful in procuring any of these agreements with our peers which makes our recovery from disruption more challenging than for larger airlines that have these agreements in place. New identification requirements, such as the implementation of rules under the REAL ID Act of 2005, and increased travel taxes, such as those provided in the Travel Promotion Act, enacted in March 2010, which currently charges visitors from certain countries a \$17 fee every two years to travel into the United States to subsidize certain travel promotion efforts, could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition.

We face competition from air travel substitutes.

In addition to airline competition from legacy network airlines, LCCs and other ULCCs, we also face competition from air travel substitutes. On our domestic routes, particularly those with shorter stage lengths, we face competition from other transportation alternatives, such as buses, trains or automobiles. In addition, technology advancements may limit the demand for air travel. For example, video conferencing, virtual and augmented reality and other methods of electronic communication may reduce the need for in-person communication. Any inability to stimulate demand for air travel with our low base fares or to adjust rapidly in the event that the basis of competition in our markets changes could have a material adverse effect on our business, results of operations and financial condition.

Future public health threats or outbreaks of disease, including pandemics similar to the COVID-19 pandemic, as well as measures to reduce the spread of such disease and the related economic impact, could have a material adverse impact on our business, results of operations and financial conditions.

The outbreak and global spread of COVID-19 resulted in a severe decline in demand for air travel, and measures to reduce the spread of COVID-19 adversely impacted our business, results of operations, financial

condition and liquidity. Future public health threats or outbreaks of disease, including pandemics similar to the COVID-19 pandemic, as well as measures to reduce the spread of such disease, could adversely affect general economic conditions and demand for air travel which, in turn, could have a material adverse impact on our business, results of operations, and financial condition. The duration and severity of a future public health threat or outbreak of disease, or any additional governmental or regulatory requirements that could be imposed on our business in response to such public health threat or disease, cannot be predicted and could result in additional adverse effects on our business, results of operations and financial condition.

Threatened or actual terrorist attacks or security concerns, particularly those involving airlines, could have a material adverse effect on our business, results of operations and financial condition.

Past terrorist attacks or attempted attacks, particularly those against airlines, have caused substantial revenue losses and increased security costs, and any actual or threatened terrorist attack or security breach, even if not directly against an airline, could have a material adverse effect on our business, results of operations and financial condition. For instance, enhanced passenger screening, increased regulation governing carry-on baggage and other similar restrictions on passenger travel may further increase passenger inconvenience and reduce the demand for air travel. In addition, increased or enhanced security measures have tended to result in higher governmental fees imposed on airlines, thereby resulting in higher operating costs for airlines, which we may not be able to pass on to consumers in the form of higher prices. Terrorist attacks made directly on an airline, particularly in the United States, or the fear of such attacks or other hostilities, including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats, would have a negative impact on the airline industry and could have a material adverse effect on our business, results of operations and financial condition.

Risks associated with our presence in international emerging markets, including political or economic instability, and failure to adequately comply with existing legal requirements, may materially adversely affect our business, results of operations and financial condition.

Some of our target growth markets include countries with less developed economies, legal systems or financial markets, and business and political environments that are vulnerable to economic and political disruptions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets served by us now or in the future and the resulting instability may have a material adverse effect on our business, results of operations and financial condition.

We emphasize compliance with all applicable laws and regulations and have implemented and continue to implement and refresh policies, procedures and certain ongoing training of our employees, third-party specialists and partners with regard to business ethics and key legal requirements; however, we cannot assure you that our employees, third-party specialists or partners will adhere to our code of ethics, other policies or other legal requirements. If we fail to enforce our policies and procedures properly or maintain adequate recordkeeping and internal accounting practices to record our transactions accurately, we may be subject to sanctions. In the event we believe, or have reason to believe, that our employees, third-party specialists or partners have or may have violated applicable laws or regulations, we may incur investigation costs, potential penalties and other related costs which, in turn, may have a material adverse effect on our reputation, business, results of operations and financial condition.

Increases in insurance costs or reductions in insurance coverage may have a material adverse effect on our business, results of operations and financial condition.

If any of our aircraft were to be involved in a significant accident or if our property or operations were to be affected by a significant natural catastrophe or other event, we could be exposed to material liability or loss. If we are unable to obtain sufficient insurance (including aviation hull and liability insurance, property and business interruption coverage and cybersecurity incident coverage) to cover such liabilities or losses, whether due to

insurance market conditions or otherwise, our business, results of operations and financial condition could be materially adversely affected.

We currently obtain third-party war risk (terrorism) insurance as part of our commercial aviation hull and liability policy and additional third-party war risk (terrorism) insurance through a separate policy with a different private insurance company. Our current third-party war risk (terrorism) insurance from commercial underwriters excludes nuclear, radiological and certain other events. If we are unable to obtain adequate war risk insurance, or if an event not covered by the insurance we maintain were to take place, our business, results of operations and financial condition could be materially adversely affected.

A decline in, or temporary suspension of, the funding or operations of the U.S. federal government or its agencies may adversely affect our future operating results or negatively impact the timing and implementation of our growth prospects.

The success of our operations and our future growth is dependent on a number of federal agencies, including the FAA, the DOT and the TSA. In the event of a slowdown or shutdown of the federal government, certain functions of these and other federal agencies may be significantly diminished or completely suspended for an indefinite period of time, the conclusion of which is outside of our control. During such periods, it may not be possible for us to obtain the operational approvals and certifications required for events that are critical to the successful execution of our operational strategy, such as the delivery of new aircraft or the implementation of new routes. Additionally, there may be an impact on critical airport operations, particularly security, air traffic control and other functions that could cause airport delays and flight cancellations and negatively impact consumer demand for air travel.

Furthermore, once a period of slowdown or government shutdown has concluded, there will likely be an operational backlog within the federal agencies that may extend the length of time that such events continue to negatively impact our business, results of operations and financial condition beyond the end of such period.

Risks Related to Our Business

If we fail to implement our business strategy successfully, our business, results of operations and financial condition could be materially adversely affected.

Our growth strategy includes significantly expanding our fleet and expanding the number of markets we serve. We select target markets and routes where we believe we can achieve profitability within a reasonable timeframe, and we only continue operating on routes where we believe we can achieve and maintain our desired level of profitability. When developing our route network, we focus on gaining market share on routes that have been underserved or that are served primarily by higher cost airlines, where we believe we have a competitive cost advantage. Effectively implementing our growth strategy is critical for our business to achieve economies of scale and to sustain or increase our profitability. We face numerous challenges in implementing our growth strategy, including our ability to:

- sustain our relatively low unit operating costs;
- continue to realize attractive revenue performance;
- achieve and maintain profitability;
- maintain a high level of aircraft utilization; and
- access airports located in our targeted geographic markets where we can operate routes in a manner that is consistent with our cost strategy.

In addition, in order to successfully implement our growth strategy, which includes the planned growth of our fleet size and a firm commitment to purchase 210 A320neo family aircraft by the end of 2029, we will require access to a large number of gates and other services at airports we currently serve or may seek to serve. We believe there are currently significant restraints on gates and related ground facilities at many of the most heavily utilized airports in the United States, in addition to the fact that three major domestic airports (JFK and LaGuardia in New York and Reagan National in Washington, D.C.) require government-controlled take-off or landing “slots” to

operate at those airports. As a result, if we are unable to obtain access to a sufficient number of slots, gates or related ground facilities at desirable airports to accommodate our growing fleet, we may be unable to compete in those markets, our aircraft utilization rate could decrease and we could suffer a material adverse effect on our business, results of operations and financial condition.

Our growth is also dependent upon our ability to maintain a safe and secure operation and will require additional personnel, equipment and facilities as we continue to induct new aircraft and execute our growth plan. In addition, we will require additional third-party personnel for services we do not undertake ourselves. An inability to hire and retain personnel, secure the required equipment and facilities in a cost-effective and timely manner, efficiently operate our expanded facilities or obtain the necessary regulatory approvals may adversely affect our ability to achieve our growth strategy, which could harm our business. Furthermore, expansion to new markets may have other risks due to factors specific to those markets. We may be unable to foresee all of the existing risks upon entering certain new markets or respond adequately to these risks, and our growth strategy and our business may suffer as a result. In addition, our competitors may reduce their fares and/or offer special promotions following our entry into a new market. We cannot assure you that we will be able to profitably expand our existing markets or establish new markets.

Some of our target growth markets outside of the United States include countries with less developed economies that may be vulnerable to unstable economic and political conditions, see “— Risks associated with our presence in international emerging markets, including political or economic instability, and failure to adequately comply with existing legal requirements, may materially adversely affect our business, results of operations and financial condition.”

Our low-cost structure is one of our primary competitive advantages, and many factors could affect our ability to control our costs.

Our low-cost structure is one of our primary competitive advantages. However, we have limited control over some of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, the acquisition and operating cost of aircraft, airport and related infrastructure costs, taxes, the cost of meeting changing regulatory requirements and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of collective bargaining agreements, which could result in increased labor costs. See “— Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and financial condition.” Further, in an inflationary environment that also exhibits worker and fuel shortages, depending on airline industry and other economic conditions, we may be unable to manage through the resulting increases in our operating costs. We cannot predict the extent to which high inflation may occur in the U.S. economy in the future, or for how long an inflationary period or worker or fuel shortages will last. As such, we cannot guarantee that we will be able to maintain our relatively low costs. If our costs increase and we are no longer able to maintain a competitive cost structure, it could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to grow or maintain our unit revenues or maintain our non-fare revenues.

A key component of our *Low Fares Done Right* strategy is attracting customers with low fares and garnering repeat business by delivering a high-quality, family-friendly customer experience with a more upscale look and feel than traditionally experienced on other ULCCs in the United States. We intend to continue to differentiate our brand and product in order to expand our loyal customer base and grow or maintain our unit revenues and maintain our non-fare revenues. The rising cost of aircraft and engine maintenance may impair our ability to offer low-cost fares, resulting in reduced revenues. Differentiating our brand and product has required, and will continue to require, significant investment, and we cannot assure you that the initiatives we have implemented will continue to be successful or that the initiatives we intend to implement will be successful. If we are unable to maintain or further differentiate our brand and product from the other U.S. ULCCs, our market share could decline, which could have a material adverse effect on our business, results of operations and financial condition. We may also not be successful

in leveraging our brand and product to stimulate new demand with low base fares or gain market share from the legacy airlines, particularly if we experience significant excess capacity.

In addition, our business strategy includes maintaining our portfolio of desirable, value-oriented, non-fare products and services. However, we cannot assure you that passengers will continue to perceive value in the non-fare products and services we currently offer and regulatory initiatives could adversely affect non-fare revenue opportunities. Failure to maintain our non-fare revenues could have a material adverse effect on our business, results of operations and financial condition. Furthermore, if we are unable to maintain our non-fare revenues, we may not be able to execute our strategy to continue to lower base fares in order to stimulate demand for air travel.

We depend on a sole-source supplier for our aircraft and two suppliers for our engines.

A critical cost-saving element of our business strategy is to operate a single-family aircraft fleet; however, our dependence on the Airbus A320 family aircraft for all of our aircraft and on CFM International, an affiliate of General Electric Company, and Pratt & Whitney for our engines makes us vulnerable to any delivery delays, design defects, mechanical problems or other technical or regulatory issues associated with this aircraft type or these engines. In the event of any actual or suspected design defects or mechanical problems with the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether involving our aircraft or that of another airline, we may choose, or be required, to suspend or restrict the use of our aircraft. Our business could also be materially adversely affected if the public avoids flying on our aircraft due to an adverse perception of the Airbus A320 family aircraft or CFM International or Pratt & Whitney engines, whether because of safety concerns or other problems, real or perceived, or in the event of an accident involving such aircraft or engines.

Since 2022, we have begun to introduce aircraft into our fleet that use the Pratt & Whitney PW1100 Geared Turbo Fan (“GTF”) engine, and we have selected this engine for most of our planned future deliveries. In the third quarter of 2023, Pratt & Whitney announced an expansion of an inspection program related to PW1100 GTF engines, which, for the first time, includes engines in our fleet. This inspection program is expected to begin in the second half of 2024. In December 2023, the FAA issued a NPRM proposing to supersede two Airworthiness Directives related to PW1100 GTF engines. Although final Airworthiness Directives have not been issued as of the date of this report, the Airworthiness Directives, if adopted as proposed, would impose additional inspection and maintenance requirements on PW1100 GTF engines, including accelerated replacement of certain engine components. Although the specific impact to our operations is unknown at this time, additional inspection or maintenance obligations, whether required by Pratt & Whitney or the FAA, could result in lengthy turnaround times to perform these inspections and any resulting repairs or other modifications that may be identified. This inspection program could have an adverse impact on our operations, particularly if we are required to temporarily take aircraft out of service, however, we do not anticipate a material impact on our financial condition given the contractual protections in our Pratt & Whitney agreements. The inspection program could potentially affect the timing of future deliveries of aircraft for which Pratt & Whitney engines have been selected.

Separately, if any of Airbus, CFM International or Pratt & Whitney becomes unable to perform its contractual obligations, including a failure to deliver aircraft or engines on schedule, and we must lease or purchase aircraft or engines from another supplier, we would incur substantial transition costs, including expenses related to acquiring new aircraft, engines, spare parts, maintenance facilities and training activities, and we would lose the cost benefits realized by our current single-fleet composition, any of which could have a material adverse effect on our business, results of operations and financial condition. We have recently experienced delays in the deliveries of Airbus aircraft, which have not exceeded several months, and our business could be additionally impacted if delays persist in future periods. These risks may be exacerbated by the long-term nature of our fleet and order book. See also “—We may be subject to competitive risks due to the long-term nature of our fleet and order book which commits us to

Airbus aircraft and the engines available for such aircraft for a substantial period of time into the future.”

We may be subject to competitive risks due to the long-term nature of our fleet and order book which commits us to Airbus aircraft and the engines available for such aircraft for a substantial period of time into the future.

As of December 31, 2023, we had substantial existing aircraft purchase commitments through 2029, all of which are for Airbus A320neo family aircraft. Of the 210 A320neo family aircraft we have committed to purchase by the end of 2029, 119 will be equipped with Pratt & Whitney GTF engines and we are still evaluating engine options for the remaining 91 aircraft on our order book. We have a firm obligation to purchase 15 additional spare engines to be delivered by the end of 2028, all of which are Pratt & Whitney GTF engines. In addition, the majority of our current fleet is equipped with the LEAP engine manufactured by CFM International. The A320neo family represents the latest step in the modernization of the A320 family aircraft, and includes next-generation engine technology as well as aerodynamic refinements, large curved sharklets, weight savings, a new aircraft cabin with larger hand luggage spaces and an improved air purification system. We were one of the first airlines to utilize the A320neo family and the LEAP engine, and it could take several years to determine whether the reliability and maintenance costs associated with a new aircraft and engine would have a significant impact on our operations. In addition, the majority of our planned future deliveries will be equipped with Pratt & Whitney GTF engines, which may be subject to an expanded inspection program expected to begin in the second half of 2024, as discussed above. If we are unable to realize the potential competitive advantages we expect to achieve through the implementation of the A320neo family aircraft and LEAP or GTF engines into our fleet or if we experience unexpected costs or delays in our operations as a result of such implementation, including due to increased inspection or maintenance obligations imposed on the Pratt & Whitney GTF engines, our business, results of operations and financial condition could be materially adversely affected.

Furthermore, as technological evolution occurs in our industry, through the use of composite materials and other innovations, we may be competitively disadvantaged because we have extensive existing fleet commitments that would prohibit us from adopting new technologies on an expedited basis.

In addition, while our operation of a single family of aircraft provides us with several operational and cost advantages, any FAA directive or other mandatory order relating to our aircraft or engines, including the grounding of any of our aircraft for any reason, could potentially apply to all or substantially all of our fleet, which could materially disrupt our operations and negatively affect our business, results of operations and financial condition.

Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and financial condition.

Our business is labor intensive, with labor costs representing approximately 24% and 21% of our total operating costs for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, approximately 86% of our workforce was represented by labor unions. See “Business—Human Capital Resources”. We cannot assure you that our labor costs going forward will remain competitive or that any new agreements into which we enter will not have terms with higher labor costs or that the negotiations of such labor agreements will not result in any work stoppages.

We cannot provide assurance that we will not experience operational disruption resulting from any future negotiations or disagreements with our pilots or with any of our other union-represented employee groups. In addition, we cannot provide any estimate with regard to the amount or probability of future compensation increases, ratification incentives or other costs that may come as a result of future negotiations with our pilots or our other union-represented groups. Future operational disruptions or other costs related to labor negotiations, including reputational harm that may come as a result of such disruptions, if any, may have a material adverse impact on our business, results of operations and financial condition.

In addition, the terms and conditions of our future collective bargaining agreements may be affected by the results of collective bargaining negotiations at other airlines that may have a greater ability, due to larger scale, greater efficiency, superior profitability or other factors, to bear higher costs than we can. One or more of our

competitors may also significantly reduce their labor costs, thereby providing them with a competitive advantage over us. Our labor costs may also increase in connection with our growth and we could also become subject to additional collective bargaining agreements in the future as non-unionized workers may unionize. The occurrence of any such event may have a material adverse impact on our business, results of operations and financial condition.

Our inability to expand or operate reliably or efficiently out of airports where we maintain a large presence could have a material adverse effect on our business, results of operations and financial condition.

We are highly dependent on markets served from airports that are significant to our business, including Denver, Orlando, Las Vegas, Philadelphia and Atlanta. Our results of operations may be affected by actions taken by governmental or other agencies or authorities having jurisdiction over our operations at these and other airports, including, but not limited to:

- increases in airport rates and charges;
- limitations on take-off and landing slots, airport gate capacity or other use of airport facilities;
- termination of our airport use agreements, some of which can be terminated by airport authorities with little notice to us;
- increases in airport capacity that could facilitate increased competition;
- international travel regulations such as customs and immigration;
- increases in taxes;
- changes in the law that affect the services that can be offered by airlines, in general and in particular markets or at particular airports;
- restrictions on competitive practices;
- the adoption of statutes or regulations that impact or impose additional customer service standards and requirements, including security standards and requirements; and
- the adoption of more restrictive locally imposed noise regulations or curfews.

We primarily operate out of Concourse A at Denver International Airport, and in May 2022, we entered into a 10-year airport use and lease agreement with the City and County of Denver which includes a new ground-level boarding facility and 14 accompanying gates. In general, any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition.

Any damage to our reputation or brand image could adversely affect our business or financial results.

Maintaining a good reputation globally is critical to our business. Our reputation or brand image could be adversely impacted by, among other things, any failure to adopt or maintain high ethical, social and environmental sustainability practices for our operations and activities; our impact on the environment; any inability to maintain our position as “America’s Greenest Airline” as measured by fuel efficiency (ASMs per fuel gallon consumed during the year ended December 31, 2023; compared to all other major U.S. carriers) including, for example, if another major U.S. airline experiences more average fuel savings than us based on ASMs per fuel gallon consumed or if consumers perceive us to be less “green” than other airlines based on different factors or metrics or by attributing the sustainability practices of our vendors, suppliers and other third parties to us; public pressure from investors or policy groups to change our policies, such as movements to institute a “living wage;” customer perceptions of our advertising campaigns, sponsorship arrangements or marketing programs; customer perceptions of our use of social media; or customer perceptions of statements made by us, our employees and executives, agents or other third parties. Increasingly, our reputation may also be impacted by our customers’ and other stakeholders’ perception of the risks and opportunities we face related to diversity, equity and inclusion and climate change engagement, our role in the communities in which we operate and our relationship with our crew members. In addition, we operate in a highly visible industry that has significant exposure to social media. Negative publicity, including as a result of misconduct by our customers, vendors or employees, can spread rapidly through social media. Should we not respond in a timely and appropriate manner to address negative publicity, our brand and reputation may be significantly harmed. Damage to our reputation or brand image or loss of customer confidence in our services could adversely affect our business and financial condition, as well as require additional resources to rebuild our reputation.

Moreover, an outbreak and spread of an infectious disease could adversely impact consumer perceptions of the health and safety of travel, and in particular airline travel, such as occurred during the COVID-19 pandemic. Actual or perceived risk of infection on our flights could have a material adverse effect on the public's perception of us and may harm our reputation and business. We have in the past been, and may in the future be, required to take extensive measures to reassure our team members and the traveling public of the safety of air travel, and we could incur significant costs implementing safety, hygiene-related or other actions to limit the actual or perceived threat of infection among our employees and passengers. However, we cannot assure that any actions we might take in response to an infectious disease outbreak will be sufficient to restore the confidence of consumers in the safety of air travel. While the rate of these incidents has declined following the lifting of mask mandates and other COVID-19 measures, if our employees feel unsafe or believe that we are not doing enough to prevent and prosecute such incidents, we could experience higher rates of employee absence or attrition and we may suffer reputational harm which could make it more difficult to attract and retain employees, and which could in turn adversely affect our business, results of operations and financial condition.

In addition, our reputation or brand image could be adversely impacted by any inability to deliver strong operational performance, which we believe helps strengthen our customer loyalty and attract new customers. Any sustained inability to maintain or improve our operational performance could result in decreased customer loyalty and, in turn, could significantly harm our brand and reputation and adversely affect our business and financial condition.

Our reputation and business could be adversely affected in the event of an emergency, accident or similar public incident involving our aircraft or personnel.

We are exposed to potential significant losses and adverse publicity in the event that any of our aircraft or personnel is involved in an emergency, accident, terrorist incident or other similar public incident, which could expose us to significant reputational harm and potential legal liability. In addition, we could face significant costs or lost revenues related to repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. We cannot assure you that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise, and any such event could cause a substantial increase in our insurance premiums. In addition, any future emergency, accident or similar incident involving our aircraft or personnel, even if fully covered by insurance or even if it does not involve our airline, may create an adverse public perception about our airline or that the equipment we fly is less safe or reliable than other transportation alternatives, or, in the case of our aircraft, could cause us to perform time-consuming and costly inspections on our aircraft or engines, any of which could have a material adverse effect on our business, results of operations and financial condition.

Increasing scrutiny and evolving expectations from customers, regulators, investors and other stakeholders with respect to our environmental, social and governance ("ESG") practices may impose additional costs on us, harm our reputation, adversely impact our access to capital and financial results, or expose us to new or additional risks.

Companies are facing increasing scrutiny from customers, regulators, investors and other stakeholders related to their ESG practices and disclosure, including practices and disclosures related to GHGs and climate change in the airline industry in particular, and diversity, inclusion, health and safety and human rights initiatives and governance standards among companies more generally. As a result, we may face increasing pressure regarding our ESG practices and disclosures. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation and the trading price of our common stock. New government regulations could also result in new or more stringent forms of ESG oversight and expanded mandatory and voluntary reporting, diligence and disclosure. For example, the growing emphasis on ESG matters has resulted, and may result, in the adoption of new laws and regulations, including new reporting requirements, including with respect to climate change. For example, the State of California finalized a suite of laws that require, and the SEC issued a proposed rule in March 2022 that would mandate, extensive disclosure of climate-related data, risks, and opportunities, including financial impacts, physical and transition risks, related governance and strategy, and GHG emissions, for certain public companies. Additionally, our suppliers, customers or other business partners may

require us to provide additional climate-related information if they are also subject to these or additional climate-related disclosure laws or regulations in other jurisdictions. If we fail to comply with new laws, regulations or reporting requirements, or we fail to provide complete and accurate information to our suppliers, customers or other business partners, our reputation and business could be adversely impacted.

In addition, we have a number of ESG initiatives, which will require ongoing investment, and there is no assurance that our initiatives will achieve their intended outcomes. Consumers' perceptions of our efforts to achieve these initiatives often differ widely and present risks to our reputation and brand. Further, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on ESG matters. Such ratings are used by some investors to inform their investment or voting decisions. If we are unable to meet the ESG standards or investment criteria set by these investors, we may lose investors, investors may allocate a portion of their capital away from us and our reputation may also be negatively affected. In addition, even if our initiatives are effective, we may experience increased costs as a result of executing upon our sustainability goals that may not be offset by any benefit to our reputation, which could have an adverse impact on our business and financial condition.

Negative publicity regarding our customer service could have a material adverse effect on our business, results of operations and financial condition.

Our business strategy includes the differentiation of our brand and product from the other U.S. airlines, including other ULCCs, in order to increase customer loyalty and drive future ticket sales. We intend to accomplish this by continuing to offer passengers dependable customer service. However, in the past, we have received customer complaints related to, among other things, our customer service and reservations and ticketing systems. We and other airlines have also received complaints regarding the treatment and handling of passengers' noncompliance with airline policies. Passenger complaints, together with reports of lost baggage, delayed and cancelled flights and other service issues, are reported to the public by the DOT. The DOT may choose to investigate such customer complaints, and we have in the past received information requests from the DOT related to our compliance with certain consumer protection requirements. DOT investigations may result in fines or other penalties; for example, we have previously been required to provide flight credits to certain customers and pay a net cash penalty pursuant to a settlement agreement with the DOT. While such penalties have not previously had a material impact, future fines or other penalties imposed by the DOT could have a material adverse effect on our business, results of operations, and financial condition.

In November 2022, we completed our migration to a self-service customer service model. Following this transition, our customers are able to receive support via online, mobile and text channels, including the option to chat with a live agent, but will no longer be able to speak with an agent over the telephone. Some of our customers may still prefer to speak with a live agent and could develop a negative perception of our self-service model. If we do not meet our customers' expectations with respect to reliability and service, our brand and product could be negatively impacted, which could result in customers deciding not to fly with us and adversely affect our business and reputation.

We rely on maintaining a high daily aircraft utilization rate to implement our low-cost structure, which makes us especially vulnerable to flight delays, flight cancellations, aircraft unavailability or unplanned reductions in demand.

Our average daily aircraft utilization was 11.3 hours and 11.1 hours for the years ended December 31, 2023 and 2022, respectively. Aircraft utilization is the average amount of time per day that our aircraft spend carrying passengers. Part of our business strategy is to maximize revenue per aircraft through high daily aircraft utilization, which is achieved, in part, by quick turnaround times at airports so we can fly more hours on average in a day. Aircraft utilization is reduced by delays and cancellations caused by various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems or outages, labor availability, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity or other changes in business conditions. A significant portion of our operations are concentrated in markets such as Denver, the Southeast, the Northeast and Northern Midwest regions of the United States, which are

particularly vulnerable to weather, airport traffic constraints and other delays, particularly in the winter months and during hurricane season. In addition, pulling aircraft out of service for unscheduled and scheduled maintenance, such as may be required with respect to PW1100 GTF engines, may materially reduce our average fleet utilization and require that we re-accommodate passengers or seek short-term substitute capacity at increased costs. Further, an unplanned reduction in demand reduces the utilization of our fleet and results in a related increase in unit costs, which may be material. Due to the relatively small size of our fleet and high daily aircraft utilization rate, the unexpected unavailability of one or more aircraft and resulting reduced capacity or even a modest decrease in demand could have a material adverse effect on our business, results of operations and financial condition.

We are highly dependent upon our cash balances and operating cash flows.

As of December 31, 2023, we had \$609 million of total available liquidity in cash and cash equivalents. We will continue to be dependent on our operating cash flows (if any) and cash balances to fund our operations, provide capital reserves and make scheduled payments on our aircraft-related fixed obligations, including substantial PDPs related to the aircraft we have on order. In addition, we have sought, and may continue to seek, financing from other available sources to fund our operations, which includes PDP payments.

Under the terms of the PDP Financing Facility, we are subject to a fixed charge coverage ratio requirement (the “FCCR Test”). If the FCCR Test is not maintained, we are required to test the loan to collateral ratio for the underlying aircraft in the PDP Financing Facility that are subject to financing (the “LTV Test”) and make any pre-payments or post additional collateral required in order to reduce the loan to value on each aircraft in the PDP Financing Facility that are subject to financing below a ratio threshold. The LTV Test is largely dependent on the appraised fair value of the underlying aircraft subject to financing. LTV Tests performed recently have not resulted in any required pre-payment of the PDP Financing Facility or posting of additional collateral.

As of December 31, 2023, we were not subject to any credit card holdbacks, although if we fail to maintain certain liquidity and other financial covenants, our credit card processors have the right to hold back credit card remittances to cover our obligations to them, which would result in a reduction of unrestricted cash that could be material. In addition, while we recently have been able to arrange aircraft lease financing that does not require that we maintain a maintenance reserve account, we are required by some of our aircraft leases, and could in the future be required, to fund reserves in cash in advance for scheduled maintenance to act as collateral for the benefit of lessors. In those circumstances, a portion of our cash is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. Based on the age of our fleet and our growth strategy, we expect these maintenance deposits to decrease as we enter into operating leases for newly acquired aircraft that do not require reserves. If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not obtain a line of credit, other borrowing facility or equity financing, we could default on our operating leases and fixed obligations. Our inability to meet our obligations as they become due could have a material adverse effect on our business, results of operations and financial condition.

Our ability to obtain financing or access capital markets may be limited.

We have significant obligations to purchase aircraft and spare engines that we have on order from Airbus and Pratt & Whitney, respectively. As of December 31, 2023, we had a firm obligation to purchase 210 A320neo family aircraft and 15 additional spare engines to be delivered by the end of 2029. Of our aircraft commitments, four had committed operating leases for 2024 deliveries, and 12 were subject to non-binding letters of intent to provide operating lease financing for 2024 deliveries. We are evaluating financing options for the remaining aircraft. There are a number of factors that may affect our ability to raise financing or access the capital markets in the future, including our liquidity and credit status, our operating cash flows, market conditions in the airline industry, U.S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for our planned aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the

extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations.

Our maintenance costs will increase over the near term, we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet and obligations to the lessors and we could incur significant maintenance expenses outside of such maintenance schedules in the future.

As of December 31, 2023, the operating leases for 0, 8, 20, 19 and 14 aircraft in our fleet were scheduled to terminate during 2024, 2025, 2026, 2027 and 2028, respectively. In certain circumstances, such operating leases may be extended. Prior to such aircraft being returned, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases. The amount and timing of these so-called “return conditions” costs can prove unpredictable due to uncertainty regarding the maintenance status of each particular aircraft at the time it is to be returned, and it is not unusual for disagreements to ensue between the airline and the leasing company as to the required maintenance on a given aircraft or engine.

In addition, as of December 31, 2023, we had a firm obligation to purchase 210 A320neo family aircraft by the end of 2029. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a “maintenance holiday”) because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are first required. Following these initial maintenance holiday periods, the new aircraft we have an obligation to acquire will require more maintenance as they age and our maintenance and repair expenses for each newly purchased aircraft will be incurred at approximately the same intervals. Moreover, because a large portion of our future fleet will be acquired over a relatively short period, significant maintenance to be scheduled on each of these planes may occur concurrently with other aircraft acquired around the same time, meaning we may incur our heavy maintenance obligations across large portions of our fleet around the same time. These more significant maintenance activities result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to fly revenue service.

Outside of scheduled maintenance, we incur from time to time unscheduled maintenance which is not forecast in our operating plan or financial forecasts, and which can impose material unplanned costs and the loss of flight equipment from revenue service for a significant period of time. For example, a single unplanned engine event can require a shop visit costing several million dollars and cause the engine to be out of service for a number of months.

Furthermore, the terms of some of our lease agreements require us to pay maintenance reserves to the lessor in advance of the performance of major maintenance, resulting in our recording significant prepaid deposits on our consolidated balance sheet. In addition, the terms of any lease agreements that we enter into in the future could also require maintenance reserves in excess of our current requirements. We expect scheduled and unscheduled aircraft maintenance expenses to increase over the next several years. Any significant increase in maintenance and repair expenses could have a material adverse effect on our business, results of operations and financial condition. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Aircraft Leases—Maintenance Reserves and Aircraft Return Costs”.

We have a significant amount of aircraft-related fixed obligations and obligations under other debt arrangements that could impair our liquidity and thereby harm our business, results of operations and financial condition.

The airline business is capital intensive and, as a result, many airline companies are highly leveraged. As of December 31, 2023, all 136 aircraft in our fleet were financed under operating leases. For the years ended December 31, 2023 and 2022, we incurred aircraft rent of \$554 million and \$556 million, respectively, and maintenance costs of \$179 million and \$146 million, respectively. As of December 31, 2023 and 2022, we had future operating lease obligations of approximately \$2,989 million and \$2,499 million, respectively, and future principal debt obligations of \$474 million and \$431 million, respectively. For the years ended December 31, 2023 and 2022, we made cash payments for interest related to debt of \$28 million and \$14 million, respectively. In

addition, we have significant obligations for aircraft and spare engines that we have on order from Airbus and Pratt & Whitney, respectively, for delivery through 2029.

Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flows and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, fuel price volatility, any significant weakening or improvement in the U.S. economy and the availability and cost of financing, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our aircraft-related fixed obligations and our obligations under other debt arrangements could have a material adverse effect on our business, results of operations and financial condition and could:

- require a substantial portion of cash flows from operations be used for operating lease and maintenance deposit payments, thereby reducing the availability of our cash flows to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to make required PDPs, including those payable to our aircraft and engine manufacturers for our aircraft and spare engines on order;
- limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all;
- make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues or increase in costs could cause us to not have sufficient cash flows from operations to make our scheduled payments;
- reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with lower fixed payment obligations; and
- cause us to lose access to one or more aircraft and forfeit our maintenance and other deposits if we are unable to make our required aircraft lease rental payments and our lessors exercise their remedies under the lease agreement including cross default provisions in certain of our leases.

A failure to pay our operating lease, debt, fixed costs and other obligations or a breach of our contractual obligations could result in various adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs, which could have a material adverse effect on our business, results of operations and financial condition.

We rely on third-party specialists and other commercial partners to perform functions integral to our operations.

We have historically entered into agreements with third-party specialists to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, as well as administrative and support services. We are likely to enter into similar service agreements in new markets we decide to enter, and we cannot assure you that we will be able to obtain the necessary services at acceptable rates. In addition, certain third-party vendors may have difficulty hiring or retaining sufficient talent to meet their obligations to us due to the worker shortage impacting certain sectors of the U.S. labor market.

As we outsource certain critical business activities to third parties and we depend on a limited number of suppliers for our aircraft and engines, we have increased our reliance on the successful implementation and execution of the business continuity planning of such third-party service providers in the current environment. If one or more of such third parties experience operational failures as a result of significant disruption in global supply chains, staffing shortages, or due to sanctions imposed by the United States and foreign government bodies in response to the war between Russia and Ukraine and the conflict in the Middle East, or claim that they cannot perform due to a force majeure event, it may have a material adverse impact on our business, results of operations and financial condition. We cannot guarantee that, as a result of the ongoing, or future, supply chain disruptions or

staffing shortages, we or our third-party service providers will be able to timely source all of the products and services we require in the course of our business, or that we will be successful in procuring suitable alternatives.

Although we seek to monitor the performance of third parties that furnish certain facilities or provide us with our ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, the efficiency, timeliness and quality of contract performance by third-party specialists are often beyond our control, and any failure by our third-party specialists to perform up to our expectations may have an adverse impact on our business, reputation with customers, brand and operations. In addition, we could experience a significant business disruption if we were to change vendors or if an existing provider ceased to be able to serve us. We expect to be dependent on such third-party arrangements for the foreseeable future.

We rely on third-party distribution channels to distribute a portion of our airline tickets.

We rely on third-party distribution channels, including those provided by or through GDSs, conventional travel agents and OTAs to distribute a portion of our airline tickets and to collect a portion of our ancillary revenues. These distribution channels are more expensive and at present have less functionality in respect of ancillary revenues than those we operate ourselves, such as our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products. To remain competitive, we will need to successfully manage our distribution costs and rights, and improve the functionality of third-party distribution channels, while maintaining an industry-competitive cost structure. Negotiations with key GDSs and OTAs designed to manage our costs, increase our distribution flexibility and improve functionality could be contentious, could result in diminished or less favorable distribution of our tickets and may not provide the functionality we require to maximize ancillary revenues. In addition, in the last several years there has been significant consolidation among GDSs and OTAs, including the acquisition by Expedia of both Orbitz and Travelocity, and the acquisition by Amadeus of Navitaire (the reservations system that we use). This consolidation and any further consolidation could affect our ability to manage our distribution costs due to a reduction in competition or other industry factors. Any inability to manage such costs, rights and functionality at a competitive level or any material diminishment in the distribution of our tickets could have a material adverse effect on our competitive position and our results of operations. Moreover, our ability to compete in the markets we serve may be threatened by changes in technology or other factors that may make our existing third-party sales channels impractical, uncompetitive or obsolete.

We rely heavily on technology and automated systems to operate our business, and any failure of these technologies or systems or any failure on our part to implement any new technologies or systems could materially adversely affect our business.

We are highly dependent on technology and computer systems and networks to operate our business. These technologies and systems include our computerized airline reservation system provided by Navitaire, flight operations systems, telecommunications systems, mobile app, airline website, maintenance systems and check-in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. The Navitaire reservations system, which is hosted and maintained under a long-term contract by a third-party specialist, is critical to our ability to issue, track and accept tickets, conduct check-in, board and manage our passengers through the airports we serve and provide us with access to GDSs, which enlarge our pool of potential passengers. There are many instances in the past where a reservations system malfunctioned, whether due to the fault of the system provider or the airline, with a highly adverse effect on the airline's operations, and such a malfunction has in the past, and could in the future, occur on our system, or in connection with any system upgrade or migration in the future. We also rely on third-party specialists to maintain our flight operations systems, and if those systems are not functioning, we could experience service disruptions, which could result in the loss of important data, increase our expenses, decrease our operational performance and temporarily stall our operations.

Any failure of the technologies and systems we use could materially adversely affect our business. In particular, if our reservation system fails or experiences interruptions, and we are unable to book seats for a period of time, we could lose a significant amount of revenue as customers book seats on other airlines, and our reputation could be harmed. In addition, replacement technologies and systems for any service we currently utilize that experiences

failures or interruptions may not be readily available on a timely basis, at competitive rates or at all. Furthermore, our current technologies and systems are heavily integrated with our day-to-day operations and any transition to a new technology or system could be complex and time-consuming. In the event that one or more of our primary technology or systems vendors fails to perform, and a replacement system is not available or if we fail to implement a replacement system in a timely and efficient manner, our business could be materially adversely affected. See Part I, Item 1C, “Cybersecurity” for additional discussion.

Unauthorized use, unauthorized incursions or user exploitation of our information technology infrastructure could compromise the personally identifiable information of our passengers, prospective passengers or personnel, and other sensitive information and expose us to liability, damage our reputation and have a material adverse effect on our business, results of operations and financial condition.

In the processing of our customer transactions and as part of our ordinary business operations, we and certain of our third-party specialists collect, process, transmit and store a large volume of personally identifiable information of our passengers, prospective passengers or personnel, including email addresses, home addresses, financial data such as credit and debit card information and other sensitive information. The security of the systems and network where we and our third-party specialists store this data is a critical element of our business, and these systems and our network may be vulnerable to cyberattacks and other security issues, including threats potentially involving criminal hackers, hackers, state-sponsored actors, corporate espionage, employee malfeasance and human or technological error. Threats to cybersecurity have increased with the sophistication of malicious actors, and we must manage those evolving risks. We have been the target of cybersecurity attacks in the past, none of which has had a material impact on our business or financial condition and expect that we will continue to be a target in the future. Recently, several high-profile companies have experienced significant data breaches and ransom attacks, which have caused those companies to suffer substantial financial and reputational harm. Failure to appropriately address these issues could also give rise to potentially material legal risks and liabilities.

A significant cybersecurity incident could result in a range of potentially material negative consequences for us, including lost revenue; unauthorized access to, disclosure, modification, misuse, loss or destruction of company systems or data; theft of sensitive, regulated or confidential data, such as personal identifying information or our intellectual property; the loss of functionality of critical systems through ransomware, denial of service or other attacks; and business delays, service or system disruptions, damage to equipment and injury to persons or property. The costs and operational consequences of defending against, preparing for, responding to and remediating an incident may be substantial. As cybersecurity threats become more frequent, intense and sophisticated, costs of proactive defense measures are increasing. Further, we could be exposed to litigation, regulatory enforcement or other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, as well as injunctive relief requiring costly compliance measures. A cybersecurity incident could also impact our brand, harm our reputation and adversely impact our relationship with our customers, employees and stockholders. Additionally, any material failure by us or our third-party specialists to maintain compliance with the Payment Card Industry security requirements or to rectify a data security issue may result in fines and restrictions on our ability to accept credit and debit cards as a form of payment. While we have taken precautions to avoid an unauthorized incursion of our computer systems, we cannot assure you that our precautions are either adequate or implemented properly to prevent and detect a data breach or other cybersecurity incident and its adverse financial and reputational consequences to our business. Moreover, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information. See Part I, Item 1C, “Cybersecurity” for additional discussion.

We are also subject to increasing legislative, regulatory and customer focus on privacy issues and data security in the United States and abroad. As a result, we must comply with a proliferating and fast-evolving set of legal requirements in this area, including substantive data privacy and cybersecurity standards as well as requirements for notifying regulators and affected individuals in the event of a data security incident. In addition, we are subject to an increasing number of reporting obligations in respect of material cybersecurity incidents. These reporting requirements have been proposed or implemented by a number of regulators in different jurisdictions, may vary in their scope and application, and could contain conflicting requirements. Certain of these rules and regulations may require us to report a cybersecurity incident before we have been able to fully assess its impact or remediate the

underlying issue. Efforts to comply with such reporting requirements could divert management's attention from our incident response and could potentially reveal system vulnerabilities to threat actors. Failure to timely report incidents under these rules could also result in monetary fines, sanctions, or subject us to other forms of liability. Moreover, the compromise of our technology systems resulting in the loss, disclosure, misappropriation of or access to the personally identifiable information of our passengers, prospective passengers or personnel could result in governmental investigation, civil liability or regulatory penalties under laws protecting the privacy of personal information, any or all of which could disrupt our operations and have a material adverse effect on our business, results of operations and financial condition. In addition, a number of our commercial partners, including credit card companies, have imposed data security standards on us, and these standards continue to evolve. We will continue our efforts to meet our privacy and data security obligations; however, it is possible that certain new obligations may be difficult to meet and could increase our costs.

Although we have significantly reconfigured our network since 2013, our business remains dependent on select large markets and increases in competition or congestion or a reduction in demand for air travel in these markets would harm our business.

We are highly dependent on select markets where we maintain a large presence, with 24% and 22% of our flights during the year ended December 31, 2023 having Denver International Airport or Orlando International Airport as either their origin or destination, respectively. We primarily operate out of Concourse A at Denver International Airport, and in May 2022, we entered into a 10-year airport use and lease agreement with the City and County of Denver which includes a new ground-level boarding facility and 14 accompanying gates. Additionally, we operate at Orlando International Airport under an operating lease which expires in 2024. We have experienced an increase in flight delays and cancellations at these airports due to airport congestion, which has adversely affected our operating performance and results of operations. We have also experienced increased competition at Denver International Airport and Orlando International Airport from carriers adding flights to and from Denver and Orlando, respectively. Additionally, flight operations in both Orlando and Denver can face extreme weather challenges which, at times, has resulted in severe disruptions in our operation and the occurrence of material costs as a consequence of such disruptions.

Our business could be further harmed by an increase in the amount of direct competition we face in the select markets we operate in or by continued or increased congestion, delays or cancellations. Our business would also be harmed by any circumstances causing a reduction in demand for air transportation in the select markets we operate in, such as adverse changes in local economic conditions, health concerns, adverse weather conditions, negative public perception of those markets, terrorist attacks or significant price or tax increases linked to increases in airport access costs and fees imposed on passengers. Additionally, if consumer preference shifts towards international routes compared to domestic routes, our business would be harmed by the change in demand for a majority of our routes.

Changes in legislation, regulation and government policy have affected, and may in the future have a material adverse effect on, our business, results of operations, cash flows and financial condition.

Changes in, and uncertainty with respect to, legislation, regulation and government policy at the local, state or federal level have affected, and may in the future significantly impact, our business and the airline industry. Specific legislative and regulatory proposals that could have a material impact on us in the future include, but are not limited to: infrastructure renewal programs; changes to operating and maintenance requirements and immigration and security policy and requirements; modifications to international trade policy, including withdrawing from trade agreements and imposing tariffs; changes to consumer protection laws; public company reporting requirements; environmental regulation and antitrust enforcement. To the extent that any such changes have a negative impact on

us or the airline industry in general, including as a result of related uncertainty, these changes may materially impact our business, results of operations, cash flows and financial condition.

New U.S. tax legislation may adversely affect our business, results of operations, cash flows and financial condition.

On August 16, 2022, the Inflation Reduction Act (the “IRA”) was signed into law in the United States. Among other changes, the IRA introduced a corporate minimum tax on certain corporations with average adjusted financial statement income over a three-tax year period in excess of \$1 billion and an excise tax on certain stock repurchases by certain covered corporations for taxable years beginning after December 31, 2022. The corporate minimum tax and any excise tax imposed on any repurchases of our common stock made after December 31, 2022 may adversely affect our financial condition in the future. The U.S. government may enact additional significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate, significant changes to the taxation of income derived from international operations and an addition of further limitations on the deductibility of business interest. We are currently unable to predict whether such additional changes will occur. If such changes are enacted or implemented, we are currently unable to predict the ultimate impact on our business and therefore there can be no assurance that our business will not be adversely affected.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Under the Internal Revenue Code of 1986, as amended (the “Code”), for U.S. federal income tax purposes, a corporation is generally allowed a deduction for net operating losses (“NOLs”) carried over from prior taxable years. As of December 31, 2023, we had deferred tax assets of approximately \$53 million, \$11 million and \$11 million related to NOLs available to reduce future federal, state and foreign taxable income, respectively. Under current tax law, our federal NOL carryforwards do not expire, but the deductibility of such NOL carryforwards is limited to 80% of our taxable income. Our state NOLs may expire, if not utilized, from one year to having no expiration depending on the state the NOL is attributed to, and our foreign NOLs expire in seven years. As a result of our assessment over the future realizability of these NOLs, as of December 31, 2023, we have an \$11 million valuation allowance related to our foreign deferred tax assets and a \$37 million valuation allowance related to certain federal and state deferred tax assets, with a portion considered realizable due to the future reversals of existing taxable temporary liabilities.

Realization of these NOL carryforwards depends on our future taxable income, and there is a risk that, due to economic factors, a portion of our existing NOL carryforwards could expire before we can generate sufficient taxable income to use them.

In addition, under Sections 382 and 383 of the Code, if a corporation undergoes an “ownership change,” generally defined as a greater than 50 percentage point change (by value) in its equity ownership by significant stockholders or groups of stockholders over a three-year period, the corporation’s ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change taxable income or income tax liabilities may be limited. We may experience ownership changes in the future because of, among other things, shifts in our stock ownership, many of which are outside of our control. If we were to experience an ownership change for purposes of Section 382 of the Code, our ability to use our NOL carryforwards and other tax attributes to offset future U.S. federal taxable income or income tax liabilities may become subject to limitations. Similar rules and limitations may apply under state and foreign tax laws. If our NOL carryforwards expire unused (to the extent subject to expiration) or are otherwise subject to limitation and unavailable to offset future taxable income, this could materially adversely affect our results of operations and financial condition.

Any tariffs imposed on commercial aircraft and related parts imported from outside the United States may have a material adverse effect on our fleet, business, results of operations and financial condition.

Certain of the products and services that we purchase, including our aircraft and related parts, are sourced from suppliers located in foreign countries, and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government on the importation of such products or services could materially increase the amounts we pay for

them. In early October 2019, the World Trade Organization ruled that the United States could impose \$7.5 billion in retaliatory tariffs in response to illegal European Union subsidies to Airbus. On October 18, 2019, the United States imposed these tariffs on certain imports from the European Union, including a 10% tariff on new commercial aircraft. In February 2020, the United States announced an increase to this tariff from 10% to 15%. These tariffs apply to aircraft that we are already contractually obligated to purchase. In June 2021, the United States and the European Union announced an agreement to suspend the imposition of the foregoing tariffs on commercial aircraft and related parts for five years. Any reimposition of these tariffs could substantially increase the cost of, among other things, imported new Airbus aircraft and parts required to service our Airbus fleet which, in turn, could have a material adverse effect on our business, results of operations and financial condition.

Our business could be materially adversely affected if we lose the services of our key personnel.

Our success depends, to a significant extent, upon the efforts and abilities of our senior management team and key financial and operating personnel, particularly Barry L. Biffle, our Chief Executive Officer, James G. Dempsey, our President, and Mark C. Mitchell, our Senior Vice President and Chief Financial Officer. Competition for highly qualified personnel is intense, and the loss of any executive officer or other key employee without an adequate replacement, or the inability to attract new qualified personnel could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key-man life insurance on our management team.

We rely on our private equity sponsor.

Our majority stockholder is presently an investment fund managed by Indigo Denver Management Company, LLC (“Indigo”), an affiliate of Indigo Partners, LLC (“Indigo Partners”), a private equity fund with significant expertise in the ultra low-cost airline business. This expertise has been available to us through the representatives Indigo has on our board of directors and through a Professional Services Agreement that was put in place in connection with the 2013 acquisition from Republic Airways Holdings, Inc. and pursuant to which we are charged a fee by Indigo Partners of approximately \$375,000 per quarter, plus expenses. Several members of our board of directors are also affiliated with Indigo Partners and we pay each of them an annual director’s fee as compensation. Our engagement of Indigo Partners pursuant to the Professional Services Agreement will continue until the date that Indigo Partners and its affiliates own less than approximately 19.8 million shares of our common stock. Indigo Partners may nonetheless elect to reduce its ownership in our company or reduce its involvement on our board of directors, which could reduce or eliminate the benefits we have historically achieved through our relationship with Indigo Partners, such as management expertise, industry knowledge and volume purchasing. See “—Risks Related to Owning Our Common Stock—Indigo’s current control of the Company severely limits the ability of our stockholders to influence matters requiring stockholder approval and could adversely affect our other stockholders and the interests of Indigo could conflict with the interests of other stockholders.”

Our quarterly results of operations fluctuate due to a number of factors, including seasonality.

We expect our quarterly results of operations to continue to fluctuate due to a number of factors, including actions by our competitors, price changes in aircraft fuel and the timing and amount of maintenance expenses. As a result of these and other factors, quarter-to-quarter comparisons of our results of operations and month-to-month comparisons of our key operating statistics may not be reliable indicators of our future performance. In addition, seasonality may cause our quarterly and monthly results to fluctuate since passengers tend to fly more during the summer months and less in the winter months, apart from the holiday season. We cannot assure you that we will find profitable markets in which to operate during the winter season. Such periods of low demand for air travel during the winter months could have a material adverse effect on our business, results of operations and financial condition.

Our lack of membership in a marketing alliance or codeshare arrangements (other than with Volaris) could harm our business and competitive position.

Many airlines, including the domestic legacy network airlines (American Airlines, Delta Air Lines and United Airlines), have marketing alliances with other airlines, under which they market and advertise their status as marketing alliance partners. These alliances, such as Oneworld, SkyTeam and Star Alliance, generally provide for

codesharing, frequent flyer program reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. In addition, certain of these alliances involve highly integrated antitrust immunized joint ventures. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline and provides an opportunity to increase traffic on that airline's segment of flights connecting with alliance partners. We currently do not have any marketing alliances or codeshare arrangements with U.S. or foreign airlines, other than the codeshare arrangement we entered into with Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (an airline based in Mexico doing business as "Volaris") in 2018. Our lack of membership in any other marketing alliances and codeshare arrangements puts us at a competitive disadvantage compared to traditional network carriers who are able to attract passengers through more widespread alliances, particularly on international routes, and that disadvantage may result in a material adverse effect on our business, results of operations and financial condition.

Risks Related to Owning Our Common Stock

The market price of our common stock may be volatile, which could cause the value of an investment in our stock to decline.

The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including, but not limited to:

- announcements concerning our competitors, suppliers, the airline industry or the economy in general;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- media reports and publications about the safety of our aircraft or engines or the type of aircraft we operate;
- new regulatory pronouncements and changes in regulatory guidelines;
- the impact of pandemics and other public health threats on air travel and any related government restrictions impacting air travel;
- changes in the price or availability of aircraft fuel;
- announcements concerning the availability of the type of aircraft we operate;
- general and industry-specific economic conditions;
- general market, political and other economic conditions, including economic slowdowns, recessions, inflationary pressures, rising interest rates, financial market fluctuations and reduced credit availability;
- regional and global conflicts;
- changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations;
- sales of our common stock or other actions by investors with significant shareholdings, including sales by our principal stockholder; and
- trading strategies related to changes in fuel or oil prices.

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. Broad market fluctuations may materially adversely affect the trading price of our common stock.

In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management's attention and resources and have a material adverse effect on our business, results of operations and financial condition.

If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities and industry analysts may publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the trading price of our common stock would likely decline. If one or more of these analysts ceases to cover our company or fails to publish reports on us

regularly, demand for our stock could decrease, which may cause the trading price of our common stock and the trading volume of our common stock to decline.

The issuance or sale of shares of our common stock, or rights to acquire shares of our common stock, or the exercise of warrants issued to the Treasury as part of the funding provided under the CARES Act, could depress the trading price of our common stock.

We may conduct future offerings of our common stock, preferred stock or other securities that are convertible into, or exercisable for, our common stock to finance our operations or fund acquisitions, or for other purposes. In connection with our participation in the Payroll Support Program (the “PSP”), the second Payroll Support Program (“PSP2”) and the Payroll Support Program 3 (“PSP3”), we issued warrants to the U.S. Department of the Treasury (the “Treasury”) which are exercisable for up to an aggregate of 759,850 shares of our common stock.

In connection with the \$150 million borrowing from the Treasury (the “Treasury Loan”), which was repaid in full on February 2, 2022, we issued warrants to the Treasury which are exercisable for up to 2,358,090 shares of our common stock. Further, we reserve shares of our common stock for future issuance under our equity incentive plans, which shares are eligible for sale in the public market to the extent permitted by the provisions of various agreements and, to the extent held by affiliates, the volume and manner of sale restrictions of Rule 144. If these additional shares are sold, or if it is perceived that they will be sold, into the public market, the trading price of our common stock could decline substantially. If we issue additional shares of our common stock or rights to acquire shares of our common stock, if any of our existing stockholders sell a substantial amount of our common stock or if the market perceives that such issuances or sales may occur, then the trading price of our common stock could significantly decline. In addition, the issuance of additional shares of common stock would dilute the ownership interests of our existing common stockholders.

The value of our common stock may be materially adversely affected by additional issuances of common stock or preferred stock by us or sales by our principal stockholder.

Any future issuances or sales of our common stock by us will be dilutive to our existing common stockholders. We had 222,998,790 shares of common stock outstanding as of December 31, 2023. An investment fund managed by Indigo, which holds approximately 178.8 million shares of our common stock as of December 31, 2023, is entitled to rights with respect to registration of all such shares under the Securities Act pursuant to a registration rights agreement. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur or the issuance of securities exercisable or convertible into our common stock could adversely affect the prevailing trading price of our common stock.

Indigo’s current control of the Company severely limits the ability of our stockholders to influence matters requiring stockholder approval and could adversely affect our other stockholders and the interests of Indigo could conflict with the interests of other stockholders.

As of the date of this report, an investment fund managed by Indigo beneficially owns approximately 80.1% of our outstanding common stock.

As a result, Indigo will be able to exert a significant degree of influence or actual control over our management and affairs and over matters requiring stockholder approval, including the election of directors, a merger, consolidation or sale of all or substantially all of our assets and other significant business or corporate transactions.

Until such time as Indigo and its affiliates beneficially own shares of our common stock representing less than a majority of the voting rights of our common stock, Indigo will have the ability to take stockholder action by written consent without calling a stockholder meeting and to approve amendments to our amended and restated certificate of

incorporation and amended and restated bylaws and to take other actions without the vote of any other stockholder. As a result, Indigo will have the ability to control all such matters affecting us, including:

- the composition of our board of directors and, through our board of directors, any determination with respect to our business plans and policies;
- the compensation of our named executive officers;
- our acquisition or disposition of assets;
- our financing activities, including the issuance of additional debt and equity securities;
- any determinations with respect to mergers, acquisitions and other business combinations;
- corporate opportunities that may be suitable for us and Indigo;
- the payment of dividends on our common stock; and
- the number of shares available for issuance under our stock plans for our existing and prospective employees.

This concentrated control will limit the ability of other stockholders to influence corporate matters and, as a result, we may take actions that our other stockholders do not view as beneficial. Indigo's voting control may also discourage or block transactions involving a change of control of the Company, including transactions in which you, as a stockholder, might otherwise receive a premium for your shares over the then-current market price. For example, this concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us which, in turn, could cause the trading price of our common stock to decline or prevent our stockholders from realizing a premium over the trading price of their common stock. Moreover, Indigo is not prohibited from selling a controlling interest in us to a third-party or otherwise divesting of some or all of its shares, and may do so without your approval, without providing for a purchase of your shares of common stock and in a manner that may have negative consequences for the trading market in the common stock. Accordingly, your shares of common stock may be worth less than they would be if Indigo did not maintain voting control over us or the Company had a fully distributed ownership structure.

In addition, the interests of Indigo could conflict with the interests of other stockholders. As of December 31, 2023, investment funds managed by Indigo Partners held approximately 18% of the total outstanding common stock shares of Volaris, and two of our directors, Andrew S. Broderick and Brian H. Franke, are members of the board of directors of Volaris, with Brian H. Franke serving as chair since April 2020. In addition, one of our directors, William A. Franke, is an honorary director for Volaris. As of December 31, 2023, we had only two overlap markets with Volaris. Neither Indigo Partners, its portfolio companies, funds or other affiliates, nor any of their officers, directors, agents, stockholders, members or current or future partners will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. See “—Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities.”

Our anti-takeover provisions may delay or prevent a change of control, which could adversely affect the price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws may make it difficult to remove our board of directors and management and may discourage or delay “change of control” transactions, which could adversely affect the trading price of our common stock. These provisions include, among others:

- our board of directors is divided into three classes, with each class serving for a staggered three-year term, which prevents stockholders from electing an entirely new board of directors at an annual meeting;
- no cumulative voting in the election of directors, which prevents the minority stockholders from electing director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;

- from and after such time as Indigo and its affiliates no longer hold a majority of the voting rights of our common stock, actions to be taken by our stockholders may only be affected at an annual or special meeting of our stockholders and not by written consent;
- from and after such time as Indigo and its affiliates no longer hold a majority of the voting rights of our common stock, special meetings of our stockholders may be called only by the Chairman of our board of directors or by our corporate secretary at the direction of our board of directors;
- advance notice procedures that stockholders, other than Indigo for so long as it and its affiliates hold a majority of the voting rights of our common stock, must comply with in order to nominate candidates to our board of directors and propose matters to be brought before an annual meeting of our stockholders may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company;
- from and after such time as Indigo and its affiliates hold less than a majority of the voting rights of our common stock, a majority stockholder vote is required for removal of a director only for cause (and a director may only be removed for cause), and a 66 2/3% stockholder vote is required for the amendment, repeal or modification of certain provisions of our certificate of incorporation and bylaws; and
- our board of directors may, without stockholder approval, issue series of preferred stock, or rights to acquire preferred stock, that could dilute the interest of, or impair the voting power of, holders of our common stock or could also be used as a method of discouraging, delaying or preventing a change of control.

Certain anti-takeover provisions under Delaware law also apply to us. While we have elected not to be subject to the provisions of Section 203 of the Delaware General Corporation Law ("DGCL") in our amended and restated certificate of incorporation, such certificate of incorporation provides that in the event Indigo and its affiliates cease to beneficially own at least 15% of the then-outstanding shares of our voting common stock, we will automatically become subject to Section 203 of the DGCL to the extent applicable. Under Section 203, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its voting stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction.

Our amended and restated certificate of incorporation and amended and restated bylaws provide for an exclusive forum in the Court of Chancery of the State of Delaware for certain disputes between us and our stockholders, and that the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that: (i) unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for: (A) any derivative action or proceeding brought on our behalf, (B) any action asserting a claim for or based on a breach of a fiduciary duty owed by any of our current or former directors, officers, other employees, agents or stockholders to us or our stockholders, including without limitation a claim alleging the aiding and abetting of such a breach of fiduciary duty, (C) any action asserting a claim against us or any of our current or former directors, officers, employees, agents or stockholders arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (D) any action asserting a claim related to or involving us that is governed by the internal affairs doctrine; (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act, and the rules and regulations promulgated thereunder, including all causes of action asserted against any defendant to such complaint; (iii) any person or entity purchasing or otherwise acquiring or holding any interest in our shares of capital stock will be deemed to have notice of and consented to these provisions; and (iv) failure to enforce the foregoing provisions would cause us irreparable harm, and we will be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. This provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or

certified any part of the documents underlying the offering. This exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. Nothing in our amended and restated certificate of incorporation or amended and restated bylaws precludes stockholders that assert claims under the Exchange Act from bringing such claims in federal court to the extent that the Exchange Act confers exclusive federal jurisdiction over such claims, subject to applicable law.

We believe these provisions may benefit us by providing increased consistency in the application of Delaware law and federal securities laws by chancellors and judges, as applicable, particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. If a court were to find the choice of forum provision that is contained in our amended and restated certificate of incorporation or amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, results of operations and financial condition. For example, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act.

The choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our current or former directors, officers, other employees, agents, or stockholders, which may result in increased costs or discourage a stockholder from bringing such claims.

Our amended and restated certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities.

Our amended and restated certificate of incorporation provides for the allocation of certain corporate opportunities between us and Indigo and its affiliates, including Indigo Partners. Under these provisions, neither Indigo Partners, its portfolio companies, funds or other affiliates, nor any of their agents, stockholders, members, partners, officers, directors and employees will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities or lines of business in which we operate. For instance, a director of our company who also serves as a stockholder, member, partner, officer, director or employee of Indigo Partners or any of its portfolio companies, funds or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisitions or other opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, results of operations or financial condition, if attractive corporate opportunities are allocated by Indigo Partners to itself or its portfolio companies, funds or other affiliates instead of to us. In addition, our amended and restated certificate of incorporation provides that we shall indemnify each of the aforementioned parties in the event of any claims for breach of fiduciary or other duties brought in connection with such other opportunities. The terms of our amended and restated certificate of incorporation are more fully described in the Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4.1 hereto.

Our amended and restated certificate of incorporation and amended and restated bylaws include provisions limiting ownership, control and voting by non-U.S. citizens.

To comply with restrictions imposed by federal law on foreign ownership and control of U.S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws restrict ownership, voting and control of shares of our common stock by non-U.S. citizens. The restrictions imposed by federal law and DOT policy require that we must be owned and controlled by U.S. citizens, that no more than 25% of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens, as defined in 49 U.S.C. § 40102(a)(15), that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens, and that we be under the actual control of U.S. citizens. In addition, up to 49% of our outstanding stock may be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens but only if those non-U.S. citizens are from countries that have entered into "open skies" air transport agreements

with the United States which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. Our amended and restated certificate of incorporation and amended and restated bylaws provide that the failure of non-U.S. citizens to register their shares on a separate stock record, which we refer to as the “foreign stock record,” would result in a loss of their voting rights in the event and to the extent that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our amended and restated bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record, resulting in the loss of voting rights, in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. We believe we are currently in compliance with these ownership restrictions. See “Business—Foreign Ownership” and the Description of the Registrant’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4.1 hereto.

We are a “controlled company” within the meaning of the Nasdaq Stock Market rules, and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. Our stockholders do not have the same protections afforded to stockholders of companies that are subject to such requirements.

As of the date of this report, Indigo controls approximately 80.1% of our outstanding common stock. As a result, we are a “controlled company” within the meaning of the Nasdaq Stock Market rules and exempt from the obligation to comply with certain corporate governance requirements, including the requirements that a majority of our board of directors consists of “independent directors,” as defined under the rules of the Nasdaq Stock Market, and that we have a compensation committee and a nominating and corporate governance committee that are composed entirely of independent directors. These exemptions do not modify the requirement for a fully independent audit committee, and our board of directors has determined that all of the members of our audit committee are independent under SEC rules and the rules of the Nasdaq Stock Market. Once we are no longer a “controlled company,” we must comply with the independent board committee requirements as they relate to the compensation committee and the nominating and corporate governance committee, subject to certain phase-in requirements. Additionally, we will have 12 months from the date we cease to be a “controlled company” to have a majority of independent directors on our board of directors.

If we continue to utilize the “controlled company” exemption, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq Stock Market. Our status as a controlled company could make our common stock less attractive to some investors or otherwise adversely affect its trading price.

We are a holding company and rely on dividends, distributions, and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations.

We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers, including for payments in respect of indebtedness, at the holding company level from our subsidiaries to meet our obligations. Future agreements governing the indebtedness of our subsidiaries, similar to the CARES Act, could impose restrictions on our subsidiaries’ ability to pay dividend distributions or other transfers to us. Each of our subsidiaries is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from

them. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us.

General Risk Factors

We may become involved in litigation that could have a material adverse effect on our business, results of operations and financial condition.

We have in the past been, are currently, and may in the future become, involved in private actions, class actions, investigations and various other legal proceedings, including from employees, commercial partners, customers, competitors and government agencies, among others. Such claims could involve discrimination (for example, based on gender, age, race or religious affiliation), sexual harassment, privacy, patent, commercial, product liability, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings.

Further, from time to time, our employees may bring lawsuits against us regarding discrimination, sexual harassment, labor, Employee Retirement Income Security Act (“ERISA”), disability claims and employment and other claims. In recent years, companies have experienced a general increase in the number of discrimination and harassment claims. Coupled with the expansion of social media platforms that allow individuals with access to a broad audience, these claims have had a significant negative impact on some businesses.

Also, in recent years, there has been significant litigation in the United States and abroad involving patents and other intellectual property rights. We have in the past faced, and may face in the future, claims by third parties that we infringe upon their intellectual property rights.

Any claims asserted against us or our management, regardless of merit or eventual outcome, could be harmful to our reputation and brand and have an adverse impact on our relationships with our customers, commercial partners and other third parties and could lead to additional related claims. Such matters can be time-consuming, divert management’s attention and resources, cause us to incur significant expenses or liability and/or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, results of operations and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

In order to respond to the threat of security breaches and cyberattacks, we have developed and maintain a cybersecurity risk management program that is designed to protect and preserve the confidentiality, integrity and continued availability of our systems and information. Our cybersecurity risk management program also includes a cybersecurity incident response plan that provides controls and procedures for timely and accurate reporting of any material cybersecurity incidents. The maturity of our cybersecurity program is assessed annually. We use the National Institute of Standards and Technology Cybersecurity Framework (“NIST CSF”) as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business. This does not imply that we meet any particular technical standards, specifications or requirements, only that we use the NIST CSF.

Our cybersecurity risk management program shares common methodologies, reporting channels and governance processes that apply across our overall enterprise risk assessment to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- risk assessments and rating platforms that are leveraged to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise information technology environment;
- a security team principally responsible for managing our cybersecurity risk assessment processes and our response to cybersecurity incidents through monitoring and identification activities;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- annual cybersecurity awareness training for employees and web and mobile developers, including responsible information security, data security and cybersecurity practices;
- a computer incident response team (“CIRT”) that leverage our cybersecurity incident response plan which includes procedures for responding to cybersecurity incidents, escalating notifications, and reporting requirements to regulatory bodies; and
- a third-party risk management process for service providers, suppliers, and vendors.

We did not identify a material security breach during the year ended December 31, 2023, nor have we identified risks from any known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

Cybersecurity Governance

Our board of directors is responsible for risk oversight, including cybersecurity risks, which occurs at the board of directors level and through the audit committee’s (the “Audit Committee”) oversight of cybersecurity and other information technology risks. Additionally, we have a Cybersecurity Disclosure Committee (“CDC”), which includes representation from our Information Technology, Legal, Internal Audit, and Accounting and Reporting teams. The CDC is responsible for assessing the materiality of cybersecurity incidents based on quantitative and qualitative materiality factors, and for providing recommendations on public disclosures of cybersecurity incidents to the Audit Committee if an incident is identified to be possibly material. The CDC also provides input and consideration into internal controls surrounding cybersecurity along with reviewing cybersecurity risks, mitigation strategies, and ensuring the cybersecurity strategy is in alignment with business objectives.

The Audit Committee receives reports as necessary, and no less than quarterly, from our cybersecurity management team on our cybersecurity risks and related information, including, but not limited to, analysis of events that have impacted our peers, updates on program maturity, regulatory compliance status and cybersecurity program status and updates. In addition, management updates the Audit Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

The Audit Committee regularly briefs our board of directors on the matters communicated to the Audit Committee by our cybersecurity management team and the CDC, and our board of directors also receives periodic briefings from our cybersecurity management team on our cybersecurity risk management program and on cybersecurity threats in order to enhance our directors’ literacy on cybersecurity issues.

Management’s Role

Our cybersecurity management team, which is led by our Chief Information Officer (“CIO”) and Director of Cybersecurity, consists of members who have extensive experience in cybersecurity and is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for implementing our overall cybersecurity risk management program, including ongoing monitoring, and supervises both our internal

cybersecurity personnel and our retained external cybersecurity consultants. Our CIO and Director of Cybersecurity have extensive cybersecurity experience as noted below.

- Our Senior Vice President, CIO leads our information technology department and oversees our cybersecurity division. Our CIO holds a Bachelor of Engineering in Computer Science and Engineering from Maharshi Dayanand University and a Master of Science in Computer Science from the University of Texas at Arlington. Our CIO has served in various roles in information technology for over 20 years, including as vice president of the Canadian division of a major home improvement retailer, where he directly oversaw the cybersecurity function, and in various vice president and IT director roles at a large U.S. based retailer and aircraft operator, as well as in the energy and online ticket distribution industries.
- Our Director of Cybersecurity heads the division and is responsible for aspects of cybersecurity across our infrastructure, which includes cybersecurity architecture and engineering, cybersecurity operations and IT governance risk and compliance. Our Director of Cybersecurity has served in various cybersecurity roles for over 20 years at numerous organizations and consulting firms. Our Director of Cybersecurity earned a Bachelor of Business Administration in Management Information Systems (MIS) from Florida International University and a Master of Business Administration (MBA) in Management from Nova Southeastern University and also holds active cybersecurity certifications including the GIAC Certified Incident Handler (GCIH), Certified Information Security Manager (CISM), and Certified Information Systems Security Professional (CISSP).

ITEM 2. PROPERTIES

Aircraft

As of December 31, 2023, we operated a fleet of 136 aircraft as detailed in the following table:

Aircraft Type	Seats	Average Age (Years)	Number of Aircraft	Number Owned	Number Leased
A320ceo	180 or 186	8	8	—	8
A320neo	186	4	82	—	82
A321ceo	230	7	21	—	21
A321neo	240	1	25	—	25
		4	136	—	136

Ground Facilities

Our facility leases are primarily for space at approximately 90 airports that are primarily located in the United States. These leases are classified as operating leases and reflect the use of airport terminals, ticket counters, office space, and maintenance facilities. Generally, this space is leased from government agencies that control the use of the airport. The majority of these leases are short-term in nature and renew on an evergreen basis. For these leases, the contractual term is used as the lease term. As of December 31, 2023, the remaining lease terms vary from one month to eleven years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually. Because of the variable nature of the rates, these leases are not recorded on the consolidated balance sheets as right-of-use assets and lease liabilities.

During the year ended December 31, 2023, 24% of our flights had Denver International Airport as either their origin or destination. We primarily operate out of Concourse A at Denver International Airport. In May 2022, we entered into a 10-year airport use and lease agreement with the City and County of Denver which includes a new ground-level boarding facility and 14 accompanying gates. We typically use 11 gates within Concourse A, with preferential access to nine specified gates and common use access to the remaining gates. We also lease a hangar, consisting of approximately 154,900 square feet, which includes office space and is where we provide certain maintenance on our aircraft. Other airports through which we conduct significant operations include Orlando

International Airport (MCO), McCarran International Airport (LAS), Hartsfield-Jackson Atlanta International Airport (ATL) and Philadelphia International Airport (PHL).

Our principal executive offices and headquarters are located in owned premises at 4545 Airport Way, Denver, Colorado 80239, consisting of approximately 90,000 square feet.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we have been and will continue to be subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained. We believe the ultimate outcome of such lawsuits, proceedings and reviews is not reasonably likely, individually or in the aggregate, to have a material adverse effect on our business, results of operations and financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is listed and traded on the Nasdaq Global Select Market ("Nasdaq") under the symbol "ULCC."

Holders

As of February 16, 2024, there were two holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

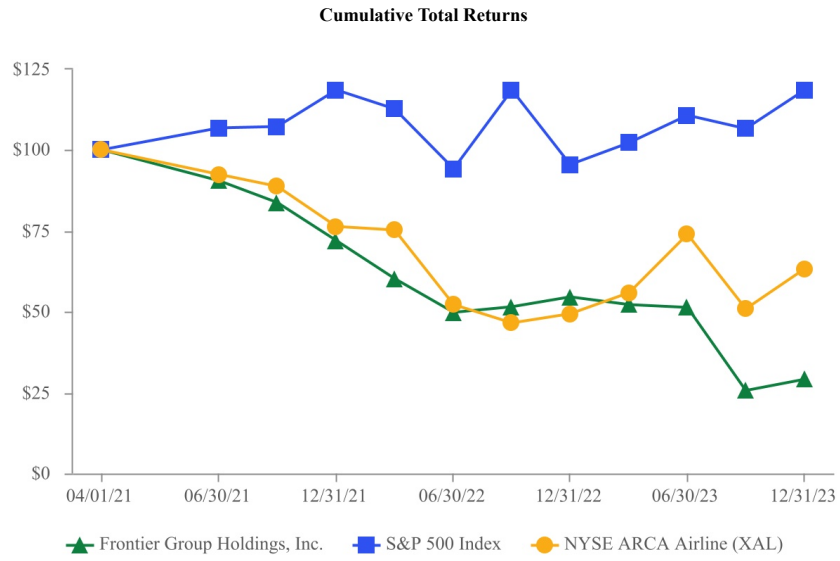
There were no cash dividend declarations or payments during the year ended December 31, 2023 and we do not expect to pay cash dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Stock Performance Graph

The following stock performance graph and related information shall not be deemed "soliciting material" or "filed" with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act or the Exchange Act, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following graph compares the cumulative total returns during the period from April 1, 2021 (the date our common stock commenced trading on Nasdaq) through December 31, 2023 of our common stock to the NYSE ARCA Airline Index and the Standard & Poor's 500 Index. The comparison assumes \$100 was invested on April 1, 2021 in each of our common stock and the indices and assumes that all dividends were reinvested. The stock

performance shown on the following graph represents historical stock performance and is not necessarily indicative of future stock price performance.



Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

We do not have a share repurchase program and no shares were repurchased during the fourth quarter of 2023.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K. Our discussion and analysis of fiscal year 2023 compared to fiscal year 2022 is included herein. For discussion of results for the fiscal year 2021 and analysis of year-to-year comparisons between 2022 and 2021, please refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on February 22, 2023.

Overview

Frontier Airlines, Inc. ("Frontier") is an ultra low-cost carrier whose business strategy is focused on *Low Fares Done Right*. We are headquartered in Denver, Colorado and offer flights throughout the United States and to select near international destinations in the Americas. Our unique strategy is underpinned by our low-cost structure and superior low-fare brand.

The following table provides select financial and operational information for the years ended December 31, 2023 and 2022 (in millions):

	Year Ended December 31,		Change
	2023	2022	
Total operating revenues	\$ 3,589	\$ 3,326	8 %
Total operating expenses	\$ 3,592	\$ 3,371	7 %
Income (loss) before income taxes	\$ 32	\$ (45)	N/M
Available seat miles ("ASMs")	37,822	31,746	19 %

Total operating revenues for the year ended December 31, 2023 totaled \$3,589 million, an increase of 8% compared to the year ended December 31, 2022. This was primarily due to a 19% increase in capacity, as measured by ASMs, partially offset by the 9% decrease in revenue per available seat mile ("RASM"). This RASM movement was driven by a decrease in total revenue per passenger driven by lower fares, partially offset by the favorable increase in load factor, as compared to the corresponding period in 2022.

Total operating expenses during the year ended December 31, 2023 totaled \$3,592 million, resulting in a cost per available seat mile ("CASM") of 9.50¢, compared to 10.62¢ for the year ended December 31, 2022. Fuel expense was 3% lower during the year ended December 31, 2023, as compared to the year ended December 31, 2022. The \$30 million decrease in fuel expense for the year ended December 31, 2023, compared to the corresponding period in 2022, was primarily driven by a 17% decrease in fuel prices, largely offset by the 17% increase in fuel gallons consumed during the year ended December 31, 2023, as a result of our 19% increase in capacity. Our non-fuel expenses increased by 11% during the year ended December 31, 2023, as compared to the corresponding prior year period, driven primarily by higher capacity and a larger fleet size and the resulting increase in operations during the same period, partly offset by increased sale-leaseback gains. While non-fuel expenses increased, CASM (excluding fuel), a measure that is not prepared using generally accepted accounting principles in the United States ("GAAP"), decreased 6% for the year ended December 31, 2023 to 6.51¢ on 19% capacity growth. The improvement was largely due to increased utilization, the decrease in aircraft rent resulting from lease extensions and an increase in sale-leaseback gains, partly offset by an increase in airport costs.

Adjusted (non-GAAP) CASM (excluding fuel), decreased from 6.90¢ for the year ended December 31, 2022 to 6.50¢ for the year ended December 31, 2023. For the year ended December 31, 2023, Adjusted (non-GAAP) CASM (excluding fuel) excludes the impact of \$1 million in net transaction and merger-related costs incurred in connection with our terminated merger with Spirit Airlines, Inc. ("Spirit") and \$1 million in other operating costs associated

with legal fees incurred due to the U.S. Department of Justice's substantial requests for information and deposition testimony from us related to the contemplated merger of Spirit and JetBlue Airways. For the year ended December 31, 2022, Adjusted (non-GAAP) CASM (excluding fuel) excludes the impact of the \$10 million in net transaction and merger-related costs, \$7 million in asset impairment charges, and \$2 million in collective bargaining contract ratification costs. For the reconciliation to corresponding GAAP measures, see "Results of Operations—Reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, Adjusted CASM including net interest and CASM including net interest."

We generated a net loss of \$11 million and \$37 million during the years ended December 31, 2023 and 2022, respectively. Considering the aforementioned non-GAAP operating adjustments along with the \$37 million valuation allowance, primarily against our U.S. federal and state net operating loss deferred tax assets, recorded during the year ended December 31, 2023, our adjusted (non-GAAP) net income was \$28 million for the year ended December 31, 2023. Considering the aforementioned non-GAAP operating adjustments along with the \$7 million non-operating write-off of deferred financing costs during the year ended December 31, 2022, due to the repayment of the CARES Act loan and the related tax impacts of these adjustments, our adjusted (non-GAAP) net loss was \$17 million for the year ended December 31, 2022. For the reconciliation to corresponding GAAP measures, see "Results of Operations—Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss), Pre-Tax Income (Loss) to Adjusted Pre-Tax Income (Loss) and Net Income to EBITDA, EBITDAR, Adjusted EBITDA, and Adjusted EBITDAR."

As of December 31, 2023, our total available liquidity was \$609 million, made up of cash and cash equivalents. On February 2, 2022, we repaid the \$150 million outstanding under our term loan facility (the "Treasury Loan") with the U.S. Department of the Treasury (the "Treasury"). The repayment of this loan unencumbered our co-branded credit card program and related brand assets that secured the Treasury Loan obligation.

Trends and Uncertainties Affecting Our Business

We believe our operating and business performance is driven by various factors that typically affect airlines and their markets, including trends which affect the broader travel industry, as well as trends which affect the specific markets and customer base that we target. The following key factors may affect our future performance:

Competition. The airline industry is highly competitive. The principal competitive factors in the airline industry are the fare and total price, flight schedules, number of routes served from a city, frequent flyer programs, product and passenger amenities, customer service, fleet type and reputation. The airline industry is particularly susceptible to price discounting as once a flight is scheduled, airlines incur only nominal incremental costs to provide service to passengers occupying otherwise unsold seats. Price competition occurs on a route-by-route basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize RASM. The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell. A key element of our competitive strategy is to maintain very low unit costs in order to permit us to compete successfully in price-sensitive markets. In addition, some of the legacy network carriers match LCC and ULCC pricing on portions of their network, including through the selective deployment of so-called "basic economy" fares. We believe that fare discounts, along with unbundled product offerings, have and will continue to stimulate demand for Frontier due to our *Low Fares Done Right* strategy.

Our *Low Fares Done Right* strategy is underpinned by our low-cost structure, and has significantly reduced our cost base by increasing aircraft utilization, transitioning to larger and more fuel-efficient aircraft, maximizing seat density, renegotiating the majority of our distribution agreements, realigning our network, migrating to a self-service customer service model, enhancing our website and mobile app, boosting employee productivity and contracting with leading specialists to provide us with select operating and other services.

Our cost structure has generally allowed us to achieve strong results from operations relative to the rest of the industry during periods of competitive pricing and price discounts. We believe that we are well positioned to

maintain our low unit operating costs relative to our competitors through on-going strategic initiatives, including continuing our cost optimization efforts and further realizing economies of scale. To the extent that we are unable to maintain our low-cost structure, our ability to compete effectively may be impaired. In addition, if our competitors engage in fare wars or similar behavior, our financial performance could be adversely impacted.

Aircraft Fuel. Fuel expense represents one of the single largest operating expense for most airlines, including ours. Aircraft fuel prices and availability are subject to market fluctuations, refining capacity, periods of market surplus and shortage and demand for heating oil, gasoline and other petroleum products, as well as meteorological, economic and political factors and events occurring throughout the world, which we can neither control nor accurately predict. The future cost and availability of aircraft fuel cannot be predicted with any degree of certainty.

Volatility. The air transportation business is volatile and highly affected by economic cycles and trends. Global pandemics and related health scares, consumer confidence and discretionary spending, fear of terrorism or war, weakening economic conditions, fare initiatives, fluctuations in fuel prices, labor actions, changes in governmental regulations on taxes and fees, weather and other factors have resulted in significant fluctuations in revenue and results of operations in the past.

Seasonality. Our results of operations for any interim period are not necessarily indicative of those for the entire year because the air transportation business and our route network are subject to seasonal fluctuations. We generally expect demand to be greater in the second and third quarters compared to the rest of the year. While we have, over recent years, reduced our concentration in Denver to decrease the impact of seasonality in our business, 24% of our flights during the year ended December 31, 2023 had Denver International Airport as either their origin or destination, as compared to 26% of our flights during the year ended December 31, 2022.

Labor. The airline industry is currently experiencing certain shortages of qualified personnel. The airline industry is also heavily unionized. The wages, benefits and work rules of unionized airline industry employees are determined by collective bargaining agreements (“CBAs”). Relations between air carriers and labor unions in the United States are governed by the United States Railway Labor Act (“RLA”). Under the RLA, CBAs generally contain “amendable dates” rather than expiration dates and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the National Mediation Board (“NMB”). This process continues until either the parties have reached an agreement on a new CBA or the parties have been released to “self-help” by the NMB. In most circumstances, the RLA prohibits strikes. However, after release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes.

We have seven union-represented employee groups comprising approximately 86% of our employees as of December 31, 2023. Our pilots are represented by the Air Line Pilots Association (“ALPA”); our flight attendants are represented by the Association of Flight Attendants (“AFA-CWA”); our aircraft technicians, aircraft appearance agents, material specialists and maintenance controllers are all represented by the International Brotherhood of Teamsters (“IBT”); and our dispatchers are represented by the Transport Workers Union (“TWU”).

Maintenance, Materials and Repairs and Maintenance Reserve Obligations. The amount of total maintenance costs and related depreciation of heavy maintenance expense is subject to variables such as estimated usage, government regulations, the size, age and makeup of the fleet in future periods, and the level of unscheduled maintenance events and their actual costs. Accordingly, we cannot reliably quantify future maintenance-related expenses for any significant period of time.

As of December 31, 2023, the average age of our aircraft was approximately four years and all of the aircraft in our fleet were financed with operating leases, the last of which is scheduled to expire by the end of 2035. Please refer to “Notes to Consolidated Financial Statements—9. Operating Leases” for further discussion. We expect that these new aircraft will require less maintenance when they are first placed in service (sometimes called a “maintenance holiday”) because the aircraft will benefit from manufacturer warranties and also will be able to operate for a significant period of time, generally measured in years, before the most expensive scheduled maintenance obligations, known as heavy maintenance, are required. Once these maintenance holidays expire, these

aircraft will require more maintenance as they age and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. When these more significant maintenance activities occur, this will result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to generate revenue.

We account for heavy maintenance events under the deferral method. Accordingly, heavy maintenance is depreciated over the shorter of either the remaining lease term or the period until the next estimated heavy maintenance event. As a result, maintenance events occurring closer to the end of the lease term will generally have shorter depreciation periods than those occurring earlier in the lease term. This will create higher depreciation expense specific to any aircraft related to heavy maintenance during the final years of the lease as compared to earlier periods.

Results of Operations

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Operating Revenues

	Year Ended December 31,		Change	
	2023	2022		
Operating revenues (\$ in millions):				
Passenger	\$ 3,509	\$ 3,248	\$ 261	8 %
Other	80	78	2	3 %
Total operating revenues	\$ 3,589	\$ 3,326	\$ 263	8 %
Operating statistics:				
ASMs (millions)	37,822	31,746	6,076	19 %
Revenue passenger miles (RPMs) (millions)	30,798	25,669	5,129	20 %
Average stage length (miles)	1,007	991	16	2 %
Load factor	81.4 %	80.9 %	0.5 pts	N/A
RASM (¢)	9.49	10.48	(0.99)	(9)%
Total ancillary revenue per passenger (\$)	76.51	76.28	0.23	— %
Total revenue per passenger (\$)	118.77	130.50	(11.73)	(9)%
Passengers (thousands)	30,218	25,486	4,732	19 %

Total operating revenue increased \$263 million, or 8%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, as we experienced continued demand related to leisure travel through most of the year, which was moderated by lower fares. Revenue was favorably impacted by 19% capacity growth, as measured by ASMs, during the year ended December 31, 2023, as compared to the year ended December 31, 2022. This increase was driven by a 13% increase in average aircraft in service during the year ended December 31, 2023, as compared to the year ended December 31, 2022, as well as a 2% increase in average daily aircraft utilization to 11.3 hours per day for the year ended December 31, 2023, as compared to the 11.1 hours per day for the corresponding prior year period. RASM decreased 9% during the year ended December 31, 2023 as compared to the year ended December 31, 2022, driven by a 9% decrease in total revenue per passenger due to fare, as well as the 2% increase in stage length, partially offset by the 0.5 point increase in load factor.

Operating Expenses

	Year Ended December 31,		Change		Cost per ASM		Change
	2023	2022			2023	2022	
Operating expenses (\$ in millions):^(a)							
Aircraft fuel	\$ 1,130	\$ 1,160	\$ (30)	(3)%	2.99 €	3.66 €	(18)%
Salaries, wages and benefits	858	715	143	20 %	2.27	2.25	1 %
Aircraft rent	554	556	(2)	— %	1.47	1.75	(16)%
Station operations	516	422	94	22 %	1.36	1.33	2 %
Maintenance, materials and repairs	179	146	33	23 %	0.47	0.46	2 %
Sales and marketing	164	164	—	— %	0.43	0.52	(17)%
Depreciation and amortization	50	45	5	11 %	0.13	0.14	(7)%
Transaction and merger-related costs, net	1	10	(9)	(90)%	—	0.03	N/M
Other operating expenses	140	153	(13)	(8)%	0.38	0.48	(21)%
Total operating expenses	\$ 3,592	\$ 3,371	\$ 221	7 %	9.50 €	10.62 €	(11)%
Operating statistics:							
ASMs (millions)	37,822	31,746	6,076	19 %			
Average stage length (miles)	1,007	991	16	2 %			
Passengers (thousands)	30,218	25,486	4,732	19 %			
Departures	188,841	165,447	23,394	14 %			
CASM (excluding fuel) (€) ^(b)	6.51	6.96	(0.45)	(6)%			
Adjusted CASM (excluding fuel) (€) ^(b)	6.50	6.90	(0.40)	(6)%			
Fuel cost per gallon (\$)	3.10	3.72	(0.62)	(17)%			
Fuel gallons consumed (thousands)	364,606	312,115	52,491	17 %			

N/M = Not meaningful

(a) Cost per ASM figures may not recalculate due to rounding.

(b) These metrics are not calculated in accordance with GAAP. See the reconciliation to corresponding GAAP measures provided below.

Reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, Adjusted CASM including net interest and CASM including net interest

	Year Ended December 31,			
	2023		2022	
	(\$ in millions)	Per ASM (€)	(\$ in millions)	Per ASM (€)
Non-GAAP financial data: ^(a)				
CASM		9.50		10.62
Aircraft fuel	(1,130)	(2.99)	(1,160)	(3.66)
CASM (excluding fuel) ^(b)		6.51		6.96
Transaction and merger-related costs, net ^(c)	(1)	(0.01)	(10)	(0.03)
Other operating costs - legal fees ^(d)	(1)	—	—	—
Asset impairment ^(e)	—	—	(7)	(0.02)
Collective bargaining contract ratification ^(f)	—	—	(2)	(0.01)
Adjusted CASM (excluding fuel) ^(b)		6.50		6.90
Aircraft fuel	1,130	2.99	1,160	3.66
Adjusted CASM ^(g)		9.49		10.56
Net interest expense (income)	(35)	(0.09)	—	—
CARES Act - write-off of deferred financing costs due to payoff of loan ^(h)	—	—	(7)	(0.02)
Adjusted CASM + net interest ^(g)		9.40		10.54
CASM				
Net interest expense (income)	(35)	(0.10)	—	—
CASM + net interest ^(g)		9.40		10.62

(a) Cost per ASM figures may not recalculate due to rounding.

(b) CASM (excluding fuel) and Adjusted CASM (excluding fuel) are included as supplemental disclosures because we believe that excluding aircraft fuel is useful to investors as it provides an additional measure of management's performance excluding the effects of a significant cost item over which management has limited influence. The price of fuel, over which we have limited control, impacts the comparability of period-to-period financial performance, and excluding the price of fuel allows management an additional tool to understand and analyze our non-fuel costs and core operating performance, and increases comparability with other airlines that also provide a similar metric. CASM (excluding fuel) and Adjusted CASM (excluding fuel) are not determined in accordance with GAAP and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

(c) Represents \$1 million in employee retention costs incurred in connection with the terminated merger with Spirit for the year ended December 31, 2023. Represents \$19 million in employee retention costs and \$16 million in transaction costs, including banking, legal and accounting fees, incurred in connection with the terminated merger with Spirit, partially offset by \$25 million received from Spirit for the reimbursement of incurred merger-related expenses for the year ended December 31, 2022.

(d) Represents \$1 million of legal fees incurred due to the U.S. Department of Justice's substantial requests for information and deposition testimony from us related to the contemplated merger of Spirit and JetBlue Airways.

(e) Represents a write-off of \$7 million in capitalized software development costs as a result of a termination of a vendor arrangement.

(f) Represents \$2 million of costs related to a one-time incentive bonus and related payroll adjustments resulting from the May 2022 contract ratification with the union representing our aircraft technicians.

(g) Adjusted CASM is included as supplemental disclosure because we believe it is a useful metric to properly compare our cost management and performance to other peers, as derivations of Adjusted CASM 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 the airline industry. Additionally, we believe this metric is useful because it removes certain items that may not be indicative of base operating performance or future results. Adjusted CASM is not determined in accordance with GAAP, may not be comparable across all carriers and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

(h) On February 2, 2022, we repaid the Treasury Loan, which resulted in a one-time write-off of the remaining \$7 million in unamortized deferred financing costs related to the Treasury Loan. This amount is a component of interest expense.

(i) Adjusted CASM including net interest and CASM including net interest are included as supplemental disclosures because we believe they are useful metrics to properly compare our cost management and performance to other peers that may have different capital structures and financing strategies, particularly as it relates to financing primary operating assets such as aircraft and engines. Additionally, we believe these metrics are useful because they remove certain items that may not be indicative of base operating performance or future results. Adjusted CASM including net interest and CASM including net interest are not determined in accordance with GAAP, may not be comparable across all carriers and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

Aircraft Fuel. Aircraft fuel expense decreased by \$30 million, or 3%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022. The decrease was primarily due to a 17% decrease in fuel cost per gallon, substantially offset by the 17% increase in gallons consumed, driven by higher capacity.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by \$143 million, or 20%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022. The increase was primarily due to growth in our fleet, higher crew costs, driven by elevated credit hours on higher capacity and other benefit costs, and an increased headcount of salaried support staff.

Aircraft Rent. Aircraft rent expense decreased slightly by \$2 million, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to the reversal of \$53 million of previously accrued lease return costs due to lease extensions of six of our aircraft and five engines, partially offset by a larger fleet.

Station Operations. Station operations expense increased by \$94 million, or 22%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to a 14% increase in departures and a 19% increase in passengers, partially offset by lower passenger reaccommodation expenses.

Maintenance, Materials and Repairs. Maintenance, materials and repair expense increased by \$33 million, or 23%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022. This was primarily due to more average aircraft in service and higher average daily utilization per aircraft, which resulted in higher maintenance costs, including higher airframe check and materials expenses, as well as associated contract labor costs.

Sales and Marketing. Sales and marketing expense remained consistent during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to higher credit card fees, resulting from an 8% increase in revenue, offset by a decrease in customer reservation system fees, as well as a reduction in media advertising. The following table presents our distribution channel mix:

Distribution Channel	Year Ended December 31,		Change
	2023	2022	
Our website, mobile app and other direct channels	72 %	70 %	2 pts
Third-party channels	28 %	30 %	(2) pts

Depreciation and Amortization. Depreciation and amortization expense increased by \$5 million, or 11%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to an increase in capitalized maintenance, partially offset by a \$7 million asset impairment recorded during the year ended December 31, 2022.

Transaction and Merger-Related Costs, Net. During the year ended December 31, 2023, we incurred \$1 million in merger-related costs, as compared to \$10 million in net costs during the year ended December 31, 2022, which included \$19 million in employee retention costs and \$16 million in transaction costs, primarily related to legal and other professional fees, partially offset by the \$25 million received from Spirit for the reimbursement of incurred merger-related expenses.

Other Operating Expenses. Other operating expenses decreased by \$13 million, or 8%, during the year ended December 31, 2023, as compared to the year ended December 31, 2022. The decrease was primarily driven by the

increases in gains from sale-leaseback transactions compared to the corresponding prior period, partially offset by increases to travel expenses relating to crew accommodations, driven by an increase in capacity, as well as increases to IT, supplies and general and administrative costs.

Other Income (Expense). Other income (expense) was \$35 million during the year ended December 31, 2023, as compared to no other income (expense) for the year ended December 31, 2022. Higher interest rates and increased balances in our interest-bearing cash accounts contributed to an increase in interest income. Additionally, higher interest rates and the increase in PDP balances contributed to greater capitalized interest. Interest expense increased for the year ended December 31, 2023 as compared to the year ended December 31, 2022 due to increased rates and balances as compared to the prior period and interest expense for the year ended December 31, 2022 was unfavorably impacted by a \$7 million non-cash charge from the write-off of unamortized deferred financing costs associated with the repayment of the Treasury Loan.

Income Taxes. Our income tax expense was \$43 million for the year ended December 31, 2023, as compared to an \$8 million benefit for the year ended December 31, 2022. Our effective tax rate for the year ended December 31, 2023 was 134.4%, primarily due to a \$37 million valuation allowance recorded in December 2023 against our U.S. federal and state net operating loss deferred tax assets, which expire from one year to having no expiration, as a result of being in a three-year cumulative pre-tax loss position and limitations on compensation provided to certain executives pursuant to Internal Revenue Code section 162(m), partially offset by benefits recognized on the exercise of expiring stock options. Please refer to “Notes to Consolidated Financial Statements—15. Income Taxes” for additional information.

Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss), Pre-Tax Income (Loss) to Adjusted Pre-Tax Income (Loss) and Net Income to EBITDA, EBITDAR, Adjusted EBITDA, and Adjusted EBITDAR

	Year Ended December 31,	
	2023	2022
	(in millions)	
Non-GAAP financial data (unaudited):		
Adjusted pre-tax income (loss) ^(a)	\$ 34	\$ (19)
Adjusted net income (loss) ^(a)	\$ 28	\$ (17)
EBITDA ^(a)	\$ 47	\$ —
EBITDAR ^(b)	\$ 601	\$ 556
Adjusted EBITDA ^(a)	\$ 49	\$ 12
Adjusted EBITDAR ^(b)	\$ 603	\$ 568

(a) Adjusted pre-tax income (loss), adjusted net income (loss), EBITDA and adjusted EBITDA are included as supplemental disclosures because we believe they are useful indicators of our operating performance. Derivations of pre-tax income (loss), net income and EBITDA 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.

Adjusted pre-tax income (loss), adjusted net income (loss), EBITDA and adjusted EBITDA have limitations as analytical tools. Some of the limitations applicable to these measures include: adjusted pre-tax income (loss), adjusted net income (loss), EBITDA and adjusted EBITDA do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; adjusted pre-tax income (loss), adjusted net income (loss), EBITDA and adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; EBITDA and adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; EBITDA, and adjusted EBITDA do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness or possible cash requirements related to our warrants; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and adjusted EBITDA do not reflect any cash requirements for such replacements; and other companies in our industry may calculate adjusted pre-tax income (loss), adjusted net income (loss), EBITDA and adjusted EBITDA differently than we do, limiting their usefulness as comparative measures. Because of these limitations, adjusted pre-tax income (loss), adjusted net income (loss), EBITDA and adjusted EBITDA should not be considered in isolation from or as a substitute for performance measures calculated in accordance with GAAP. In addition, because derivations of adjusted pre-tax income (loss), adjusted net income (loss), EBITDA and adjusted EBITDA 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 pre-tax income (loss), net income (loss) and EBITDA, including adjusted pre-tax income (loss), adjusted net income (loss) and adjusted EBITDA, as presented may not be directly comparable to similarly titled measures presented by other companies.

For the foregoing reasons, each of adjusted pre-tax income (loss), adjusted net income (loss), EBITDA and adjusted EBITDA has significant limitations which affect its use as an indicator of our profitability. Accordingly, you are cautioned not to place undue reliance on this information.

- (b) EBITDAR and adjusted EBITDAR are included as a supplemental disclosure because we believe them to be useful solely as valuation metrics for airlines as their calculations isolate the effects of financing in general, the accounting effects of capital spending and acquisitions (primarily aircraft, which may be acquired directly, directly subject to acquisition debt, by capital lease or by operating lease, each of which is presented differently for accounting purposes), and income taxes, which may vary significantly between periods and for different airlines for reasons unrelated to the underlying value of a particular airline. However, EBITDAR and adjusted EBITDAR are not determined in accordance with GAAP, are susceptible to varying calculations and not all companies calculate the measure in the same manner. As a result, EBITDAR and adjusted EBITDAR, as presented, may not be directly comparable to similarly titled measures presented by other companies. In addition, EBITDAR and adjusted EBITDAR should not be viewed as a measure of overall performance since they exclude aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. Accordingly, you are cautioned not to place undue reliance on this information.

	Year Ended December 31,	
	2023	2022
	(in millions)	
Adjusted net income (loss) reconciliation (unaudited):		
Net income (loss)	\$ (11)	\$ (37)
Non-GAAP Adjustments ^(a) :		
Transaction and merger-related costs, net	1	10
Other operating costs - legal fees	1	—
Asset impairment	—	7
Collective bargaining contract ratification	—	2
CARES Act - write-off of deferred financing costs due to paydown of loan	—	7
Pre-tax impact	2	26
Tax benefit (expense) related to non-GAAP adjustments	—	(6)
Valuation allowance ^(b)	37	—
Net income (loss) impact	\$ 39	\$ 20
Adjusted net income (loss)	\$ 28	\$ (17)
Adjusted pre-tax income (loss) reconciliation (unaudited):		
Income (loss) before income taxes	\$ 32	\$ (45)
Pre-tax impact	2	26
Adjusted pre-tax income (loss)	\$ 34	\$ (19)

	Year Ended December 31,	
	2023	2022
	(in millions)	
EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR reconciliation (unaudited):		
Net income (loss)	\$ (11)	\$ (37)
Plus (minus):		
Interest expense	29	21
Capitalized interest	(28)	(11)
Interest income and other	(36)	(10)
Income tax expense (benefit)	43	(8)
Depreciation and amortization	50	45
EBITDA	47	—
Plus: Aircraft rent	554	556
EBITDAR	\$ 601	\$ 556
EBITDA	\$ 47	\$ —
Plus (minus) ^(a) :		
Transaction and merger-related costs, net	1	10
Other operating costs - legal fees	1	—
Collective bargaining contract ratification	—	2
Adjusted EBITDA	49	12
Plus: Aircraft rent	554	556
Adjusted EBITDAR	\$ 603	\$ 568

(a) See "Reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, Adjusted CASM including net interest and CASM including net interest" above for discussion on adjusting items.

(b) In December 2023, we recorded a \$37 million non-cash valuation allowance against our U.S. federal and state net operating loss deferred tax assets, which largely don't expire, mainly as a result of being in a three-year cumulative pre-tax loss position, which has no impact on cash taxes and is not reflective of our effective tax rate for deductible net operating losses generated or actual cash tax obligations created.

Comparative Operating Statistics

The following table sets forth our operating statistics for the years ended December 31, 2023 and 2022. These operating statistics are provided because they are commonly used in the airline industry and, as such, allow readers to compare our performance against our results for the corresponding prior year period, as well as against the performance of our peers.

	Year Ended December 31,		Change
	2023	2022	
Operating statistics (unaudited)^(a)			
ASMs (millions)	37,822	31,746	19 %
Departures	188,841	165,447	14 %
Average stage length (miles)	1,007	991	2 %
Block hours	523,440	451,156	16 %
Average aircraft in service	126	112	13 %
Aircraft – end of period	136	120	13 %
Average daily aircraft utilization (hours)	11.3	11.1	2 %
Passengers (thousands)	30,218	25,486	19 %
Average seats per departure	199	193	3 %
RPMs (millions)	30,798	25,669	20 %
Load Factor	81.4 %	80.9 %	0.5 pts
Fare revenue per passenger (\$)	42.26	54.22	(22) %
Non-fare passenger revenue per passenger (\$)	73.85	73.21	1 %
Other revenue per passenger (\$)	2.66	3.07	(13) %
Total ancillary revenue passenger (\$)	76.51	76.28	— %
Total revenue per passenger (\$)	118.77	130.50	(9) %
RASM (¢)	9.49	10.48	(9) %
CASM (¢)	9.50	10.62	(11) %
CASM (excluding fuel) (¢) ^(b)	6.51	6.96	(6) %
CASM + net interest (¢) ^(b)	9.40	10.62	(11) %
Adjusted CASM (¢) ^(b)	9.49	10.56	(10) %
Adjusted CASM (excluding fuel) (¢) ^(b)	6.50	6.90	(6) %
Adjusted CASM (excluding fuel), SLA 1,000 (¢) ^{(b)(c)}	6.52	6.87	(5) %
Adjusted CASM + net interest (¢) ^(b)	9.40	10.54	(11) %
Fuel cost per gallon (\$)	3.10	3.72	(17) %
Fuel gallons consumed (thousands)	364,606	312,115	17 %
Full-time equivalent employees	7,214	6,450	12 %

(a) Figures may not recalculate due to rounding. See “Glossary of Airline Terms” for definitions of terms used in this table.

(b) These metrics are not calculated in accordance with GAAP. For the reconciliation to corresponding GAAP measures, see “Results of Operations—Reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, Adjusted CASM including net interest and CASM including net interest.”

(c) Stage Length Adjusted (SLA) to 1,000 miles: Adjusted CASM (excluding fuel) * Square root (stage length / 1,000).

Liquidity, Capital Resources and Financial Position

Overview

As of December 31, 2023, we had \$609 million in total available liquidity, made up of cash and cash equivalents. We had \$470 million of total debt, net, of which \$251 million was short-term and consisted of amounts outstanding under our pre-delivery deposit payment facility ("PDP Financing Facility") and secured indebtedness related to our headquarters building. Our total debt, net was comprised of \$312 million outstanding under our PDP Financing Facility, \$80 million outstanding under our pre-purchased miles facility with Barclays Bank Delaware ("Barclays"), \$66 million in 10-year, low-interest loans from the Treasury (collectively, the "PSP Promissory Notes") and \$16 million in secured indebtedness for our headquarters building, partially offset by \$4 million in deferred debt acquisition costs.

On February 2, 2022, we repaid the Treasury Loan, which included the \$150 million principal balance along with accrued interest and associated fees of \$1 million. As a result, we recognized a \$7 million non-cash charge from the write-off of unamortized deferred financing costs associated with the Treasury Loan for the year ended December 31, 2022. By repaying the amounts outstanding under the Treasury Loan, our co-branded credit card program and related brand assets that collateralized the Treasury Loan are now unencumbered.

In connection with the PSP Promissory Notes and Treasury Loan, we issued to the Treasury warrants to purchase 3,117,940 shares of FGHI common stock at a weighted-average price of \$6.95 per share. We have the intent and ability to settle the warrants issued to the Treasury in common shares and we have classified the warrant liability to additional paid-in capital on our consolidated balance sheet. The Treasury has not exercised any warrants as of December 31, 2023.

We continue to monitor our covenant compliance with various parties, including, but not limited to, our lenders and credit card processors. As of the date of this report, we are in compliance with all of our covenants.

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

	December 31,	
	2023	2022
	(\$ in millions)	
Cash and cash equivalents	\$ 609	\$ 761
Total current assets, excluding cash and cash equivalents	\$ 262	\$ 259
Total current liabilities, excluding current maturities of long-term debt and operating leases	\$ 858	\$ 933
Current maturities of long-term debt, net	\$ 251	\$ 157
Long-term debt, net	\$ 219	\$ 272
Stockholders' equity	\$ 507	\$ 509
Debt to capital ratio	48 %	46 %
Debt to capital ratio, including operating lease obligations	87 %	85 %

Use of Cash and Future Obligations

We expect to meet our cash requirements for the next twelve months through use of our available cash and cash equivalents, our PDP Financing Facility and cash flows from operating activities. We expect to meet our long-term cash requirements with cash flows from operating and financing activities, including, but not limited to, potential future borrowings on our credit facility and/or potential issuances of debt or equity. We also have unencumbered

loyalty and brand-related assets which we believe could generate significant additional liquidity, if desired. Our primary uses of cash are for working capital, aircraft PDPs, debt repayments and capital expenditures.

Our single largest capital commitment relates to the acquisition of aircraft. As of December 31, 2023, we operated all of our 136 aircraft under operating leases. PDPs relating to future deliveries under our agreement with Airbus are required at various times prior to each aircraft's delivery date. As of December 31, 2023, we had \$407 million of PDPs held by Airbus which have been partially financed by our PDP Financing Facility. As of December 31, 2023 our PDP Financing Facility, which allows us to draw up to an aggregate of \$365 million, had \$312 million outstanding. As of December 31, 2023, we had a firm obligation to purchase 210 A320neo family aircraft and 15 additional spare engines to be delivered by 2029. Of our aircraft commitments, four had committed operating leases for 2024 deliveries, and 12 were subject to non-binding letters of intent to provide operating lease financing for 2024 deliveries. We intend to evaluate financing options for the remaining aircraft.

Additionally, we are required by some of our aircraft lease agreements to pay maintenance reserves to our respective aircraft lessors in advance of the performance of major maintenance activities; these payments act as collateral for the lessors to ensure aircraft are returned in the agreed upon condition at the end of the lease period. Qualifying payments that are expected to be recovered from lessors are recorded as aircraft maintenance deposits on our consolidated balance sheets. A portion of our cash is, therefore, unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. During the years ended December 31, 2023 and 2022, we made \$16 million and \$18 million, respectively, in maintenance deposit payments, net to our lessors. As of December 31, 2023, we had \$96 million in recoverable aircraft maintenance deposits on our consolidated balance sheets, of which \$12 million was included in accounts receivable because the eligible maintenance had been performed and the remaining \$84 million was included within net aircraft maintenance deposits.

The following table summarizes current and long-term material cash requirements as of December 31, 2023, which we expect to fund primarily with operating and financing cash flows (in millions):

	Material Cash Requirements						Total
	2024	2025	2026	2027	2028	Thereafter	
Debt obligations ^(a)	\$ 252	\$ 76	\$ —	\$ —	\$ 66	\$ 80	\$ 474
Interest commitments ^(b)	22	8	7	7	5	3	52
Operating lease obligations ^(c)	566	563	500	434	352	1,417	3,832
Flight equipment purchase obligations ^(d)	1,391	2,500	2,358	2,448	2,403	1,356	12,456
Maintenance deposit obligations ^(e)	3	3	3	4	4	1	18
Total	\$ 2,234	\$ 3,150	\$ 2,868	\$ 2,893	\$ 2,830	\$ 2,857	\$ 16,832

(a) Includes principal commitments only associated with our PDP Financing Facility with borrowings as of December 31, 2023 pertaining to aircraft with deliveries through 2025, our floating rate building note through June 2024, our affinity card unsecured debt due through 2029 and the PSP Promissory Notes through 2031. See "Notes to Consolidated Financial Statements — 8. Debt".

(b) Represents interest on debt obligations.

(c) Represents gross cash payments related to our operating lease obligations that are not subject to discount as compared to the obligations measured on our consolidated balance sheets. See "Notes to Consolidated Financial Statements — 9. Operating Leases".

(d) Represents purchase commitments for aircraft and engines. See "Notes to Consolidated Financial Statements — 12. Commitments and Contingencies".

(e) Represents fixed maintenance reserve payments for aircraft including estimated amounts for contractual price escalations. See "Notes to Consolidated Financial Statements — 9. Operating Leases".

Cash Flows

The following table presents information regarding our cash flows in the years ended December 31, 2023 and 2022:

	Year Ended December 31,	
	2023	2022
	(in millions)	
Net cash used in operating activities	\$ (261)	\$ (78)
Net cash used in investing activities	(90)	(154)
Net cash provided by financing activities	199	75
Net decrease in cash, cash equivalents and restricted cash	(152)	(157)
Cash, cash equivalents and restricted cash at beginning of period	761	918
Cash, cash equivalents and restricted cash at end of period	\$ 609	\$ 761

Operating Activities

During the year ended December 31, 2023, net cash used in operating activities totaled \$261 million, which was driven by an \$11 million net loss, \$211 million of outflows from changes in operating assets and liabilities and non-cash adjustments totaling \$39 million.

The \$211 million of outflows from changes in operating assets and liabilities includes:

- \$163 million in increases in other long-term assets driven by increases in capitalized maintenance, prepaid maintenance, capitalized interest and forgivable loans, partially offset by a decreased deferred tax asset;
- \$60 million in decreases in our air traffic liability;
- \$45 million in decreases in other liabilities driven by leased aircraft return payments, partially offset by an increase in other operational related accruals;
- \$16 million in increases in aircraft maintenance deposits; and
- \$7 million in increases in supplies and other current assets; partially offset by
- \$47 million in increases in accounts payable; and
- \$33 million in decreases in accounts receivable.

Our net loss of \$11 million was also adjusted by the following non-cash items to arrive at cash used in operating activities:

- \$147 million in gains recognized on sale-leaseback transactions; partially offset by
- \$50 million in depreciation and amortization;
- \$43 million in deferred tax expense primarily due to the recognition of a valuation allowance;
- \$14 million in stock-based compensation expense; and
- \$1 million in amortization of cash flow hedges, net of tax.

During the year ended December 31, 2022, net cash used in operating activities totaled \$78 million, which was driven by a \$37 million net loss, \$14 million of outflows from changes in operating assets and liabilities and non-cash adjustments totaling \$27 million.

The \$14 million of outflows from changes in operating assets and liabilities includes:

- \$94 million in increases in other long-term assets driven by increases in prepaid maintenance and capitalized maintenance;
- \$40 million in increases in supplies from increased consumable and fuel inventory balances as well as increases to other current assets driven by swaption derivative premiums;
- \$28 million in increases in accounts receivable;
- \$18 million in increases in aircraft maintenance deposits; and
- \$4 million in decreases in accounts payable; partially offset by
- \$130 million in increases in other liabilities driven by growth in the business primarily through increased leased aircraft return costs, aircraft maintenance costs, and other related accruals; and
- \$40 million in increases in our air traffic liability as a result of increased bookings.

Our net loss of \$37 million was also adjusted by the following non-cash items to arrive at cash used in operating activities:

- \$87 million in gains recognized on sale-leaseback transactions;
- \$8 million in deferred tax benefits; partially offset by
- \$45 million in depreciation and amortization;
- \$15 million in stock-based compensation expense;
- \$7 million in losses on extinguishment of debt; and
- \$1 million in amortization of cash flow hedges, net of tax.

As of December 31, 2023, we did not have any other off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our results of operations, financial condition or cash flows.

Investing Activities

During the year ended December 31, 2023, net cash used in investing activities totaled \$90 million, driven by:

- \$51 million in cash outflows for capital expenditures;
- \$36 million in net outflows for PDP activity; and
- \$3 million in cash outflows relating to other investing activity.

During the year ended December 31, 2022, net cash used in investing activities totaled \$154 million, driven by:

- \$111 million in net payments for pre-delivery deposit activity;
- \$41 million in cash outflows for capital expenditures; and
- \$2 million in cash outflows relating to other investing activity.

Financing Activities

During the year ended December 31, 2023, net cash provided by financing activities was \$199 million, primarily driven by:

- \$163 million in net proceeds received from sale-leaseback transactions;
- \$171 million in cash proceeds from debt issuances, consisting of \$162 million in draws on our PDP Financing Facility, net of issuance costs, and a \$9 million draw on our Barclays facility; and
- \$1 million in proceeds from the exercise of stock options; partially offset by
- \$131 million in cash outflows from principal repayments on debt, which include \$130 million in PDP Financing Facility payments and \$1 million in payments pursuant to our floating rate building note; and
- \$5 million cash outflows for payments related to tax withholdings of share-based awards.

During the year ended December 31, 2022, net cash provided by financing activities was \$75 million, primarily driven by:

- \$273 million in cash proceeds from debt issuances, consisting of \$217 million in draws on our PDP Financing Facility, net of issuance costs, and \$56 million draw on our Barclays facility;
- \$71 million in net proceeds received from sale-leaseback transactions; and
- \$1 million in proceeds from the exercise of stock options; partially offset by
- \$266 million in cash outflows from principal repayments on debt, which include the paydown of the \$150 million Treasury Loan, \$115 million in PDP Financing Facility payments and \$1 million in payments pursuant to our floating rate building note; and
- \$4 million of payments for tax withholdings related to vesting of share-based awards.

Commitments and Contractual Obligations

Our contractual purchase commitments as of December 31, 2023 include future aircraft and spare engine acquisitions. Except to the extent set forth in the applicable notes to our consolidated financial statements, the table below does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time.

Year Ending	A320neo	A321neo	Total Aircraft ^(a)	Engines
2024	—	23	23	2
2025	17	25	42	4
2026	19	22	41	4
2027	21	21	42	3
2028	10	30	40	2
Thereafter	—	22	22	—
Total	67	143	210	15

(a) While the commitments presented above reflect the agreed-upon delivery dates as of December 31, 2023, we have recently experienced delays in the deliveries of Airbus aircraft which may persist in future periods.

During October 2019, we entered into an amendment with Airbus that allows us the option to convert 18 A320neo aircraft to A321XLR aircraft. This conversion right is not reflected in the table above as this option has not been exercised.

As of December 31, 2023, all 136 aircraft in our fleet were subject to operating leases. These leases expire between 2025 and the end of 2035. Leases for 42 of our aircraft could generally be renewed at rates based on fair market value at the end of a lease term for extensions ranging from two years to four years.

Separately, we have various leases with respect to real property as well as various agreements among airlines relating to fuel consortia or fuel farms at airports. Under some of these contracts, we are party to joint and several liability regarding damages. Under others, where we are a member of an LLC or other entity that contracts directly with the airport operator, liabilities are borne through the fuel consortia structure. Our aircraft, services, equipment lease and sale and financing agreements typically contain provisions requiring us, as the lessee, obligor or recipient of services, to indemnify the other parties to those agreements, including certain of those parties' related persons, against virtually any liabilities that might arise from the use or operation of the aircraft or such other equipment. We believe that our insurance would cover most of our exposure to liabilities and related indemnities associated with the commercial real estate leases and aircraft, services, equipment lease and sale and financing agreements described above.

Certain of our aircraft and other financing transactions include provisions that require us to make payments to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in law or regulations. In certain of these financing transactions and other agreements, we also bear the risk of certain changes in tax laws that would subject payments to non-U.S. entities to withholding taxes.

Certain of these indemnities survive the length of the related financing or lease. We cannot reasonably estimate our potential future payments under the indemnities and related provisions described above because we cannot predict when and under what circumstances these provisions may be triggered and the amount that would be payable if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP. In doing so, we make estimates and assumptions that affect our reported amounts of assets, liabilities, revenue and expenses, as well as related disclosure of contingent assets and liabilities. To the extent that there are material differences between these estimates and actual results, our financial condition and results of operations could be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. We refer to accounting estimates of this type as critical accounting estimates, which we discuss below. For a detailed discussion of our significant accounting policies, please refer to “Notes to Consolidated Financial Statements — 1. Summary of Significant Accounting Policies.”

Frequent Flyer Program

Our *FRONTIER Miles* program provides frequent flyer travel awards to program members based on accumulated miles. Miles are accumulated as a result of travel, purchases using the co-branded credit card and purchases from other participating partners. As of each of December 31, 2023 and 2022, our total frequent flyer liability was \$45 million.

The contract to sell miles under the co-branded credit card partnership has multiple performance obligations. The agreement provides for joint marketing, and we account for this agreement consistently with the accounting method that allocates the consideration received to the individual products and services delivered based on relative stand-alone selling prices. We determined the best estimate of the selling prices by considering discounted cash flow analysis using multiple inputs and assumptions, including: (1) the expected number of miles awarded and number of miles redeemed, (2) equivalent ticket value (“ETV”) for the award travel obligation, (3) licensing of brand and access to member lists and (4) advertising and marketing efforts. Any changes in the assumptions outlined above related to our co-branded credit card partnership at agreement inception would impact the allocation of consideration received and the resulting timing of when revenues from the each of the specific performance obligation would be recognized.

We estimate breakage (miles that are expected to expire unutilized) based on statistical models derived from historical redemption patterns. Breakage assumptions, including the period over which miles are expected to be redeemed, the actual redemption activity for miles, or the estimated fair value of miles expected to be redeemed, could have an impact on revenues in the year in which the change occurs and in future years. Additionally, we estimate ETV, which is used to determine the value per mile, based on the historical prices of the flights redeemed using miles and changes to these assumptions could impact the initial allocation of consideration in our co-branded credit card partnership or the amount of revenue recognized or deferred for miles accumulated as a result of travel.

For the year ended December 31, 2023, holding other factors constant, a 10% change in our estimated frequent flyer breakage rate would have resulted in a change to passenger revenues of approximately \$3 million, or less than 1%.

Leased Aircraft Return Costs

Our aircraft operating lease agreements generally require us to return aircraft airframes and engines to the lessor in a certain condition or pay an amount to the lessor based on the airframe and engine's actual return condition. These return provisions are evaluated at inception of the lease and throughout the lease terms and are accounted for as either fixed or variable lease payments (depending on the nature of the lease return condition). When such costs become both probable and estimable, they are accrued as a component of supplemental rent through the remaining lease term. Changes to the assumptions utilized in the estimation of these lease return costs are accounted for on a cumulative catch-up basis. As of December 31, 2023 and 2022, our total leased aircraft return cost liability was \$26 million and \$102 million, respectively.

In 2023, we extended the term for certain aircraft and spare engine operating leases that were slated to return in 2023 and 2024. As a result of the six aircraft and five engine extension events, for the year ended December 31, 2023, we recorded a benefit of \$53 million to aircraft rent in our consolidated statement of operations related to previously accrued lease return costs that were variable in nature and associated with the anticipated utilization and condition of the airframes and engines at the original return date. Given the extension of these aircraft operating leases, such variable return costs are no longer probable of occurring.

In assessing the future potential lease return costs we consider the future anticipated costs and scope of maintenance events (largely driven by projected number of flight hours and cycles estimated to be utilized on the aircraft and engines prior to return), estimated timing of such events including the timing since the last expected major maintenance event, the date the aircraft is due to be returned to the lessor, contractual terms of the lease and maintenance provider agreements, current condition of each aircraft, age of the aircraft at lease expiration, type of engine, projected number of hours and cycles run on the engines at the time of return and the number of projected cycles run on the airframe at the time of return, among other estimates.

If actual estimates vary materially from those utilized in the estimation of lease return costs we could incur more or less supplemental rent expense depending on the direction of the adjustments necessary. There can be no assurance that the projections utilized will not materially change in the future given the inherent difficulty in forecasting future utilization of aircraft over their lease terms; however, the estimates utilized are the best available at the time the financial statements were issued.

Income Tax Valuation Allowance

As of December 31, 2023, our total deferred tax assets, net of a \$48 million valuation allowance, were \$757 million, which included \$75 million of deferred tax assets related to net operating loss ("NOL") carry forwards. These deferred tax assets are comprised of \$53 million, \$11 million and \$11 million related to NOLs available to reduce future federal, state and foreign taxable income, respectively. We assess whether it is more likely than not that sufficient taxable income will be generated to realize deferred tax assets, and a valuation allowance is established if it is not likely that deferred income tax assets will be realized. We consider sources of taxable income from prior period carryback periods, future reversals of existing taxable temporary differences, tax planning strategies and future taxable income when assessing the future utilization of deferred tax assets.

As part of our assessment of whether a valuation allowance is warranted, we consider all available positive and negative evidence in conjunction with evaluating the source and availability of taxable income to utilize such deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2023. Such objective evidence limits the ability to consider other subjective evidence, such as our projections for future growth.

As a result of our assessment, we concluded that as of December 31, 2023, it is more likely than not that the benefit from a portion of our federal and state deferred tax assets will not be realized. Accordingly, we recorded a valuation allowance of \$37 million against our federal and state NOL related deferred tax assets, which reflects the impact of expected income generated as a result of future reversals of existing taxable temporary differences. Furthermore, we have a valuation allowance related to our \$11 million of foreign deferred tax assets. The amount of

the deferred tax assets considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for growth.

Long-Term Maintenance Agreements

We have entered into maintenance agreements with both of our engine providers, CFM International and Pratt & Whitney, to cover the primary maintenance services of the engines for a majority of our fleet. The arrangements stipulate that we pay a baseline per-flight-hour rate based on monthly engine utilization over the life of the arrangement. Given that the accounting for the arrangement will follow our heavy maintenance accounting and is dependent on many projected factors such as flight hours, shop visit timing and scope, and the stand-alone value of certain maintenance services, there are significant estimates that impact the accounting of our per-flight-hour maintenance agreements including amounts capitalized, expensed and treated as capitalized maintenance as well as the timing of each.

As of December 31, 2023, we had capitalized \$141 million of rate per hour payments which are probable to be recovered via future shop visits.

Recently Adopted Accounting Pronouncements

See “Notes to Consolidated Financial Statements — 1. Summary of Significant Accounting Policies” included in Part II, Item 8 of this Annual Report on Form 10-K for a discussion of recent accounting pronouncements.

GLOSSARY OF AIRLINE TERMS

Set forth below is a glossary of industry terms:

“A320 family” means, collectively, the Airbus series of single-aisle aircraft, including the A320ceo, A320neo, A321ceo and A321neo aircraft.

“A320neo family” means, collectively, the Airbus series of single-aisle aircraft that feature the new engine option, including the A320neo and A321neo aircraft.

“Adjusted CASM” is a non-GAAP measure and means operating expenses, excluding special items, divided by ASMs. For a discussion of such special items and a reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, Adjusted CASM including net interest and CASM including net interest, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

“Adjusted CASM including net interest” or “Adjusted CASM + net interest” is a non-GAAP measure and means the sum of Adjusted CASM and net interest expense (income) excluding special items divided by ASMs. For a discussion of such special items and a reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, Adjusted CASM including net interest and CASM including net interest, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

“Adjusted CASM (excluding fuel)” is a non-GAAP measure and means operating expenses less aircraft fuel expense, excluding special items, divided by ASMs. For a discussion of such special items and a reconciliation of CASM to CASM (excluding fuel), Adjusted CASM (excluding fuel), Adjusted CASM, Adjusted CASM including net interest and CASM including net interest, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

“Air traffic liability” means the value of tickets, unearned membership fees and other related fees sold in advance of travel.

“Ancillary revenue” means the sum of non-fare passenger revenue and other revenue.

“Available seat miles” or “ASMs” means the number of seats available for passengers multiplied by the number of miles the seats are flown.

“Average aircraft in service” means the average number of aircraft used in flight operations, as calculated on a daily basis.

“Average daily aircraft utilization” means block hours divided by number of days in the period divided by average aircraft in service.

“Average stage length” means the average number of miles flown per flight segment.

“Block hours” means the number of hours during which the aircraft is in revenue service, measured from the time of gate departure before take-off until the time of gate arrival at the destination.

“CASM” or “unit costs” means operating expenses divided by ASMs.

“CASM (excluding fuel)” is a non-GAAP measure and means operating expenses less aircraft fuel expense, divided by ASMs.

“CASM including net interest” or “CASM + net interest” is a non-GAAP measure and means the sum of CASM and net interest expense (income) divided by ASMs.

“CBA” means a collective bargaining agreement.

“CBP” means the United States Customs and Border Protection.

“DOT” means the United States Department of Transportation.

“EPA” means the United States Environmental Protection Agency.

“FAA” means the United States Federal Aviation Administration.

“Fare revenue” consists of base fares for air travel, including miles redeemed under our frequent flyer program, unused and expired passenger credits, other redeemed or expired travel credits and revenue derived from charter flights.

“Fare revenue per passenger” means fare revenue divided by passengers.

“GDSs” means Global Distribution Systems such as Amadeus, Sabre and Travelport, used by travel agencies and corporations to purchase tickets on participating airlines.

“LCC” means low-cost carrier.

“Load factor” means the percentage of aircraft seat miles actually occupied on a flight (RPMs divided by ASMs).

“Net interest expenses (income)” means interest expense, capitalized interest, interest income and other.

“NMB” means the National Mediation Board.

“Non-fare passenger revenue” consists of fees related to certain ancillary items such as baggage, service fees, seat selection, and other passenger-related revenue that is not included as part of base fares for travel.

“Non-fare passenger revenue per passenger” means non-fare passenger revenue divided by passengers.

“OTA” means Online Travel Agent.

“Other revenue” consists primarily of services not directly related to providing transportation, such as the advertising, marketing and brand elements of the *FRONTIER Miles* affinity credit card program and commissions revenue from the sale of items such as rental cars and hotels.

“Other revenue per passenger” means other revenue divided by passengers.

“Passengers” means the total number of passengers flown on all flight segments.

“Passenger revenue” consists of fare revenue and non-fare passenger revenue.

“PDP” means pre-delivery deposit payments, which are payments required by aircraft manufacturers in advance of delivery of the aircraft.

“RASM” or “unit revenue” means total revenue divided by ASMs.

“Revenue passenger miles” or “RPMs” means the number of miles flown by passengers.

“RLA” means the United States Railway Labor Act.

“Total ancillary revenue per passenger” means ancillary revenue divided by passengers.

“Total revenue per passenger” means the sum of fare revenue, non-fare passenger revenue, and other revenue (collectively, “Total Revenue”) divided by passengers.

“Treasury” means the U.S. Department of the Treasury.

“TSA” means the United States Transportation Security Administration.

“ULCC” means ultra low-cost carrier.

“VFR” means visiting friends and relatives.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are subject to market risks in the ordinary course of our business. These risks include commodity price risk, with respect to aircraft fuel, as well as interest rate risk, specifically with respect to our floating rate obligations and interest rate swaps. 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. Actual results may differ.

Aircraft Fuel. Our results of operations can vary materially due to changes in the price and availability of aircraft fuel and are also impacted by the number of aircraft in use and the number of flights we operate. Aircraft fuel represented approximately 31% and 34% of total operating expenses for the years ended December 31, 2023 and 2022, respectively. Unexpected changes in the pricing of aircraft fuel or a shortage or disruption in the supply could have a material adverse effect on our business, results of operations and financial condition. Based on our annual fuel consumption over the last 12 months, a hypothetical 10% increase in the average price per gallon of aircraft fuel would have increased aircraft fuel expense by approximately \$113 million.

Interest Rates. We are subject to market risk associated with changing interest rates, due to Secured Overnight Financing Rate (“SOFR”) based interest rates on our PDP Financing Facility and our floating rate building note and Effective Federal Funds Rate (“EFFR”) based interest rates on our affinity card advance purchase of miles. During the year ended December 31, 2023 as applied to our average debt balances, a hypothetical increase of 100 basis points in average annual interest rates on our variable-rate debt would have increased the annual interest expense by \$4 million.

We are exposed to interest rate risk through aircraft lease contracts for the time period between agreement of terms and commencement of the lease, where portions of the rental payments are adjusted and become fixed based on swap rates. As part of our risk management program, we enter into contracts in order to limit the exposure to fluctuations in interest rates. During the year ended December 31, 2023, we did not enter into any swaps and, therefore, paid no upfront premiums for options. During the year ended December 31, 2022, we paid \$19 million in upfront premiums for the option to enter into and exercise cash-settled swaps with a forward starting effective date. As of December 31, 2023, we have no interest rate hedges outstanding.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm (Ernst & Young, LLP, Denver, CO, Auditor Firm ID: 42)	82
Consolidated Balance Sheets	85
Consolidated Statements of Operations	86
Consolidated Statements of Comprehensive Income (Loss)	87
Consolidated Statements of Cash Flows	88
Consolidated Statements of Stockholders' Equity	89
Notes to Consolidated Financial Statements	90

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Frontier Group Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Frontier Group Holdings, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 20, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Leased Aircraft Return Costs

Description of the Matter

As described in Notes 1 and 9 to the consolidated financial statements, the Company's aircraft lease agreements often require the Company to return aircraft airframes and engines to the lessor in a certain condition or pay an amount to the lessor based on the leased airframe or engine's actual condition. Lease return costs are recognized beginning when it is probable that such costs will be incurred, and they can be estimated. When costs become both probable and estimable, they are accrued as a component of supplemental rent, through the remaining lease term. When determining the need to accrue lease return costs, there are various factors considered by management such as the contractual terms of the lease agreement, current condition of the aircraft, the age of the aircraft at lease expiration, projected number of hours run on the engine at the time of return, the number of projected cycles run on the airframe at the scheduled time of return and the ability to utilize previously paid maintenance reserves to offset projected costs. As of December 31, 2023, the Company has accrued liabilities of \$26 million for leased aircraft return costs.

Auditing management's estimate of leased aircraft return costs required significant judgment given the complexity involved in determining the timing and cost of future maintenance events, including the estimated utilization of leased airframes and engines.

How We Addressed the Matter in Our Audit

To test the estimate of lease return costs, our audit procedures included, among others, testing the assumptions used and the accuracy and completeness of the underlying data used in the calculations. For example, to test the assumptions related to the timing of future maintenance events, we compared projected event timing to the time interval between recently completed maintenance events and against underlying regulatory requirements. We also confirmed current and projected utilization metrics and projected timing of events with maintenance personnel. We also tested the historical accuracy of management's forecasts of maintenance events by comparing when recent maintenance events occurred to management's initial projections. To test the assumptions related to cost, we compared the projected cost of future maintenance events to historical experience, or the costs required by the contractual agreements based on projected return condition of the airframe or engine at lease return.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

Denver, Colorado

February 20, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Frontier Group Holdings, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Frontier Group Holdings, Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Frontier Group Holdings, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated February 20, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Denver, Colorado

February 20, 2024

FRONTIER GROUP HOLDINGS, INC.
Consolidated Balance Sheets
(in millions, except share data)

	December 31,	
	2023	2022
Assets		
Cash and cash equivalents	\$ 609	\$ 761
Accounts receivable, net	93	90
Supplies, net	79	55
Other current assets	90	114
Total current assets	871	1,020
Property and equipment, net	309	226
Operating lease right-of-use assets	2,964	2,484
Pre-delivery deposits for flight equipment	407	371
Aircraft maintenance deposits	84	105
Intangible assets, net	28	28
Other assets	330	265
Total assets	\$ 4,993	\$ 4,499
Liabilities and stockholders' equity		
Accounts payable	\$ 134	\$ 89
Air traffic liability	253	313
Frequent flyer liability	10	13
Current maturities of long-term debt, net	251	157
Current maturities of operating leases	549	465
Other current liabilities	461	518
Total current liabilities	1,658	1,555
Long-term debt, net	219	272
Long-term operating leases	2,440	2,034
Long-term frequent flyer liability	35	32
Other long-term liabilities	134	97
Total liabilities	4,486	3,990
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, \$0.001 par value per share, with 222,998,790 and 217,875,890 shares issued and outstanding as of December 31, 2023 and 2022, respectively	—	—
Additional paid-in capital	403	393
Retained earnings	111	122
Accumulated other comprehensive income (loss)	(7)	(6)
Total stockholders' equity	507	509
Total liabilities and stockholders' equity	\$ 4,993	\$ 4,499

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Consolidated Statements of Operations
(in millions, except per share data)

	Year Ended December 31,		
	2023	2022	2021
Operating revenues:			
Passenger	\$ 3,509	\$ 3,248	\$ 2,000
Other	80	78	60
Total operating revenues	3,589	3,326	2,060
Operating expenses:			
Aircraft fuel	1,130	1,160	575
Salaries, wages and benefits	858	715	616
Aircraft rent	554	556	530
Station operations	516	422	384
Maintenance, materials and repairs	179	146	119
Sales and marketing	164	164	109
Depreciation and amortization	50	45	38
CARES Act credits	—	—	(295)
Transaction and merger-related costs, net	1	10	—
Other operating	140	153	101
Total operating expenses	3,592	3,371	2,177
Operating income (loss)	(3)	(45)	(117)
Other income (expense):			
Interest expense	(29)	(21)	(33)
Capitalized interest	28	11	4
Interest income and other	36	10	2
Total other income (expense)	35	—	(27)
Income (loss) before income taxes	32	(45)	(144)
Income tax expense (benefit)	43	(8)	(42)
Net income (loss)	\$ (11)	\$ (37)	\$ (102)
Earnings (loss) per share:			
Basic	\$ (0.05)	\$ (0.17)	\$ (0.48)
Diluted	\$ (0.05)	\$ (0.17)	\$ (0.48)

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Consolidated Statements of Comprehensive Income (Loss)
(in millions)

	Year Ended December 31,		
	2023	2022	2021
Net income (loss)	\$ (11)	\$ (37)	\$ (102)
Unrealized gains (losses) and amortization from cash flow hedges, net of adjustment for deferred tax benefit/(expense) of less than \$1, \$(2), and less than \$(1), respectively (Note 6)	(1)	4	1
Other comprehensive income (loss)	(1)	4	1
Comprehensive income (loss)	\$ (12)	\$ (33)	\$ (101)

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income (loss)	\$ (11)	\$ (37)	\$ (102)
Deferred income taxes	43	(8)	(32)
Depreciation and amortization	50	45	38
Gains recognized on sale-leaseback transactions	(147)	(87)	(60)
Loss on extinguishment of debt	—	7	—
Warrant liability unrealized loss	—	—	22
Stock-based compensation	14	15	11
Amortization of cash flow hedges, net of tax	1	1	1
Changes in operating assets and liabilities:			
Accounts receivable	33	(28)	(14)
Supplies and other current assets	(7)	(40)	174
Aircraft maintenance deposits	(16)	(18)	(20)
Other long-term assets	(163)	(94)	(37)
Accounts payable	47	(4)	13
Air traffic liability	(60)	40	138
Other liabilities	(45)	130	84
Cash provided by (used in) operating activities	(261)	(78)	216
Cash flows from investing activities:			
Capital expenditures	(51)	(41)	(27)
Pre-delivery deposits for flight equipment, net of refunds	(36)	(111)	(36)
Other	(3)	(2)	(4)
Cash used in investing activities	(90)	(154)	(67)
Cash flows from financing activities:			
Proceeds from issuance of debt, net of issuance costs	171	273	163
Principal repayments on debt	(131)	(266)	(97)
Proceeds from sale-leaseback transactions	163	71	59
Proceeds from initial public offering, net of offering costs, underwriting discounts and commissions	—	—	266
Proceeds from the exercise of stock options	1	1	3
Tax withholdings on share-based awards	(5)	(4)	(3)
Cash provided by financing activities	199	75	391
Net increase (decrease) in cash, cash equivalents and restricted cash	(152)	(157)	540
Cash, cash equivalents and restricted cash, beginning of period	761	918	378
Cash, cash equivalents and restricted cash, end of period	\$ 609	\$ 761	\$ 918

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Consolidated Statements of Stockholders' Equity
(in millions, except share data)

	Common Stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
	Shares	Amount				
Balance at December 31, 2020	199,438,098	\$ —	\$ 60	\$ 261	\$ (11)	\$ 310
Net income (loss)	—	—	—	(102)	—	(102)
Shares issued in connection with vesting of restricted stock units	645,206	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(200,735)	—	(3)	—	—	(3)
Amortization of cash flow hedges, net of tax	—	—	—	—	1	1
Restricted stock unit repurchases	(20,368)	—	—	—	—	—
Stock option exercises	2,202,895	—	3	—	—	3
Stock-based compensation	—	—	11	—	—	11
Issuance of common stock upon initial public offering, net of offering costs, underwriting discounts and commissions	15,000,000	—	267	—	—	267
CARES Act warrants	—	—	43	—	—	43
Balance at December 31, 2021	217,065,096	\$ —	\$ 381	\$ 159	\$ (10)	\$ 530
Net income (loss)	—	—	—	(37)	—	(37)
Shares issued in connection with vesting of restricted stock units	845,606	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(312,541)	—	(4)	—	—	(4)
Amortization of cash flow hedges, net of tax	—	—	—	—	1	1
Unrealized gain from cash flow hedges, net of tax	—	—	—	—	3	3
Stock option exercises	277,729	—	1	—	—	1
Stock-based compensation	—	—	15	—	—	15
Balance at December 31, 2022	217,875,890	\$ —	\$ 393	\$ 122	\$ (6)	\$ 509
Net income (loss)	—	—	—	(11)	—	(11)
Shares issued in connection with vesting of restricted stock units	1,243,909	—	—	—	—	—
Shares withheld to cover employee taxes on vested restricted stock units	(443,720)	—	(5)	—	—	(5)
Amortization of cash flow hedges, net of tax	—	—	—	—	1	1
Unrealized loss from cash flow hedges, net of tax	—	—	—	—	(2)	(2)
Stock option exercises	4,322,711	—	1	—	—	1
Stock-based compensation	—	—	14	—	—	14
Balance at December 31, 2023	222,998,790	\$ —	\$ 403	\$ 111	\$ (7)	\$ 507

See Notes to Consolidated Financial Statements

FRONTIER GROUP HOLDINGS, INC.
Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in the United States (“GAAP”) and include the accounts of Frontier Group Holdings, Inc. (“FGHI” or the “Company”) and its wholly-owned direct and indirect subsidiaries, including Frontier Airlines Holdings, Inc. (“FAH”) and Frontier Airlines, Inc. (“Frontier”). All wholly-owned subsidiaries are consolidated, with all intercompany transactions and balances being eliminated.

The Company is an ultra low-cost, low-fare airline headquartered in Denver, Colorado that offers flights throughout the United States and to select international destinations in the Americas, serving approximately 90 airports.

The Company is managed as a single business unit that provides air transportation for passengers. Management has concluded there is only one reportable segment.

Certain reclassifications of previously reported amounts have been made to conform to the current year presentation within the effective income tax rate table in Note 15. Income Taxes. These reclassifications did not impact previously reported amounts on the Company’s audited consolidated balance sheets, consolidated statements of operations, consolidated statements of comprehensive income (loss), consolidated statements of cash flows or consolidated statements of stockholders’ equity.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Initial Public Offering

On March 31, 2021, the Company’s registration statement on Form S-1 relating to the Company’s initial public offering (“IPO”) was declared effective by the Securities and Exchange Commission (the “SEC”), and the Company’s common stock began trading on the NASDAQ Global Select Market on April 1, 2021 under the symbol “ULCC”. In April 2021, the Company received net proceeds of \$266 million after deducting underwriting discounts and commissions of \$14 million and offering costs of \$5 million, which consisted of direct incremental legal, accounting, consulting and other fees relating to the IPO, and exclusive of any income tax benefits from the transaction.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash and cash equivalents. Additionally, any items with maturities greater than three months that are readily convertible to known amounts of cash are considered cash and cash equivalents. Investments included in this category primarily consist of money market funds and time deposits.

Restricted Cash

Restricted cash may include certificates of deposit that secure letters of credit issued for particular airport authorities as required in certain lease agreements. The Company holds restricted cash to secure medical claims paid. Restricted cash may also include funds held as collateral for future travel paid with a credit card. These funds

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

may be held by credit card processors directly under contracts that require a holdback of funds equal to a certain percentage of the related air traffic liability. If the Company fails to maintain certain liquidity and other financial covenants, the credit card processors' rights to holdback would apply, which would result in a decrease of unrestricted cash. Restricted cash is carried at cost, which management believes approximates fair value. As of December 31, 2023 and 2022, the Company had less than \$1 million of restricted cash.

Accounts Receivable, net

Receivables primarily consist of amounts due from credit card receivables, amounts due from aircraft lessors for maintenance performed and amounts due from select airport locations under revenue share agreements. The Company records an allowance for credit losses for amounts not expected to be collected. The Company estimates the allowance based on expected credit losses. The allowance for doubtful accounts was \$3 million and \$4 million as of December 31, 2023 and 2022, respectively.

Supplies, net

Supplies consist of expendable aircraft spare parts, aircraft fuel and other supplies and are stated at the lower of cost or net realizable value. Supplies are accounted for on a first-in, first-out basis and are charged to expense as they are used. An allowance for obsolescence on expendable aircraft spare parts is provided over the remaining lease term or the estimated useful life of the related aircraft fleet to reduce the carrying cost of spare parts currently identified as excess to the lower of amortized cost or net realizable value. The allowance for obsolescence was \$10 million and \$8 million as of December 31, 2023 and 2022, respectively.

Property and Equipment, net

Property and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives to their estimated residual values. The Company capitalizes additions, modifications enhancing the operating performance of its assets and the interest related to payments used to acquire new aircraft and the construction of its facilities. The Company capitalizes interest attributable to pre-delivery deposit payments ("PDPs") as an additional cost of the related asset beginning when activities necessary to get the asset ready for its intended use commence.

Estimated useful lives and residual values for the Company's property and equipment are as follows:

	Estimated Useful Life	Residual Value
Aircraft and spare engines	25 years	10%
Flight equipment leasehold improvements	Lesser of lease term or economic life	0%
Aircraft rotatable parts	Fleet life	10%
Ground property and equipment	3 – 10 years	0%
Ground equipment leasehold improvements	Lesser of lease term or 10 years	0%
Internal-use software	3 – 10 years	0%
Capitalized maintenance	Lesser of lease term or economic life	0%
Buildings	Lesser of 40 years or economic life	10%

Notes to Consolidated Financial Statements (Continued)

The components of depreciation and amortization expense are as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Depreciation	\$ 50	\$ 44	\$ 38
Intangible amortization	—	1	—
Total depreciation and amortization	\$ 50	\$ 45	\$ 38

The Company capitalizes certain internal and external costs associated with the acquisition and development of internal-use software for new products and enhancements to existing products that have reached the application development stage and are deemed feasible. The Company depreciates these costs using the straight-line method over the estimated useful life of the software. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining internal-use software, and labor cost for employees who are directly associated with, and devote time to, internal-use software projects. Capitalized computer software, net is included within ground and other equipment, which is a component of property and equipment, net on the Company's consolidated balance sheets and totaled \$13 million and \$10 million as of December 31, 2023 and 2022, respectively.

Leases

The Company leases property and equipment under operating leases. For leases with initial terms greater than 12 months, the related operating lease right-of-use asset and corresponding operating lease liability are recorded at the present value of lease payments over the term on the Company's consolidated balance sheets. Some leases include rental escalation clauses, renewal options, termination options and/or other items that cause variability that are factored into the determination of lease payments when appropriate. The Company does not separate lease and non-lease components of contracts, except for certain flight training equipment, for which consideration is allocated between lease and non-lease components.

When available, the rate implicit in the lease is used to discount lease payments to present value; however, most leases do not provide a readily determinable implicit rate. Therefore, the Company estimates its incremental borrowing rate ("IBR") to discount the lease payments based on information available at lease commencement. The IBR utilized by the Company is first determined using an unsecured recourse borrowing rate over a tenor that matches the period of lease payments for each individual lease and then is adjusted to arrive at a rate that is representative of a collateralized rate (secured rate). Given the Company does not have an established unsecured public credit rating, the Company utilizes current period and projected financial information to simulate an unsecured credit rating. The Company then determines its secured IBR using a combination of several valuation methods that take into account the lower amount of risk of collateralized borrowings along with observable implied credit ratings from its current outstanding secured debt obligations.

Forgivable Loans

Since 2022, the Company has launched several programs geared at attracting and retaining highly skilled pilots and mechanics. As an incentive of these programs, the Company issues forgivable loans to cadets and mechanics who join the programs, which can include pre-employment incentives such as a sign-on bonus, a monthly stipend, or reimbursement of training costs incurred. The loans and related interest are forgiven after a predetermined stay period, typically three years. Principal and interest incurred is to be repaid to the Company if a cadet or a mechanic terminates prior to the stay period being completed.

As of December 31, 2023 and 2022, the Company had \$13 million and less than \$1 million, respectively, in current forgivable loans, included within other current assets on the Company's consolidated balance sheets, and \$16 million and \$3 million, respectively, in long-term forgivable loans, included within other assets on the Company's consolidated balance sheets. During the year ended December 31, 2023, the Company issued \$35 million in new forgivable loans and received \$3 million in repayments due to participant terminations. The

Notes to Consolidated Financial Statements (Continued)

expense associated with the forgiveness of the principal amount of the loans is amortized over the agreed upon stay period, within salaries, wages and benefits in the Company's consolidated statements of operations. During the years ended December 31, 2023 and 2022, the Company recorded \$7 million and less than \$1 million, respectively, in forgivable loan amortization expense. As of December 31, 2023, the Company recorded \$1 million due under these loans within accounts receivable, net on the Company's consolidated balance sheet, and there was no receivable balance as of December 31, 2022.

Asset Impairment

The Company applies a fair value-based impairment test to the carrying amount of indefinite-lived intangible assets annually, or more frequently if certain events or circumstances indicate impairment. The Company assesses the value of indefinite-lived assets under a qualitative and quantitative approach, as required. Under a qualitative approach, the Company considers various market factors, including applicable key assumptions listed below. These factors are analyzed to determine if events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset's fair value is less than its carrying value. The quantitative approach is used to assess the asset's fair value and the amount of the impairment. If the asset's carrying amount exceeds its fair value calculated using the quantitative approach, an impairment charge is recorded for the difference in fair value and carrying amount. Indefinite-lived intangible assets are comprised of certain landing slot rights and the trademark of the Company.

Factors that could result in future impairment of landing slot rights, holding other assumptions constant, include, but are not limited to: (i) significant reduction in demand for air travel, (ii) competitive activity in the slotted airport, (iii) anticipated changes to the regulatory environment such as diminished slot access and (iv) increased competition at a nearby airport. As part of this evaluation, the Company assesses whether changes in (i) macroeconomic conditions, (ii) industry and market conditions, (iii) cost factors, (iv) overall financial performance and (v) certain events specific to the Company, have occurred which would impact the use and/or fair value of these assets.

Based on the Company's qualitative analysis performed during the fourth quarter of 2023, the Company concluded it is more likely than not that the fair values of its indefinite-lived intangible assets are greater than the carrying amount. Therefore, a quantitative assessment was not necessary. No impairments have been recorded in any periods presented. Finite-lived intangible assets are comprised of the Company's affinity credit card program relationship recognized in connection with acquisition accounting and are amortized over their estimated economic useful life.

The Company records impairment charges on long-lived assets used in operations and finite-lived intangible assets when events and circumstances indicate that the assets may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net book value of the assets exceeds their estimated fair value. In making these determinations, the Company uses certain assumptions, including, but not limited to: (i) estimated fair value of the assets; and (ii) estimated undiscounted future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization including macroeconomic factors impacting future demand, length of service the asset will be used in the Company's operations and estimated salvage values.

Aircraft Maintenance

The Company accounts for heavy maintenance and major overhauls under the deferral method, whereby the cost of heavy maintenance and major overhauls is deferred and recorded as flight equipment and depreciated over the lesser of the remaining lease term or the period until the next scheduled heavy maintenance event. The Company has separate maintenance cost-per-hour contracts for the repair of certain rotatable parts to support airframe and engine maintenance and repair. These agreements require monthly payments based upon utilization, such as flight hours, cycles and age of the aircraft. For the contracts in which risk has been determined to transfer to the service

Notes to Consolidated Financial Statements (Continued)

provider, expense is recognized based on the contractual terms of the cost-per-hour arrangement. For those contracts in which risk has not been determined to transfer to the service provider, the Company initially records monthly payments as a deposit included in other assets on the Company's consolidated balance sheets and then accounts for the underlying maintenance event when it occurs, in accordance with the Company's maintenance accounting policy.

Certain of the Company's aircraft lease agreements require the Company to pay maintenance reserves to aircraft lessors to be held as collateral in advance of the Company's required performance of major maintenance activities. At lease inception and at each balance sheet date, the Company assesses whether the maintenance reserve payments required by its leases are substantively and contractually related to the maintenance of the leased asset. Maintenance reserve payments that are determined to be related to the maintenance of the leased asset are accounted for as maintenance deposits, to the extent they are expected to be recoverable, and are reflected as aircraft maintenance deposits on the Company's consolidated balance sheets. As the eligible maintenance is performed, the maintenance deposits are recorded in accounts receivable, net on the Company's consolidated balance sheets. When it is not probable that the Company will recover amounts currently on deposit with a lessor, such amounts are expensed as supplemental rent within aircraft rent in the Company's consolidated statements of operations. Maintenance reserve payments that are based on a utilization measure and are not probable of being recovered are considered variable lease payments and are not included within the right-of-use asset and respective lease liability.

The Company makes certain assumptions at the inception of the lease and at each balance sheet date to determine the recoverability of maintenance deposits. These assumptions are based on various factors, such as the estimated time between the maintenance events, the cost of such maintenance events, the date the aircraft is due to be returned to the lessor and the number of flight hours and cycles the aircraft is estimated to be utilized before it is returned to the lessor. Changes in estimates are accounted for on a cumulative catch-up basis. On a regular basis, the Company assesses the credit worthiness of the Company's lessors to ensure deposits are collectible and, specifically, whether any credit losses exist for aircraft maintenance deposits. Based on these assessments, the Company determined no allowance was necessary as of December 31, 2023 and 2022.

Certain of the Company's historical lease agreements have provided, and future lease agreements may provide, that maintenance reserves held by the lessor at the expiration of the lease are nonrefundable to the Company and will be retained by the lessor. Consequently, any usage-based maintenance reserve payments after the last major maintenance event would not substantively be related to the maintenance of the leased asset and, therefore, would be accounted for as supplemental rent.

Leased Aircraft Return Costs

The Company's aircraft lease agreements generally contain provisions that require the Company to return aircraft airframes and engines to the lessor in a specified condition or pay an amount to the lessor based on the airframe and engine's actual return condition. Lease return costs include all costs that would be incurred at the return of the aircraft, including costs incurred to repair the airframe and engines to the condition required by the lease.

Lease return costs could include, but are not limited to, redelivery cost, redelivery crew cost, fuel, final inspections, reconfiguration of the cabin, repairs to the airframe, painting, overhaul of engines, replacement of components and checks. These return provisions are evaluated at inception of the lease and throughout the lease terms and are accounted for as either fixed or variable lease payments (depending on the nature of the lease return condition) when it is probable that such amounts will be incurred. When determining probability and estimated cost, there are various other factors which need to be considered such as current condition of the aircraft, the age of the aircraft at lease expiration, number of hours run on the engines, number of cycles run on the airframe, projected number of hours run on the engine at the time of return, the projected number of cycles run on the airframe at the time of return, the extent of repairs needed, if any, upon return, return locations, current configuration of the aircraft, current paint of the aircraft, estimated escalation of cost of repairs and materials at the time of return, current flight hour agreement rates and future flight hour agreement rates. In addition, typically near the lease return date, the

Notes to Consolidated Financial Statements (Continued)

lessors may allow maintenance reserves to be applied as return condition consideration or pass on certain return provisions if they do not align with their current plans to remarket the aircraft. As a result of the different factors listed above, management assesses the need to accrue lease return costs throughout the lease as facts and circumstances warrant an assessment. When costs become both probable and estimable, lease return costs are expensed as a component of aircraft rent in the Company's consolidated statements of operations through the remaining lease term.

Aircraft and Spare Engine Purchase Hedging Activities

The Company is party to certain interest rate swaption agreements that are accounted for as cash flow hedges, as defined under ASC 815, *Derivatives and Hedging*. Some of the Company's aircraft and spare engine sale-leaseback agreements can expose it to interest rate risk as, depending on the agreement, rental payments are adjusted and become fixed based on the swap rate at the time of delivery. The primary objective for interest rate derivatives is to hedge the portion of the estimated future monthly rental payments related to the associated agreement's variable interest rate, primarily the Secured Overnight Financing Rate ("SOFR"). These swaption agreements provide for a single payment at maturity based upon the change in the applicable swap rate between the execution date and the termination date. For interest rate derivatives, the Company recognizes the associated gains or losses deferred in accumulated other comprehensive income/(loss) ("AOCI/L"), as well as amounts that are paid or received in connection with the purchase or sale of interest rate derivative instruments (i.e., premium costs of swaption contracts), as a component of aircraft rent expense within the Company's consolidated statements of operations over the period of the related aircraft lease. Cash flows related to interest rate swaption agreements are classified as operating activities in the Company's consolidated statements of cash flows. The Company presents its interest rate swaption derivative instruments gross on the consolidated balance sheets. The Company does not enter into derivative instruments for speculative purposes. Refer to Note 6 for additional information regarding the Company's hedge accounting and derivative instruments.

Passenger Revenues

Fare revenues. Tickets sold in advance of the flight date are initially recorded as an air traffic liability on the Company's consolidated balance sheets. Fare revenues are recognized in passenger revenues within the Company's consolidated statements of operations at the time of departure when transportation is provided.

Non-fare passenger revenues. Certain ancillary items such as service fees, baggage and seat selection deemed part of providing passenger transportation are recognized to non-fare passenger revenues in passenger revenues within the Company's consolidated statements of operations at the time of departure. Service fees include, among other things, convenience fees, charges for nonrefundable ticket expiration, cancellation charges and service charges assessed for itinerary changes made prior to the date of departure. Such change fees are recognized at the time of departure of the newly scheduled travel.

Passenger Taxes and Fees. The Company is required to collect certain taxes and fees from customers on behalf of government agencies and airports and remit these back to the applicable governmental entity or airport on a periodic basis. These taxes and fees include U.S. federal transportation taxes, federal security charges, airport passenger facility charges, and foreign arrival and departure taxes. These taxes and fees are collected from customers at the time they purchase their tickets but are not included in passenger revenues. The Company records a liability within other current liabilities on the consolidated balance sheets upon collection from the customer, and reduces the liability when payments are remitted to the applicable governmental agency or airport.

Other Revenues

Other revenues primarily consist of services not directly related to providing transportation, such as the advertising, marketing and brand elements of the *FRONTIER Miles* affinity credit card program and commissions revenue from the third-party sale of items such as rental cars and hotels.

Notes to Consolidated Financial Statements (Continued)

Frequent Flyer Program

The Company's *FRONTIER Miles* program provides frequent flyer travel awards to program members based on accumulated miles. Miles are generally accumulated as a result of travel, purchases using the co-branded credit card and purchases from other participating partners. The Company defers revenue for miles earned by passengers under its *FRONTIER Miles* program based on the equivalent ticket value a passenger receives by redeeming miles for a ticket rather than paying cash.

The Company has a credit card affinity agreement with its credit card partner, Barclays Bank Delaware ("Barclays"), through 2029, which provides for joint marketing, grants certain benefits to co-branded credit cardholders ("Cardholders") and allows Barclays to market using the Company's customer database. Cardholders earn miles under the *FRONTIER Miles* program and the Company sells miles at agreed-upon rates to Barclays and earns fees from Barclays for the acquisition, retention and use of the co-branded credit card by consumers.

Miles are also sold to participating companies, including credit card companies and other third parties. Sales to credit card companies include multiple promised goods and services, which the Company evaluates to determine whether they represent performance obligations. The Company determined these arrangements have three separate performance obligations: (i) miles to be awarded, (ii) licensing of brand and access to member lists and (iii) advertising and marketing efforts. Total arrangement consideration is allocated to each performance obligation on the basis of the deliverables relative standalone selling price. For miles, the Company considers a number of entity-specific factors when developing the best estimate of the standalone selling price, including the number of miles needed to redeem an award, average fare of comparable segments, breakage and restrictions. For licensing of brand and access to member lists, the Company considers both market-specific factors and entity-specific factors, including general profit margins realized in the marketplace and industry, brand power, market royalty rates and size of customer base. For the advertising and marketing performance obligation, the Company considers market-specific factors and entity-specific factors, including the Company's internal costs of providing services, volume of marketing efforts and overall advertising plan.

Consideration allocated based on the relative standalone selling price to both the brand licensing and access to member lists and advertising and marketing elements is recognized as other revenue in the Company's consolidated statements of operations over time as miles are delivered. The consideration allocated to the transportation portion of these mile sales is deferred and recognized as a component of passenger revenue in the Company's consolidated statements of operations at the time of travel for miles redeemed. Miles that the Company estimates are not likely to be redeemed are subject to breakage and are recognized as a portion of passenger revenues in the Company's consolidated statements of operations in proportion to the pattern of rights exercised by customers. Management uses statistical modeling to estimate breakage based on historical redemption patterns. A change in assumptions as to the period over which miles are expected to be redeemed, the actual redemption activity for miles or the estimated fair value of miles expected to be redeemed could have an impact on revenues in the year in which the change occurs and in future years. Redemptions are allocated between sold and flown miles based on historical patterns.

Aircraft Fuel

Aircraft fuel expense includes jet fuel and associated into-plane costs and federal and state taxes.

Sales and Marketing

Sales and marketing expense includes credit card processing fees, system booking fees and distribution costs such as the costs of the Company's contact centers and advertising costs. Advertising and the related production costs are expensed as incurred, and for the years ended December 31, 2023, 2022 and 2021 represented \$5 million, \$9 million and \$7 million, respectively, of sales and marketing expense reported within the Company's consolidated statements of operations.

Notes to Consolidated Financial Statements (Continued)

Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") Credits

The CARES Act became law on March 27, 2020, and provided the airline industry with up to \$25 billion for a Payroll Support Program (the "PSP") to be used for employee wages, salaries and benefits and up to \$25 billion in loans. During 2020 and 2021, the Company participated in the PSP, as well as the second Payroll Support Program (the "PSP2") and the third Payroll Support Program (the "PSP3," and, together with the PSP and the PSP2, the "PSPs") offered by the U.S. Department of the Treasury (the "Treasury"), each of which included both a grant and an unsecured 10-year, low-interest promissory note.

During the year ended December 31, 2021, the Company received \$311 million in installment funding under the PSP2 and PSP3, comprised of \$278 million in grants, and \$33 million in unsecured 10-year, low-interest loans. The Company recognized the full \$278 million of grant proceeds, net of deferred financing costs, over the period they were intended to support payroll, during the year ended December 31, 2021, within CARES Act credits in the Company's consolidated statements of operations.

The CARES Act also provided for an employee retention credit (the "CARES Employee Retention Credit"), which is a refundable tax credit against certain employment taxes that the Company qualified for beginning on April 1, 2020. As a result of the increase in revenues after the first quarter of 2021, the Company was no longer eligible for future credits due to the provisions of the gross receipt test applicable to this program. During the year ended December 31, 2021, the Company recognized \$17 million related to the CARES Employee Retention Credit within CARES Act credits in the Company's consolidated statements of operations.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the tax and financial statement reporting bases of assets and liabilities. The Company periodically assesses whether it is more likely than not that sufficient taxable income will be generated to realize deferred income tax assets, and a valuation allowance is established if it is not likely that deferred income tax assets will be realized. The Company considers sources of taxable income from prior period carryback periods, future reversals of existing taxable temporary differences, tax planning strategies and future projected taxable income when assessing the future realization of deferred tax assets. In assessing the sources of income and the need for a valuation allowance, the Company considers all available positive and negative evidence, which includes a recent history of cumulative losses. Refer to Note 15 for additional information regarding the Company's valuation allowance.

Stock-Based Compensation

The Company recognizes cost of employee services received in exchange for awards of equity instruments based on the fair value of each instrument at the date of grant. Compensation expense is recognized over the period during which an employee is required to provide service in exchange for an award, with forfeitures accounted for as they occur. The fair value of stock option awards is estimated on the date of grant using the Black-Scholes valuation model. Restricted stock units are valued at the fair value of the shares on the date of grant. The exercise price of all stock awards is determined by the Company's board of directors based, in part, on the ending stock price on the grant date. Refer to Note 10 for additional disclosures regarding details of the Company's stock-based compensation plans.

Gains on Sale-Leaseback Transactions

The Company enters into sale-leaseback transactions for its aircraft and spare engine assets, whereby the Company sells one or more aircraft or aircraft engine assets to a third-party and simultaneously enters into an operating lease for a right to use such assets for a fixed period of time. Gains on sale-leaseback transactions are recognized in the period in which title to the asset transfers to the buyer-lessor and the lease commences, as a

Notes to Consolidated Financial Statements (Continued)

component of other operating expenses within the Company's consolidated statements of operations. Gains on sale-leaseback transactions are calculated as the excess of the sale price of the asset over its carrying value. The carrying value of the assets sold will generally include the price paid for the asset, net of the amount of cash or the fair value of non-cash credits and incentives received from equipment and component manufacturers and any liquidated damages received from the manufacturer, the costs associated with delivery of the asset including any taxes or tariffs, financing costs capitalized in connection with the construction of the asset, capitalized maintenance and other improvements, and accumulated depreciation. Gains on sale-leaseback transactions may also be adjusted if it is determined that the terms of the sale transaction or the lease agreement are at a price other than fair value.

Concentrations of Risk

The Company's business has been, and may continue to be, adversely affected by increases in the price of aircraft fuel. Aircraft fuel represented approximately 31%, 34% and 26% of total operating expenses for the years ended December 31, 2023, 2022 and 2021, respectively. Gulf Coast Jet and U.S. Gulf Coast indexed fuel are the Company's basis for the majority of aircraft fuel purchases. Any disruption to the oil production or refinery capacity in the Gulf Coast or any other index, as a result of weather or any other disaster, or disruptions in the supply chain of jet fuel, dramatic escalations in the cost of jet fuel and/or the failure of fuel providers to perform under fuel arrangements for other reasons could have a material adverse effect on the Company's financial condition and results of operations.

As of December 31, 2023, the Company had seven union-represented employee groups that together represented approximately 86% of all employees. Additional disclosure relating to the Company's union-represented employee groups is included in Note 12.

As of December 31, 2023, the Company had all capitalized maintenance deposits with one lessor, and all pre-delivery deposits for flight equipment with one vendor.

Recent Accounting Pronouncements

The Company did not adopt any previously issued accounting pronouncements during the year ended December 31, 2023.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes: Improvements to Income Tax Disclosures*, which requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate reconciliation and income taxes paid. The standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on the Company's results of operations or financial position.

2. Revenue Recognition

As of December 31, 2023 and 2022, the Company's air traffic liability balance was \$259 million and \$328 million, respectively, which includes amounts classified as other long-term liabilities. During the year ended December 31, 2023, substantially all of the air traffic liability as of December 31, 2022 was recognized as passenger revenue within the Company's consolidated statements of operations. Of the air traffic liability balances as of both December 31, 2023 and 2022, \$60 million was related to unearned membership fees.

During the years ended December 31, 2023, 2022 and 2021, the Company recognized \$44 million, \$82 million and \$58 million of revenue related to expected and actual expiration of customer rights to book future travel, respectively, in passenger revenues within the Company's consolidated statements of operations.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

Operating revenues are comprised of passenger revenues, which includes fare and non-fare passenger revenues, and other revenues. Disaggregated operating revenues are as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Passenger revenues:			
Fare	\$ 1,277	\$ 1,382	\$ 806
Non-fare passenger revenues:			
Service fees	943	817	521
Baggage	880	741	457
Seat selection	281	251	170
Other	128	57	46
Total non-fare passenger revenue	2,232	1,866	1,194
Total passenger revenues	3,509	3,248	2,000
Other revenues	80	78	60
Total operating revenues	\$ 3,589	\$ 3,326	\$ 2,060

The Company is managed as a single business unit that provides air transportation for passengers. Operating revenues by principal geographic region, as defined by the U.S. Department of Transportation (the "DOT"), are as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Domestic	\$ 3,315	\$ 3,051	\$ 1,950
Latin America	274	275	110
Total operating revenues	\$ 3,589	\$ 3,326	\$ 2,060

The Company attributes operating revenues by geographic region based upon the origin and destination of each passenger flight segment. The Company's tangible assets consist primarily of flight equipment, which are mobile across geographic markets. Accordingly, assets are not allocated to specific geographic regions.

3. Other Current Assets

Other current assets consist of the following (in millions):

	December 31,	
	2023	2022
Supplier incentives	\$ 50	\$ 55
Prepaid expenses	21	20
Forgivable loans	13	—
Income tax and other taxes receivable	3	8
Derivative instruments	—	24
Other	3	7
Total other current assets	\$ 90	\$ 114

Notes to Consolidated Financial Statements (Continued)

4. Property and Equipment, Net

The components of property and equipment, net are as follows (in millions):

	December 31,	
	2023	2022
Flight equipment	\$ 344	\$ 255
Ground and other equipment	148	122
Less: accumulated depreciation	(183)	(151)
Total property and equipment, net	\$ 309	\$ 226

During the years ended December 31, 2023, 2022 and 2021 the Company deferred \$77 million, \$40 million and \$18 million of costs for heavy maintenance, respectively.

The Company's deferred heavy maintenance balance, net was \$99 million and \$46 million as of December 31, 2023 and 2022, respectively, and is included as a part of flight equipment within property and equipment, net on the Company's consolidated balance sheets.

5. Intangible Assets, Net

The following table summarizes the Company's intangible assets, net (in millions):

	Amortization Period	December 31,					
		2023			2022		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived:							
Airport slots	Indefinite	\$ 20	\$ —	\$ 20	\$ 20	\$ —	\$ 20
Trademarks	Indefinite	6	—	6	6	—	6
		26	—	26	26	—	26
Finite-lived:							
Affinity credit card program	16 years	16	(14)	2	16	(14)	2
Total intangible assets, net		\$ 42	\$ (14)	\$ 28	\$ 42	\$ (14)	\$ 28

Expected future amortization expense of the Company's finite-lived intangible asset is less than \$1 million per year from 2024 through 2029.

6. Financial Derivative Instruments and Risk Management

The Company may be exposed to interest rate risk through aircraft and spare engine lease contracts for the time period between agreement of terms and commencement of the lease, when portions of rental payments can be adjusted and become fixed based on the swap rate. As part of its risk management program, the Company enters into contracts in order to limit the exposure to fluctuations in interest rates. During the year ended December 31, 2023, the Company did not enter into any swaps and therefore, paid no upfront premiums for options. During the year ended December 31, 2022, the Company paid \$19 million in upfront premiums for the option to enter into and exercise cash-settled swaps with a forward starting effective date for future deliveries of 14 aircraft and 4 engines. During the year ended December 31, 2021, the Company did not enter into any swaps and, therefore, paid no upfront premiums for options. As of December 31, 2023, the Company had no interest rate hedges outstanding.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

Additionally, the Company is exposed to credit losses in the event of nonperformance by counterparties to its derivative instruments but does not expect that any of its counterparties will fail to meet their respective obligations. The amount of such credit exposure is generally the fair value of the Company's outstanding contracts in a receivable position. To manage credit risks, the Company selects counterparties based on credit assessments and monitors the market position with each counterparty.

The assets associated with the Company's derivative instruments are presented on a gross basis and include upfront premiums paid. These assets are recorded as a component of other current assets on the Company's consolidated balance sheets. As of December 31, 2023 there were no assets outstanding. As of December 31, 2022 there were \$24 million of assets outstanding.

The following table summarizes the effect of interest rate derivative instruments reflected in rent expense within the Company's consolidated statements of operations (in millions):

	Year Ended December 31,		
	2023	2022	2021
Derivatives designated as cash flow hedges			
Amortization of cash flow hedges, net of tax	\$ (1)	\$ (1)	\$ (1)

The following table presents the net of tax impact of the overall effectiveness of derivative instruments designated as cash flow hedging instruments within the Company's consolidated statements of comprehensive income (loss) (in millions):

	Year Ended December 31,		
	2023	2022	2021
Derivatives designated as cash flow hedges			
Amortization of cash flow hedges, net of tax	\$ 1	\$ 1	\$ 1
Interest rate derivative contract gains (losses), net of tax	(2)	3	—
Total	\$ (1)	\$ 4	\$ 1

As of December 31, 2023, \$7 million is included in AOCI/L related to interest rate hedging instruments that is expected to be reclassified into aircraft rent within the Company's consolidated statements of operations over the aircraft or engine lease term.

7. Other Current Liabilities

Other current liabilities consist of the following (in millions):

	December 31,	
	2023	2022
Passenger and other taxes and fees payable	\$ 125	\$ 113
Salaries, wages and benefits	107	104
Aircraft maintenance	76	63
Station obligations	69	57
Fuel liabilities	35	34
Leased aircraft return costs	1	84
Other current liabilities	48	63
Total other current liabilities	\$ 461	\$ 518

Notes to Consolidated Financial Statements (Continued)

8. Debt

The Company's debt obligations are as follows (in millions):

	December 31,	
	2023	2022
Secured debt:		
Pre-delivery credit facility ^(a)	\$ 312	\$ 277
Floating rate building note ^(b)	16	17
Unsecured debt:		
Affinity card advance purchase of miles ^(c)	80	71
PSP Promissory Notes ^(d)	66	66
Total debt	474	431
Less current maturities of long-term debt	(251)	(157)
Less debt acquisition costs and other discounts, net	(4)	(2)
Long-term debt, net	\$ 219	\$ 272

(a) The Company, through an affiliate, entered into the PDP facility with Citibank, N.A., as facility agent, in December 2014 (as amended from time to time, the "PDP Financing Facility"). The PDP Financing Facility is collateralized by the Company's purchase agreement for Airbus A320neo family aircraft deliveries (see Note 12) through the term of the facility, which extends through December 2026. In August 2023, the PDP Financing Facility was amended and restated to expand the number of financial institution participants as lenders and increase the total available capacity to \$365 million, among other things. The Company capitalized \$2 million in deferred financing costs related to the amendment during the year ended December 31, 2023, which reduced the carrying value of the loan on the Company's consolidated balance sheet. These costs will be amortized on a straight-line basis over the life of the facility.

Interest is paid every 90 days based on the SOFR plus a margin for each individual tranche. The PDP Financing Facility consists of separate loans for each PDP aircraft. Each separate loan matures upon the earlier of (i) delivery of that aircraft to the Company by Airbus, (ii) the date one month following the last day of the scheduled delivery month of such aircraft and (iii) if there is a delay in delivery of aircraft, depending on the cause of the delivery delay, up to six months following the last day of the scheduled delivery month of such aircraft. The PDP Financing Facility will be repaid periodically according to the preceding sentence, with the PDP Financing facility maturing in December 2026.

(b) Represents a note with a commercial bank related to the Company's headquarters building. Under the terms of the note, the Company began repaying the outstanding principal balance with quarterly payments beginning in January 2022 and continuing until the maturity date in June 2024, per the latest amendment. On the maturity date, one final balloon payment will be made to cover all unpaid principal, accrued unpaid interest and other amounts due. The interest rate of the one-month SOFR plus a margin is payable monthly.

(c) The Company entered into an agreement with Barclays in 2003 which, as amended, provides for joint marketing, grants certain benefits to Cardholders and allows Barclays to market using the Company's customer database, through 2029. Cardholders earn miles under the *FRONTIER Miles* program and the Company sells miles at agreed-upon rates to Barclays and earns fees from Barclays for the acquisition, retention and use of the co-branded credit card by Cardholders. In addition, Barclays will pre-purchase miles if the Company so requests and meets certain conditions precedent. The pre-purchased miles facility amount available to the Company is to be reset on January 15 of each calendar year through, and including, January 15, 2028 based on the aggregate amount of fees payable by Barclays to the Company on a calendar year basis and subject to certain other conditions, up to an aggregate maximum facility amount of \$200 million. The Company pays interest on a monthly basis, which is based on a one-month Effective Federal Funds Rate ("EFFR") plus a margin. Beginning March 31, 2028, the facility is scheduled to be repaid in 12 equal monthly installments.

(d) As a result of the Company's participation in the payroll support programs offered by the Treasury, the Company obtained a series of 10-year, low-interest loans from the Treasury (collectively, the "PSP Promissory Notes") that are due between 2030 to 2031. The PSP Promissory Notes include an annual interest rate of 1.00% for the first five years and the SOFR plus 2.00% in the final five years, with bi-annual interest payments. The loans can be prepaid at par at any time without incurring a penalty.

In connection with the term loan facility entered into with the Treasury on September 28, 2020 (the "Treasury Loan"), which was repaid in full on February 2, 2022, and the PSP Promissory Notes, the Company issued to the Treasury warrants to purchase 3,117,940 shares of FGH common stock at a weighted-average price of \$6.95 per share. The initial fair value of these warrants upon issuance was treated as a loan discount, which reduced the carrying value of the related Treasury Loan and PSP Promissory Notes, and is amortized utilizing the effective interest method as interest expense in the Company's consolidated statements of operations over the term of each loan. These awards were originally classified as liability-based awards within other current liabilities on the Company's consolidated balance sheets, with periodic mark to market remeasurements included in interest expense in the Company's consolidated statements of operations given the Company only had the option of settling in cash prior to being publicly traded. As a result of the IPO, the Company has the intent and

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

ability to settle the warrants issued to the Treasury in shares and, as a result, as of April 6, 2021, the Company reclassified the warrant liability to additional paid-in capital on the Company's consolidated balance sheets and is no longer required to mark to market the warrants. The Company recorded no mark to market adjustments during the years ended December 31, 2023 and 2022, and \$22 million in mark to market adjustments during the year ended December 31, 2021, to interest expense within the Company's consolidated statements of operations. The Treasury has not exercised any warrants as of December 31, 2023.

Cash payments for interest related to debt were \$28 million, \$14 million and \$9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company has caused standby letters of credit and surety bonds to be issued to various airport authorities and vendors that are collateralized by a portion of the Company's property and equipment and, as of December 31, 2023 and 2022, the Company did not have any outstanding letters of credit that were drawn upon.

As of December 31, 2023, future maturities of debt are payable as follows (in millions):

Year Ending	Total
2024	\$ 252
2025	76
2026	—
2027	—
2028	66
Thereafter	80
Total debt principal payments	\$ 474

The Company continues to monitor covenant compliance with various parties, including, but not limited to, its lenders and credit card processors, and as of December 31, 2023, the Company was in compliance with all of its covenants.

9. Operating Leases

Aircraft

As of December 31, 2023, the Company leased 136 aircraft with remaining terms ranging from 1 year to 12 years, all of which are under operating leases and are included within operating lease right-of-use assets and operating lease liabilities on the Company's consolidated balance sheets. In addition, as of December 31, 2023, the Company leased 35 spare engines which are all under operating leases, with the remaining term ranging from 1 month to 12 years. As of December 31, 2023, the lease rates for 14 of the engines depend on usage-based metrics which are variable and, as such, these leases are not recorded on the Company's consolidated balance sheets as operating lease right-of-use assets or as operating lease liabilities.

During the years ended December 31, 2023, 2022 and 2021, the Company executed sale-leaseback transactions with third-party lessors for 11, 13, and 13 new Airbus A320neo family aircraft, respectively, and also entered into direct leases for 10 new Airbus A320neo family aircraft during the year ended December 31, 2023. The Company did not enter into any direct leases during the years ended December 31, 2022 and 2021. Additionally, the Company completed sale-leaseback transactions for four engines during each of the years ended December 31, 2023 and 2022, and two engines during the year ended December 31, 2021. The Company recognized net sale-leaseback gains from those sale-leaseback transactions of \$147 million, \$87 million and \$60 million during the years ended December 31, 2023, 2022 and 2021, respectively, which are included as a component of other operating expenses within the Company's consolidated statements of operations.

Notes to Consolidated Financial Statements (Continued)

In May 2021, the Company entered into an early termination and buyout agreement with one of its lessors for six aircraft previously owned by the Company. Of the four A319 aircraft originally scheduled to be returned in December 2021, two were returned during the second quarter of 2021 and two were returned during the third quarter of 2021. Additionally, two A320ceo aircraft were returned as scheduled during the fourth quarter of 2021. The early returns of these aircraft retired the remaining A319 aircraft in the Company's fleet. As a result of this early termination and buyout arrangement, the Company recorded a \$10 million charge included as a component of aircraft rent within the Company's consolidated statements of operations for the year ended December 31, 2021 related to the accelerated rent and lease return obligations of the A319 aircraft returned early.

Aircraft Rent Expense and Maintenance Obligations

During the years ended December 31, 2023, 2022 and 2021, aircraft rent expense was \$554 million, \$556 million and \$530 million, respectively. Aircraft rent expense includes supplemental rent, which is made up of maintenance reserves paid or to be paid that are not probable of being reimbursed and probable lease return condition obligations. Supplemental rent expense (benefit) for maintenance-related reserves that were deemed non-recoverable, and any impact from changes in those estimates, was \$(2) million, \$(1) million and \$(3) million for the years ended December 31, 2023, 2022 and 2021, respectively. The portion of supplemental rent expense related to probable lease return condition obligations was \$20 million, \$90 million and \$61 million for the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023 and 2022, the Company's total leased aircraft return cost liability was \$26 million and \$102 million, respectively, and are reflected in other current liabilities and other long-term liabilities on the Company's consolidated balance sheets.

Additionally, certain of the Company's aircraft lease agreements require the Company to pay maintenance reserves to aircraft lessors to be held as collateral in advance of the Company's required performance of major maintenance activities. As of December 31, 2023 and 2022, the Company had aircraft maintenance deposits that are expected to be recoverable of \$96 million and \$117 million, respectively, on the Company's consolidated balance sheets of which \$12 million was included in accounts receivable as of December 31, 2023 and 2022, net on the Company's consolidated balance sheets as the eligible maintenance has been performed. The remaining \$84 million and \$105 million are included within aircraft maintenance deposits on the Company's consolidated balance sheets as of December 31, 2023 and 2022, respectively.

A majority of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles. Maintenance reserves collateralize the lessor for maintenance time run off the aircraft until the completion of the maintenance of the aircraft. As of December 31, 2023, fixed maintenance reserve payments for aircraft and spare engines, including estimated amounts for contractual price escalations, were expected to be \$3 million per year for the years 2024 through 2026, \$4 million for 2027 through 2028 and \$1 million thereafter, before consideration of reimbursements.

In 2023, the Company extended the term for certain aircraft and spare engine operating leases that were slated to expire in 2023 and 2024, respectively. As a result of six aircraft and five engine extension events, for the year ended December 31, 2023, the Company recorded a benefit of \$53 million to aircraft rent in the Company's consolidated statement of operations related to previously accrued lease return costs that were variable in nature and associated with the anticipated utilization and condition of the airframes and engines at the original return date. Given the extension of these aircraft and engine operating leases, such variable return costs are no longer probable of occurring.

Airport Facilities

The Company's facility leases are primarily for space at approximately 90 airports that are primarily located in the United States. These leases are classified as operating leases and reflect the use of airport terminals, ticket counters, office space, and maintenance facilities. Generally, this space is leased from government agencies that control the use of the airport. The majority of these leases are short-term in nature and renew on an evergreen basis.

Notes to Consolidated Financial Statements (Continued)

For these leases, the contractual term is used as the lease term. As of December 31, 2023, the remaining lease terms vary from one month to eleven years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually, and because of the variable nature of the rates, these leases are not recorded on the Company's consolidated balance sheets as a right-of-use assets and lease liabilities.

Other Property and Equipment

The Company leases certain other assets such as flight training equipment, building space, and various other equipment. Certain of the Company's leases for other assets are deemed to contain fixed rental payments and, as such, are classified as operating leases and are recorded on the Company's consolidated balance sheets as a right-of-use asset and liability. The remaining lease terms ranged from one month to eight years as of December 31, 2023.

Lessor Concessions

In response to the COVID-19 pandemic, beginning in 2020, the Company was granted payment deferrals on leases included in the Company's right-of-use assets for certain aircraft and engines from lessors along with airport facilities and other vendors that are not included in the Company's right-of-use assets. As these deferred payments are made, the Company will recognize the deferred payments in aircraft rent or station operations, as applicable, in the Company's consolidated statements of operations. The payback of all previous aircraft and engine rent deferrals was completed as of December 31, 2021, and, therefore, there was no impact to aircraft rent in the Company's consolidated statement of operations for the years ended December 31, 2023 and 2022. The payback of station deferrals decreased operating cash flows and unfavorably impacted station operations within the Company's results of operations by \$2 million and \$3 million for the years ended December 31, 2023 and 2022, respectively. The deferrals for the year ended December 31, 2021 decreased operating cash flows and unfavorably impacted the Company's results of operations by \$22 million, including a \$31 million unfavorable impact to aircraft rent and a \$9 million favorable impact to station operations in the Company's consolidated statement of operations. As of December 31, 2023, the Company had \$6 million in station deferrals which will be recognized to station operations within the Company's consolidated statements of operations in future periods as the deferrals are repaid.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

Lease Position

The table below presents the lease-related assets and liabilities recorded on the Company's consolidated balance sheets as of December 31, 2023 and 2022 (in millions):

	Balance Sheet Classification	December 31,	
		2023	2022
Assets			
Operating lease assets	Operating lease right-of-use assets	\$ 2,964	\$ 2,484
Liabilities			
Current operating leases	Current maturities of operating leases	\$ 549	\$ 465
Long-term operating leases	Long-term operating leases	2,440	2,034
Total lease liabilities		\$ 2,989	\$ 2,499
Weighted-average remaining lease term			
Operating leases		9 years	8 years
Weighted-average discount rate			
Operating leases		6.23 %	5.39 %

Lease Costs

The table below presents certain information related to lease costs for operating leases during the years ended December 31, 2023, 2022 and 2021 (in millions):

	Year Ended December 31,		
	2023	2022	2021
Operating lease cost ^(a)	\$ 539	\$ 478	\$ 454
Variable lease cost ^(a)	304	219	284
Total lease costs	\$ 843	\$ 697	\$ 738

(a) Expenses are included within aircraft rent, station operations, maintenance, materials and repairs and other operating within the Company's consolidated statements of operations.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows as of December 31, 2023 (in millions) for each of the next five years and total of the remaining years to the operating lease liability recorded on the Company's consolidated balance sheet:

	Total
Operating Leases	
2024	\$ 566
2025	563
2026	500
2027	434
2028	352
Thereafter	1,417
Total undiscounted minimum lease rentals	3,832
Less: amount of lease payments representing interest	(843)
Present value of future minimum lease rentals	2,989
Less: current obligations under operating leases	(549)
Long-term operating lease obligations	\$ 2,440

During the years ended December 31, 2023 and 2022, the Company acquired, through new operating leases, operating lease assets totaling \$864 million and \$405 million, respectively, which are included in operating lease right-of-use assets on the Company's consolidated balance sheets. During the years ended December 31, 2023, 2022 and 2021, the Company paid cash of \$535 million, \$464 million and \$461 million net of lessor incentives received, respectively, for amounts included in the measurement of lease liabilities.

10. Stock-Based Compensation

During the years ended December 31, 2023, 2022 and 2021, the Company recognized \$14 million, \$15 million and \$11 million, respectively, in stock-based compensation expense, which is included as a component of salaries, wages and benefits within the Company's consolidated statements of operations. The stock-based compensation expense is related to stock options and restricted stock units. The total income tax benefit recognized in the income statement for stock-based compensation expenses was \$3 million for each of the years ended December 31, 2023 and 2022, and \$2 million for the year ended December 31, 2021. The Company also recognized additional income tax benefits of \$5 million, \$1 million, and \$8 million for each of the years ended December 31, 2023, 2022, and 2021, respectively, for which options were exercised or restricted shares vested.

Stock Options and Restricted Stock Units

In April 2014, FGHI approved the 2014 Equity Incentive Plan (the "2014 Plan"). Under the terms of the 2014 Plan, 38 million shares of FGHI common stock were reserved for issuance. Concurrently with the Company's IPO, on April 1, 2021 the Company approved the 2021 Incentive Award Plan (the "2021 Plan"), which reserved 7 million shares of FGHI common stock, as well as the 11 million issued awards from the 2014 Plan that were still outstanding plus any subsequently forfeited awards or awards that lapse unexercised after April 1, 2021, to be available for future issuances of stock-based compensation awards to be granted to members of the Board of Directors and certain employees and consultants. Additionally, shares available for issuance under the 2021 Plan will be subject to an annual increase on the first day of each fiscal year beginning in 2022 and ending in 2031, equal to the lesser of (i) one percent (1%) of the shares of stock outstanding on the last day of the immediately preceding fiscal year and (ii) such smaller number of shares of stock as determined by the Company's Board of Directors; provided, however, that no more than 30 million shares of stock may be issued upon the exercise of incentive stock

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

options. On January 1, 2023, 2,178,758 shares were added to the 2021 Plan as a result of the annual increase. As of December 31, 2023, there were 5 million shares available for issuance.

Stock Options

Stock option awards are granted with an exercise price equal to the fair market value of FGHI's common stock on the date of grant, and generally vest evenly over four years of continuous service. Compensation expense related to stock options is recognized on a straight-line basis over the requisite service period, net of forfeitures, which are recognized on a specific-identification basis.

A summary of stock option activity during the year ended December 31, 2023 is presented below:

	Number of Shares	Weighted-Average Exercise Price	Aggregate Grant Date Fair Value (in millions)
Outstanding at January 1, 2023	7,373,678	\$ 1.96	\$ 7
Issued	—	\$ —	—
Exercised	(4,322,711)	\$ 0.29	—
Forfeited	(28,500)	\$ 10.93	—
Outstanding at December 31, 2023	<u>3,022,467</u>	<u>\$ 4.27</u>	<u>\$ 7</u>
Exercisable at December 31, 2023	3,022,467	\$ 4.27	\$ 7

There were no stock options granted during the years ended December 31, 2023, 2022, and 2021. During the years ended December 31, 2023, 2022, and 2021, 4,322,711, 277,729 and 2,202,895 vested stock options were exercised, respectively, with an intrinsic value of \$26 million, \$3 million and \$32 million, respectively. As of December 31, 2023, the aggregate intrinsic value of outstanding options was \$6 million.

As of December 31, 2023, there were no unvested options remaining and therefore, there was no unrecognized compensation costs related to options. Additionally, as of December 31, 2023, exercisable options and outstanding options both have a remaining weighted-average contractual term of 2.4 years.

Restricted Stock Units

Restricted stock units ("RSUs") in FGHI are valued at the fair value of FGHI's common stock on the date of grant. Each RSU represents the right to receive one share of common stock upon vesting of such RSU. Vesting of RSUs is based on time-based service conditions, approximately one year of continuous service for the Company's Board of Directors and three to four years of continuous service for all other employees. In order to vest, the participant must still be employed by the Company, with certain contractual exclusions, at each vesting event. Generally, within 30 days after the vesting date, the shares underlying the RSU will be issued to the participant. Compensation expense, net of forfeitures as incurred on a specific identification basis, is recognized on a straight-line basis over the requisite service period.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

A summary of RSU activity during the years ended December 31, 2023, 2022 and 2021 is presented below:

	2023		2022		2021	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at January 1	2,395,509	\$ 12.24	1,970,294	\$ 12.47	2,020,650	\$ 10.54
Issued	6,176,938	\$ 5.88	1,344,532	\$ 11.96	899,800	\$ 14.70
Vested	(800,189)	\$ 11.55	(533,065)	\$ 12.48	(543,879)	\$ 10.23
Forfeited	(549,950)	\$ 12.17	(73,711)	\$ 11.98	(205,542)	\$ 10.62
Repurchased ^(a)	(443,720)	\$ 12.21	(312,541)	\$ 12.14	(200,735)	\$ 11.00
Outstanding at December 31	6,778,588	\$ 6.53	2,395,509	\$ 12.24	1,970,294	\$ 12.47

(a) Represents withholdings to cover tax obligations on vested shares when applicable.

The total fair value of RSUs vested was \$13 million, \$10 million and \$11 million, during the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023, there was \$33 million of unrecognized compensation cost related to unvested RSUs which is expected to be recognized over a weighted-average period of 2.5 years.

Liability-Classified Awards

On December 3, 2013, to give effect to the reorganization of the Company's corporate structure, an agreement was reached to amend and restate a phantom equity agreement with the Company's pilots. Under the terms of this agreement, when an amendment to the underlying collective bargaining agreement was approved, the Company's pilots employed by Frontier in June 2011, (the "Participating Pilots"), through their agent, FAPAInvest, LLC, received phantom equity units. Each unit represented the right to receive common stock or cash in connection with certain events, including a qualifying initial public offering, such stock to be distributed or cash paid to the Participating Pilots in 2020 and 2022 based on a predetermined formula. In accordance with the amended and restated phantom equity agreement, the obligation became fixed as of December 31, 2019 and was no longer subject to valuation adjustments. As of December 31, 2019, the final associated liability was \$137 million, of which \$111 million was paid during the year ended December 31, 2020 and the remaining \$26 million was paid during the year ended December 31, 2022.

11. Employee Retirement Plans

The Company recorded \$65 million, \$56 million and \$46 million in expense related to matching contributions to employee retirement plans for the years ended December 31, 2023, 2022 and 2021, respectively. This is recorded as a component of salaries, wages and benefits in the Company's consolidated statements of operations.

Frontier 401(k) Plan

The Company sponsors The Frontier Airlines, Inc. 401(k) Retirement Plan (the "Frontier 401(k) Plan") under Section 401(k) of the Internal Revenue Code. This plan excludes pilots, who are covered under a separate plan discussed below. Under the Frontier 401(k) Plan, the Company matches 50% of each eligible participant's contribution, up to 2% of their compensation for maintenance employees and up to 6% of their compensation for all other employees, excluding flight attendants and dispatchers, whose contributions are matched at 100% of up to 6% of their compensation. Contributions for employees begin after 60 days of employment and vest 25% per year over four years. Participants are entitled to receive distributions of all vested amounts beginning at age 59 1/2. The plan is subject to the annual IRS elective deferral limit of \$22,500 for 2023, \$20,500 for 2022 and \$19,500 for 2021.

Notes to Consolidated Financial Statements (Continued)

FAPA Plan

The Company also established the Frontier Airlines, Inc. Pilots Retirement Plan (the “FAPA Plan”), a defined contribution retirement plan for pilots covered under the collective bargaining agreement with the Frontier Airlines Pilots Association (“FAPA”). Effective September 1, 2016, pilots are no longer represented by FAPA and are represented by the Air Line Pilots Association (“ALPA”), however the FAPA Plan remained in effect under the collective bargaining agreement with ALPA. Under the latest collective bargaining agreement with the pilots, effective as of January 2019 for a five year period, the Company match no longer occurs under this plan, and instead, the Company makes nonelective contributions on behalf of each eligible pilot equal to a percentage of the pilot’s compensation, ranging from 12% to 15% over the term of the collective bargaining agreement (see Note 12). The nonelective contributions are subject to vesting based on years of service. Participants are entitled to receive distributions of all vested amounts beginning at age 59 1/2. The plan is subject to the annual IRS elective deferral limit of \$22,500 for 2023, \$20,500 for 2022 and \$19,500 for 2021.

12. Commitments and Contingencies**Flight Equipment Commitments**

As of December 31, 2023, the Company’s firm aircraft and engine purchase orders consisted of the following:

Year Ending	A320neo	A321neo	Total Aircraft ^(a)	Engines
2024	—	23	23	2
2025	17	25	42	4
2026	19	22	41	4
2027	21	21	42	3
2028	10	30	40	2
Thereafter	—	22	22	—
Total	67	143	210	15

(a) While the schedule presented reflects the contractual delivery dates as of December 31, 2023, the Company has recently experienced delays in the deliveries of Airbus aircraft which may persist in future periods.

The Company is party to certain aircraft purchase agreements with Airbus (as amended from time to time, the “Airbus Purchase Agreements”) pursuant to which, as of December 31, 2023, the Company had commitments to purchase an aggregate of 67 A320neo and 143 A321neo aircraft, with deliveries expected through 2029 per the latest delivery schedule. The Company has the option to convert 18 A320neo aircraft to A321XLR aircraft under certain terms and conditions. Since the option has not been exercised, this conversion right is not reflected in the table above.

The Airbus Purchase Agreements also provide for, among other things, varying purchase incentives for each aircraft type (e.g., A320neo versus A321neo), which are allocated proportionally by aircraft type over the remaining aircraft to be delivered so that each aircraft’s capitalized cost upon induction would be equal. Therefore, as cash paid for deliveries is greater than the capitalized cost due to the allocation of these purchase incentives, a deferred purchase incentive is recognized within other assets on the Company’s consolidated balance sheets, which will ultimately be offset by future deliveries of aircraft with lower cash payments than their associated capitalized cost.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

As of December 31, 2023, purchase commitments for these aircraft and engines, including estimated amounts for contractual price escalations and PDPs, consisted of the following (in millions):

Year Ending	Total
2024	\$ 1,391
2025	2,500
2026	2,358
2027	2,448
2028	2,403
Thereafter	1,356
Total	\$ 12,456

Litigation and Other Contingencies

The Company is subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained from time to time. In December 2023, the DOT sent the Company a request for information to assist its investigation into whether the Company cared for its customers as required by law during Winter Storm Elliott, which caused significant operational disruptions and spanned from December 21, 2022 to January 2, 2023, which included providing adequate customer service assistance, prompt flight status notifications, and proper and timely refunds. The Company is fully cooperating with the DOT request.

The Company regularly evaluates the status of such matters to assess whether a loss is probable and reasonably estimable in determining whether an accrual is appropriate. Furthermore, in determining whether disclosure is appropriate, the Company evaluates each matter to assess if there is at least a reasonable possibility that a loss or additional losses may have been incurred and whether an estimate of possible loss or range of loss can be made.

The ultimate outcome of legal actions is unpredictable and can be subject to significant uncertainties, and it is difficult to determine whether any loss is probable or even possible. Additionally, it is also difficult to estimate the amount of loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Thus, actual losses may be in excess of any recorded liability or the range of reasonably possible loss. The Company believes the ultimate outcome of any potential lawsuits, proceedings and reviews will likely not, individually or in the aggregate, have a material adverse effect on its consolidated financial position, liquidity or results of operations and that the Company's current accruals cover matters where loss is deemed probable and can be reasonably estimated.

Notes to Consolidated Financial Statements (Continued)

Employees

The Company has seven union-represented employee groups that together represented approximately 86% of all employees as of December 31, 2023. The table below sets forth the Company's employee groups and status of the collective bargaining agreements as of December 31, 2023:

Employee Group	Representative	Amendable Date ^(a)	Percentage of Workforce
			December 31, 2023
Pilots	Air Line Pilots Association (ALPA)	January 2024 ^(b)	29%
Flight Attendants	Association of Flight Attendants (AFA-CWA)	May 2024 ^(c)	49%
Aircraft Technicians	International Brotherhood of Teamsters (IBT)	May 2025	6%
Aircraft Appearance Agents	IBT	October 2023 ^(d)	1%
Dispatchers	Transport Workers Union (TWU)	August 2028 ^(e)	1%
Material Specialists	IBT	March 2022 ^(d)	<1%
Maintenance Controllers	IBT	October 2023 ^(d)	<1%

(a) Subject to standard early opener provisions.

(b) ALPA filed for mediation through the National Mediation Board in January 2024 and the first mediation session is scheduled for March 2024.

(c) In November 2023, AFA-CWA exercised their contractual right to open negotiations early. Negotiations are currently ongoing.

(d) The Company's collective bargaining agreements with its aircraft appearance agents, material specialists, and maintenance controllers, each represented by IBT, were still amendable as of December 31, 2023, and negotiations are ongoing; however, the agreements are operating under their current arrangements until amendments have been reached.

(e) On August 4, 2023, the Company finalized a collective bargaining agreement with its dispatchers, represented by TWU, which will be amendable in August 2028.

The Company is self-insured for health care claims, subject to a stop-loss policy, for eligible participating employees and qualified dependent medical and dental claims, subject to deductibles and limitations. The Company's liabilities for claims incurred but not reported are determined based on an estimate of the ultimate aggregate liability for claims incurred. The estimate is calculated from actual claim rates and adjusted periodically as necessary. The Company had accrued \$5 million for health care claims estimated to be incurred but not yet paid as of December 31, 2023 and 2022, which are included as a component of other current liabilities on the Company's consolidated balance sheets.

General Indemnifications

The Company has various leases with respect to real property as well as various agreements among airlines relating to fuel consortia or fuel farms at airports. Under some of these contracts, the Company is party to joint and several liability regarding environmental damages. Under others, where the Company is a member of an LLC or other entity that contracts directly with the airport operator, liabilities are borne through the fuel consortia structure.

The Company's aircraft, services, equipment lease and sale and financing agreements typically contain provisions requiring the Company, as the lessee, obligor or recipient of services, to indemnify the other parties to those agreements, including certain of those parties' related persons, against virtually any liabilities that might arise from the use or operation of the aircraft or such other equipment. The Company believes that its insurance would cover most of its exposure to liabilities and related indemnities associated with the commercial real estate leases and aircraft, services, equipment lease and sale and financing agreements described above.

Notes to Consolidated Financial Statements (Continued)

Certain of the Company's aircraft and other financing transactions include provisions that require payments to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in law or regulations. In certain of these financing transactions and other agreements, the Company also bears the risk of certain changes in tax laws that would subject payments to non-U.S. entities to withholding taxes.

Certain of these indemnities survive the length of the related financing or lease. The Company cannot reasonably estimate the potential future payments under the indemnities and related provisions described above because it cannot predict (i) when and under what circumstances these provisions may be triggered, and (ii) the amount that would be payable if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

13. Stockholders' Equity***Common Stock***

As of December 31, 2023, the Company had authorized common stock (voting), common stock (non-voting) and preferred stock of 750,000,000, 150,000,000 and 10,000,000 shares, respectively, of which only common stock (voting) were issued and outstanding. All classes of equity have a par value of \$0.001 per share.

The Company had 222,998,790 and 217,875,890 shares of common stock outstanding as of December 31, 2023 and 2022, respectively. All of the Company's issued and outstanding shares of common stock are duly authorized, validly issued, fully paid and nonassessable. Each holder of the Company's common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Holders of the Company's common stock have no preemptive, subscription or other rights, and no redemption or sinking fund provisions applicable to the Company's common stock exist.

During each of the years ended December 31, 2023, 2022 and 2021, there were no dividends declared. There were no dividends paid for the year ended December 31, 2023 and less than \$1 million was paid in distributions to those with other participating rights for each of the years ended December 31, 2022 and 2021. There were no dividends payable as of December 31, 2023 and 2022.

14. Net Earnings (Loss) per Share

Basic and diluted earnings (loss) per share are computed pursuant to the two-class method. Under the two-class method, the Company attributes net income to common stock and other participating rights (including those with vested share-based awards). Basic net earnings per share is calculated by taking net income, less earnings allocated to participating rights, divided by the basic weighted-average common stock outstanding. Net loss per share is calculated by taking net loss divided by basic weighted-average common stock outstanding as participating rights do not share in losses. In accordance with the two-class method, diluted net earnings per share is calculated using the more dilutive impact of the treasury-stock method or from reducing net income for the earnings allocated to participating rights.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

The following table sets forth the computation of net earnings (loss) per share on a basic and diluted basis pursuant to the two-class method for the periods indicated (in millions, except for share and per share amounts):

	Year Ended December 31,		
	2023	2022	2021
Basic:			
Net income (loss)	\$ (11)	\$ (37)	\$ (102)
Less: net income attributable to participating rights	—	—	—
Net income (loss) attributable to common stockholders	\$ (11)	\$ (37)	\$ (102)
Weighted-average common shares outstanding, basic	220,097,989	217,601,373	211,436,542
Net earnings (loss) per share, basic	\$ (0.05)	\$ (0.17)	\$ (0.48)
Diluted:			
Net income (loss)	\$ (11)	\$ (37)	\$ (102)
Less: net income attributable to participating rights	—	—	—
Net income (loss) attributable to common stockholders	\$ (11)	\$ (37)	\$ (102)
Weighted-average common shares outstanding, basic	220,097,989	217,601,373	211,436,542
Effect of dilutive potential common shares	—	—	—
Weighted-average common shares outstanding, diluted	220,097,989	217,601,373	211,436,542
Net earnings (loss) per share, diluted	\$ (0.05)	\$ (0.17)	\$ (0.48)

Due to the net loss for the years ended December 31, 2023, 2022 and 2021, diluted weighted-average shares outstanding are equal to basic weighted-average shares outstanding because the effect of all equity awards is anti-dilutive.

15. Income Taxes

The components of income tax expense are as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Current:			
Federal	\$ (1)	\$ —	\$ (10)
State and local	1	—	—
Current income tax expense (benefit)	—	—	(10)
Deferred:			
Federal	41	(7)	(32)
State and local	2	(1)	(1)
Foreign	—	—	1
Deferred income tax expense (benefit)	43	(8)	(32)
Total income tax expense (benefit)	\$ 43	\$ (8)	\$ (42)

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

The income tax provision differs from that computed at the federal statutory corporate tax rate as follows:

	Year Ended December 31,		
	2023	2022	2021
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	1.4	1.7	1.6
Valuation allowance	115.8	—	—
Employee benefits	6.6	(1.6)	—
State refund adjustment	3.7	—	—
Executive compensation limitation	3.6	(3.9)	(0.5)
Change in state effective rate	0.9	0.8	—
Return to provision adjustment	—	(2.9)	—
Nondeductible warrants	—	—	(3.5)
Other non-deductible expenses	1.4	—	—
Excess tax benefits of stock-based compensation	(17.2)	1.2	5.2
Reserves for uncertain tax positions, net	(3.0)	0.6	6.2
Other	0.2	0.9	(0.8)
Effective income tax rate	134.4 %	17.8 %	29.2 %

The effective tax rate for the year ended December 31, 2023 is higher than the statutory rate, primarily due to the establishment of valuation allowances against the Company's U.S. Federal and State net operating loss ("NOL") carryforwards and limitations on the deductibility of employee benefits and compensation provided to certain executives pursuant to Internal Revenue Code section 162(m), partially offset by windfall benefits recognized on the exercise of stock options. The effective tax rate for the year ended December 31, 2022 is lower than the statutory rate, primarily due to limitations on compensation provided to certain executives pursuant to Internal Revenue Code section 162(m) and return to provision adjustments, partially offset by state taxes, net of federal benefit and excess tax benefits of stock-based compensation. The effective tax rate for the year ended December 31, 2021 was greater than the statutory rate, primarily attributable to the release of the reserves related to uncertain tax positions for which the statute of limitations has expired and excess tax benefits associated with the Company's stock-based compensation arrangements, partially offset by non-deductible interest from the mark to market adjustments from the warrants issued to the Treasury as part of the Company's participation in the PSPs and the Treasury Loan.

The Company had net tax payments/(refunds) of less than \$1 million, less than \$1 million and \$(158) million for the years ended December 31, 2023, 2022 and 2021, respectively.

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial statement and income tax purposes. The following table shows the components of the Company's deferred tax assets and liabilities (in millions):

	December 31,	
	2023	2022
Deferred tax assets:		
Operating lease liability	\$ 669	\$ 568
Net operating losses	75	50
Nondeductible accruals	30	42
Deferred revenue	16	14
Income tax credits	2	1
Valuation allowance	(48)	(8)
Other	13	10
Deferred tax assets	\$ 757	\$ 677
Deferred tax liabilities:		
Right-of-use asset	\$ (658)	\$ (559)
Property and equipment	(55)	(41)
Maintenance deposits	(19)	(24)
Intangibles	(6)	(6)
Other	(27)	(14)
Deferred tax liabilities	(765)	(644)
Net deferred tax assets (liabilities)	\$ (8)	\$ 33

As of December 31, 2023, the Company's net deferred tax liability balance was \$8 million, and was classified within other long-term liabilities on the Company's consolidated balance sheet. This balance included \$75 million of deferred tax assets related to NOL carry forwards which are made up of \$53 million of federal NOLs, which do not expire, \$11 million of state NOLs, which expire from one year to having no expiration, and \$11 million of foreign NOLs, which expire in seven years. The Company recognizes a valuation allowance when it is more likely than not that some portion, or all, of the Company's deferred tax assets, will not be realized. The Company considers sources of taxable income from prior period carryback periods, future reversals of existing taxable temporary differences, tax planning strategies and future taxable income when assessing the future utilization of deferred tax assets.

The Company considers all available positive and negative evidence in determining the need for a valuation allowance. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2023. Such objective evidence limits the ability to consider other subjective evidence, such as projections for future profitability to utilize deferred tax assets.

The Company concluded that as of December 31, 2023, it is more likely than not that the benefit from a portion of its federal, state and foreign deferred tax assets will not be realized. Accordingly, the Company recorded a valuation allowance of \$37 million against its deferred tax assets for U.S. Federal and State NOL carryforwards, which reflects the impact of expected income generated as a result of future reversals of existing taxable temporary differences. Further, the Company recorded a valuation allowance of \$3 million related to its foreign deferred tax asset NOLs during 2023, which was fully offset by a corresponding reversal of a U.S. federal deferred tax liability.

Notes to Consolidated Financial Statements (Continued)

The following table shows the components of the Company's unrecognized tax benefits related to uncertain tax positions (in millions):

	2023	2022	2021
Unrecognized tax benefits at January 1	\$ 1	\$ 1	\$ 10
Decrease for tax positions taken during prior period	(1)	—	(9)
Increase for tax positions taken during current period	—	—	—
Unrecognized tax benefits at December 31	\$ —	\$ 1	\$ 1

In December of 2021, the Company received its federal tax refund related to the Company carrying back its 2020 losses to previous year's tax returns that included certain unrecognized tax positions. Upon receipt of the 2020 tax year refund, the previous year's tax returns effectively are considered closed and, as the statute of limitations reverted back at that time to its original expiry, the Company released any reserve related to tax periods where the statute of limitations would have lapsed.

It is reasonably possible that the amount of unrecognized tax benefit could change within the next 12 months, as the statute of limitations remains open for three preceding tax years; however, the Company has not identified any unrecognized tax benefits as of December 31, 2023. Should the amount of unrecognized tax benefit change, the Company will accrue interest related to unrecognized tax benefits in its provision for income taxes, and any associated penalties in other operating expenses. The amounts recorded in the Company's consolidated financial statements related to interest and penalties were less than \$1 million for each of the years ended December 31, 2023, 2022 and 2021.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates yearly. The Company's federal income tax returns for tax years 2020 and forward remain open. Additionally, various tax years remain open to examination by state and local taxing jurisdictions.

16. Fair Value Measurements

Under ASC 820, *Fair Value Measurements and Disclosures*, disclosures relating to how fair value is determined for assets and liabilities are required, and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs, as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes several valuation techniques in order to assess the fair value of its financial assets and liabilities.

Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash are comprised of liquid money market funds, time deposits and cash, and are categorized as Level 1 instruments. The Company maintains cash with various high-quality financial institutions and holds restricted cash to secure medical claims paid. Cash, cash equivalents and restricted cash are

FRONTIER GROUP HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

carried at cost, which management believes approximates fair value. As of December 31, 2023 and 2022, the Company had less than \$1 million of restricted cash.

Interest Rate Derivative Contracts

Interest rate derivative contracts are valued under an income approach based on data either readily observable in public markets, derived from public markets or provided by counterparties who regularly trade in public markets and, therefore, they are classified as Level 2 inputs. Given the interest rate derivative contracts will be cash-settled upon exercise and that the market value will be done using overnight indexed swap (OIS) discounting, OIS discounting is applied to the income approach valuation.

Debt

The estimated fair value of the Company's debt agreements has been determined to be Level 3 measurement, as certain inputs used to determine the fair value of these agreements are unobservable. The Company utilizes a discounted cash flow method to estimate the fair value of the Level 3 debt.

The carrying amounts and estimated fair values of the Company's debt are as follows (in millions):

	December 31, 2023		December 31, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Secured debt:				
Pre-delivery credit facility	\$ 312	\$ 316	\$ 277	\$ 277
Floating rate building note	16	16	17	17
Unsecured debt:				
Affinity card advance purchase of miles	80	76	71	66
PSP Promissory Notes	66	57	66	52
Total debt	\$ 474	\$ 465	\$ 431	\$ 412

The tables below present disclosures about the fair value of assets and liabilities measured at fair value on a recurring basis in the Company's consolidated financial statements (in millions):

Description	Balance Sheet Classification	Fair Value Measurements as of December 31, 2023			
		Total	Level 1	Level 2	Level 3
Cash and cash equivalents	Cash and cash equivalents	\$ 609	\$ 609	\$ —	\$ —

Description	Balance Sheet Classification	Fair Value Measurements as of December 31, 2022			
		Total	Level 1	Level 2	Level 3
Cash and cash equivalents	Cash and cash equivalents	\$ 761	\$ 761	\$ —	\$ —
Interest rate derivative contracts	Other current assets	\$ 24	\$ —	\$ 24	\$ —

The Company had no transfers of assets or liabilities between fair value hierarchy levels during the years ended December 31, 2023 and 2022.

17. Related Parties**Management Services**

Indigo Partners, LLC (“Indigo Partners”) manages an investment fund that is the controlling stockholder of the Company. The Company is assessed a quarterly fee by Indigo Partners for management services. The Company recorded \$2 million for each of the years ended December 31, 2023, 2022 and 2021 for these fees, which are included as other operating expenses within the Company’s consolidated statements of operations.

Codeshare Arrangement

The Company entered into a codeshare agreement with Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (an airline based in Mexico doing business as “Volaris”) during 2018. Two of the Company’s directors are members of the board of directors of Volaris and one is an honorary director. As of December 31, 2023, Indigo Partners holds approximately 18% of the total outstanding common stock of Volaris.

In August 2018, the Company and Volaris began operating scheduled codeshare flights. Each party bears its own costs and expenses of performance under the codeshare agreement. The codeshare agreement is subject to automatic renewals and may be terminated by either party at any time upon the satisfaction of certain conditions.

18. The Proposed Merger with Spirit Airlines, Inc. (“Spirit”)

On February 5, 2022, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Top Gun Acquisition Corp. (“Merger Sub”), a direct wholly-owned subsidiary of the Company, and Spirit. The Merger Agreement provided that, among other things, the Merger Sub would be merged with and into Spirit (the “Merger”), with Spirit surviving the Merger and continuing as a wholly-owned subsidiary of the Company. On July 27, 2022, the Company and Spirit mutually terminated the Merger Agreement.

During the year ended December 31, 2023, the Company recorded \$1 million in expenses related to the proposed Merger within transaction and merger-related costs, net in the Company’s consolidated statement of operations, which included merger-related retention bonus expense for all eligible employees who were subject to CARES Act compensation restrictions. During the year ended December 31, 2022, the Company recorded \$10 million in net expenses related to the proposed Merger within transaction and merger-related costs, net in the Company’s consolidated statement of operations. These costs included \$19 million in retention bonus expense and \$16 million in transaction costs, which were made up of banking, legal and accounting fees, among others, offset by \$25 million received from Spirit for reimbursement of incurred Merger-related expenses in accordance with the termination provisions set forth in the Merger Agreement.

The Merger Agreement provides that in the event that Spirit, within twelve months following the termination of the Merger Agreement, consummates an acquisition with another acquiror or enters into a definitive written agreement providing for an acquisition with another acquiror, which is ultimately consummated, the Company will be owed an additional \$69 million. Although Spirit entered into a definitive written agreement providing for an acquisition with another acquiror within this twelve-month period ending July 27, 2023, the acquisition has not been consummated and therefore no amounts have been recognized on the consolidated balance sheets and in the statements of operations for the year ended December 31, 2023 and 2022.

ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under 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 by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

During the three months ended December 31, 2023, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their desired objectives and, as noted above, our principal executive officer and principal financial officer believe that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2023.

Management does not expect, however, that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in the 2013 Internal Control-Integrated Framework. Based on that evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by Ernst & Young LLP, an independent registered public accounting firm, which also audited our Consolidated Financial Statements for the year ended December 31, 2023. Ernst & Young LLP’s report on our internal control over financial reporting is included herein.

ITEM 9B. OTHER INFORMATION

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

During the fiscal quarter ended December 31, 2023, none of our directors or officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any other “non-Rule 10b5-1 trading arrangement,” except as follows:

On November 22, 2023, Barry L. Biffle, our Chief Executive Officer, and Mr. Biffle’s spouse, as trustee for a trust holding shares of our common stock for the benefit of Mr. Biffle’s child (the “Biffle Trust”) terminated a Rule 10b5-1(c) trading arrangement intended to satisfy the affirmative defense of Rule 10b5-1(c) originally adopted on June 9, 2023 for the sale of up to 2,226,972 shares of our common stock by Mr. Biffle and up to 75,000 shares of our common stock by the Biffle Trust, until February 15, 2024. Subsequently, on November 22, 2023, Mr. Biffle and Mr. Biffle’s spouse adopted a Rule 10b5-1(c) trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 2,226,972 shares of our common stock by Mr. Biffle and up to 75,000 shares of our common stock by the Biffle Trust, with a duration until August 5, 2024.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2023.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this Annual Report on Form 10-K:

(1) Consolidated Financial Statements

Our consolidated financial Statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material, or the required information is shown in Part II, Item 8 of this Annual Report on Form 10-K.

(3) Exhibits

The exhibits listed below are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference, in each case as indicated below.

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>File Number</u>	<u>Date</u>	
3.1	Amended and Restated Certificate of Incorporation of Frontier Group Holdings, Inc.	8-K	001-40304	4/6/2021	3.1
3.2	Amended and Restated Bylaws of Frontier Group Holdings, Inc.	10-K	001-40304	2/22/2023	3.2
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.	10-K	001-40304	2/23/2022	4.1
4.2	Form of Common Stock Certificate.	S-1	333-254004	3/8/2021	4.2
4.3	Registration Rights Agreement, dated April 6, 2021, by and among Frontier Group Holdings, Inc. and Indigo Frontier Holdings Company, LLC.	8-K	001-40304	4/6/2021	4.1
4.4†	Warrant Agreement, dated as of April 30, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.35
4.5	Form of PSP Warrant (incorporated by reference to Annex B of Exhibit 10.35 to the Registrant’s Registration Statement on Form S-1 filed on March 8, 2021).	S-1	333-254004	3/8/2021	10.36
4.6	Warrant Agreement, dated as of September 28, 2020, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.38
4.7	Form of Warrant (incorporated by reference to Annex B of Exhibit 10.38 to the Registrant’s Registration Statement on Form S-1 filed on March 8, 2021).	S-1	333-254004	3/8/2021	10.39
4.8	Warrant Agreement, dated as of January 15, 2021, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.43
4.9	Form of PSP2 Warrant (incorporated by reference to Annex B of Exhibit 10.43 to the Registrant’s Registration Statement on Form S-1 filed on March 8, 2021).	S-1	333-254004	3/8/2021	10.44

4.10	Warrant Agreement, dated as of April 29, 2021, between Frontier Group Holdings, Inc. and the United States Department of the Treasury.	10-Q	001-40204	5/13/2021	4.5	
4.11	Form of PSP3 Warrant (incorporated by reference to Annex B of Exhibit 4.5 to the Registrant's Quarterly Report on Form 10-Q filed on May 13, 2021).	10-Q	001-40204	5/13/2021	4.6	
10.1(a)#	2014 Equity Incentive Plan.	S-1	333-254004	3/8/2021	10.2(a)	
10.1(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2014 Equity Incentive Plan.	S-1	333-254004	3/8/2021	10.2(b)	
10.1(c)#	Form of Stock Purchase Right Grant Notice and Restricted Stock Purchase Agreement for Non-Employee Directors.	S-1	333-254004	3/8/2021	10.2(c)	
10.1(d)#	Form of Restricted Stock Unit Award Grant Notice and RSU Award Agreement under the 2014 Equity Incentive Plan.	S-1	333-254004	3/8/2021	10.2(d)	
10.2(a)#	2021 Incentive Award Plan.	S-1/A	333-254004	3/23/2021	10.3(a)	
10.2(b)#	Form of Stock Option Grant Notice and Stock Option Agreement under the 2021 Incentive Award Plan.	S-1/A	333-254004	3/19/2021	10.3(b)	
10.2(c)#	Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement under the 2021 Incentive Award Plan.	S-1/A	333-254004	3/19/2021	10.3(c)	
10.2(d)#	Form of Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the 2021 Incentive Award Plan, effective for grants after October 25, 2023.					X
10.3#	Form of Indemnification Agreement for directors and officers.	S-1	333-254004	3/8/2021	10.4	
10.4#	Form of Bonus Letter	8-K	001-40204	6/21/2021	10.1	
10.5#	Employment Agreement, dated as of March 15, 2016, by and between Frontier Airlines, Inc. and Barry L. Biffle.	S-1	333-254004	3/8/2021	10.5	
10.6(a)#	Amended and Restated Employment Agreement, dated as of April 13, 2017, by and between Frontier Airlines, Inc. and James G. Dempsey.	S-1	333-254004	3/8/2021	10.6	
10.6(b)#	Amendment to Amended and Restated Employment Agreement, dated as of October 16, 2023, by and between Frontier Airlines, Inc. and James G. Dempsey.					X
10.7#	Employment Letter, dated as of October 16, 2023, by and between Frontier Airlines, Inc. and Mark C. Mitchell.					X
10.8#	Employment Letter, dated as of June 30, 2014, by and between Frontier Airlines, Inc. and Howard M. Diamond.	S-1	333-254004	3/8/2021	10.8	
10.9#	Employment Letter, dated as of February 13, 2019, by and between Frontier Airlines, Inc. and Trevor J. Stedke.	S-1	333-254004	3/8/2021	10.11	
10.10#	Employment Letter, dated as of August 25, 2023, by and between Frontier Airlines, Inc. and Rajat Khanna.					X
10.11#	Non-Employee Director Compensation Program, as amended on February 8, 2023.	10-Q	001-40304	5/3/2023	10.1	

10.12#	Professional Services Agreement, dated December 3, 2013, by and among Indigo Partners LLC, Frontier Airlines Holdings, Inc. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.14
10.13#	Subscription Agreement, dated as of December 3, 2013, by and between Falcon Acquisition Group, Inc. and Indigo Frontier Holdings Company, LLC.	S-1	333-254004	3/8/2021	10.15
10.14(a)†	Airbus A320 Family Aircraft Purchase Agreement, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(a)
10.14(b)†	Amended and Restated Letter Agreement No. 1, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(b)
10.14(c)†	Third Amended and Restated Letter Agreement No. 2, dated as of November 13, 2021, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-K	001-40304	2/23/2022	10.17(c)
10.14(d)†	Second Amended and Restated Letter Agreement No. 3, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(d)
10.14(e)†	Amended and Restated Letter Agreement No. 4, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(e)
10.14(f)†	Letter Agreement No. 5, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(f)
10.14(g)†	Letter Agreement No. 6A, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(g)
10.14(h)†	Letter Agreement No. 6B, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(h)
10.14(i)†	Letter Agreement No. 6D, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(i)
10.14(j)†	Letter Agreement No. 6D-1, dated as of October 9, 2019, by and between and Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(j)
10.14(k)†	Letter Agreement No. 6D-2, dated as of October 9, 2019, by and between and Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(k)
10.14(l)†	Letter Agreement No. 6D-3, dated as of October 9, 2019, by and between and Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(l)
10.14(m)†	Amended and Restated Letter Agreement No. 7, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(m)
10.14(n)†	Letter Agreement No. 8, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(n)
10.14(o)†	Letter Agreement No. 9, dated as of September 30, 2011, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(o)
10.14(p)†	Amended and Restated Letter Agreement No. 10, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(p)

10.14(q)†	Letter Agreement No. 11, dated as of November 13, 2021, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-K	001-40304	2/23/2022	10.17(q)
10.14(r)†	Amendment No. 1 to Airbus A320 Family Aircraft Purchase Agreement, dated as of January 10, 2013, by and between Airbus S.A.S. and Republic Airways Holdings Inc.	S-1	333-254004	3/8/2021	10.16(q)
10.14(s)†	Amendment No. 2 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 3, 2013, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(r)
10.14(t)†	Amendment No. 3 to Airbus A320 Family Aircraft Purchase Agreement, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(s)
10.14(u)†	Amendment No. 4 to Airbus A320 Family Aircraft Purchase Agreement, dated as of August 7, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(t)
10.14(v)†	Amendment No. 5 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(u)
10.14(w)†	Amendment No. 6 to Airbus A320 Family Aircraft Purchase Agreement, dated as of July 1, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(v)
10.14(x)†	Amendment No. 7 to Airbus A320 Family Aircraft Purchase Agreement, dated as of October 9, 2019, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(w)
10.14(y)†	Amendment No. 8 to Airbus A320 Family Aircraft Purchase Agreement, dated as of March 16, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(x)
10.14(z)†	Amendment No. 9 to Airbus A320 Family Aircraft Purchase Agreement, dated as of May 4, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(y)
10.14(aa)†	Amendment No. 10 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 2, 2020, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(z)
10.14(bb)†	Amendment No. 11 to Airbus A320 Family Aircraft Purchase Agreement, dated as of November 13, 2021, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-K	001-40304	2/23/2022	10.17(bb)
10.14(cc)†	Amendment No. 12 to Airbus A320 Family Aircraft Purchase Agreement, dated as of March 31, 2022, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-K	001-40304	2/22/2023	10.17(cc)
10.14(dd)†	Amendment No. 13 to Airbus A320 Family Aircraft Purchase Agreement, dated as of December 16, 2022, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-K	001-40304	2/22/2023	10.17(dd)
10.14(ee)†	Amendment No. 14 to Airbus A320 Family Aircraft Purchase Agreement, dated as of March 31, 2023, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-Q	001-40304	5/3/2023	10.2
10.14(ff)†	Amendment No. 15 to Airbus A320 Family Aircraft Purchase Agreement, dated as of June 28, 2023, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-Q	001-40304	8/1/2023	10.1

10.14(gg)†	Amendment No. 16 to Airbus A320 Family Purchase Agreement, dated as of August 9, 2023, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-Q	001-40304	10/26/2023	10.1
10.14(hh)†	Amendment No. 17 to Airbus A320 Family Purchase Agreement, dated as of September 28, 2023, by and between Airbus S.A.S. and Frontier Airlines, Inc.	10-Q	001-40304	10/26/2023	10.2
10.14(ii)†	Letter Agreement, dated as of December 28, 2017, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.16(aa)
10.15(a)†	Airbus A321 Aircraft Purchase Agreement, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(a)
10.15(b)†	Letter Agreement No. 5, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(b)
10.15(c)†	Letter Agreement No. 6A, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(c)
10.15(d)†	Letter Agreement No. 6B, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(d)
10.15(e)†	Letter Agreement No. 8, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(e)
10.15(f)†	Letter Agreement No. 9, dated as of October 31, 2014, by and between Airbus S.A.S. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.17(f)
10.16(a)†	Amended and Restated Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of September 15, 2020, by and between Frontier Airlines, Inc. and Barclays Bank Delaware, formerly known as Juniper Bank.	S-1/A	333-254004	3/18/2021	10.18
10.16(b)†	First Amendment to the Amended and Restated Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of June 29, 2021, by and between Barclays Bank Delaware and Frontier Airlines, Inc.	10-Q	001-40304	8/1/2023	10.6
10.16(c)†	Second Amendment to the Amended and Restated Frontier Airlines, Inc. Credit Card Affinity Agreement, dated as of May 23, 2023, by and between Barclays Bank Delaware and Frontier Airlines, Inc.	10-Q	001-40304	8/1/2023	10.7
10.17(a)†	General Terms Agreement No. 6-13616, dated as of June 30, 2000, by and between Frontier Airlines, Inc., CFM International, Inc. and Societe Nationale D'Etude et de Construction de Monteurs d'Aviation.	S-1	333-254004	3/8/2021	10.19(a)
10.17(b)†	Letter Agreement No. 1, dated as of June 30, 2000, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(b)
10.17(c)†	Letter Agreement No. 2, dated as of November 20, 2002, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(c)
10.17(d)†	Letter Agreement No. 3, dated as of August 1, 2003, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(d)
10.17(e)†	Letter Agreement No. 4, dated as of March 26, 2004, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(e)

10.17(f)†	Letter Agreement No. 5, dated as of April 11, 2006, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(f)
10.17(g)	Amendment No. 1 to GTA 6-13616, dated as of June 6, 2009, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(g)
10.17(h)†	Letter Agreement No. 7, dated as of October 25, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(h)
10.17(i)†	Letter Agreement No. 8, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(i)
10.17(j)†	Letter Agreement No. 9, dated as of August 3, 2015, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.19(j)
10.18(a)†	General Terms Agreement No. CFM-1 1-2576101711, dated as of October 17, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.20(a)
10.18(b)†	Letter Agreement No. 1 to General Terms Agreement No. CFM-1 1-2576101711, dated as of October 26, 2011, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.20(b)
10.18(c)†	Amendment No. 1 to Letter Agreement No. 1, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and CFM International, Inc.	S-1	333-254004	3/8/2021	10.20(c)
10.19†	Purchase Terms Agreement (Material-Single Event), dated as of November 5, 2014, by and between Frontier Airlines, Inc. and Lufthansa Technik AG.	S-1	333-254004	3/8/2021	10.21
10.20(a)†	Navitaire Hosted Services Agreement, dated as of June 20, 2014, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(a)
10.20(b)†	Amendment No. 1 to Navitaire Hosted Services Agreement, dated as of March 1, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(b)
10.20(c)†	Amendment No. 2 to Navitaire Hosted Services Agreement, dated as of April 10, 2015, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(c)
10.20(d)†	Amendment No. 3 to Navitaire Hosted Services Agreement, dated as of January 1, 2016, by and between Frontier Airlines, Inc. and Navitaire LLC.	S-1	333-254004	3/8/2021	10.22(d)
10.21(a)†	Ninth Amended and Restated Credit Agreement, dated as of August 11, 2023, by and among Vertical Horizons, Ltd., as borrower, Citibank, N.A., as facility agent and arranger, Bank of Utah, not in its individual capacity but solely as security trustee, and each lender identified on Schedule I thereto.	10-Q	001-40304	10/26/2023	10.3
10.21(b)†	Amendment No. 1 to Ninth Amended and Restated Credit Agreement, dated as of October 13, 2023, by and among Vertical Horizons, Ltd., as borrower, Citibank N.A., as facility agent and arranger, Bank of Utah, not in its individual capacity but solely as security trustee, and each lender identified on the signature pages thereto.	10-Q	001-40304	10/26/2023	10.4
10.22(a)	Guarantee, dated as of December 23, 2014, by Frontier Airlines Holdings, Inc. for the benefit of Airbus S.A.S.	S-1	333-254004	3/8/2021	10.24(a)

10.22(b)	Guarantee, dated as of December 23, 2014, by Frontier Airlines, Inc. for the benefit of Airbus S.A.S.	S-1	333-254004	3/8/2021	10.24(b)
10.23	Ninth Amended and Restated Guarantee, dated as of August 11, 2023, by Frontier Airlines, Inc. as guarantor, in favor of Bank of Utah, not in its individual capacity but solely as security trustee.	10-Q	001-40304	10/26/2023	10.5
10.24	Ninth Amended and Restated Guarantee, dated as of August 11, 2023, by Frontier Airlines Holdings, Inc., as guarantor, in favor of Bank of Utah, not in its individual capacity but solely as security trustee.	10-Q	001-40304	10/26/2023	10.6
10.25†	Second Amended and Restated Guarantee, dated as of August 11, 2023, by Frontier Group Holdings, Inc., as guarantor, in favor of Bank of Utah, not in its individual capacity but solely as security trustee.	10-Q	001-40304	10/26/2023	10.7
10.26(a)†	Amended and Restated Step-In Agreement, dated as of August 11, 2023, by and among Vertical Horizons, Ltd., Bank of Utah, not in its individual capacity but solely as security trustee, and Airbus S.A.S.	10-Q	001-40304	10/26/2023	10.8
10.26(b)†	Amendment to Amended and Restated Step-In Agreement, dated as of October 13, 2023, by and among Vertical Horizons, Ltd., Bank of Utah, not in its individual capacity but solely as security trustee, and Airbus S.A.S.	10-Q	001-40304	10/26/2023	10.9
10.27	Subordinated Loan Agreement, dated as of December 23, 2014, by and between Frontier Airlines, Inc. and Vertical Horizons, Ltd.	S-1	333-254004	3/8/2021	10.28
10.28†	Fifth Amended and Restated CFMI Engine Benefits Agreement, dated as of March 19, 2020, by and among Vertical Horizons, Ltd., CFM International, Inc., Bank of Utah and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.29
10.29†	Master Services Agreement, dated April 26, 2023, by and among Frontier Airlines Holdings, Inc., on behalf of itself and Frontier Airlines, Inc., U.S. Bank National Association, acting through its Canadian branch, Elavon Company Canada, and Elavon Inc.	10-Q	001-40304	8/1/2023	10.5
10.30(a)†	Rate per Flight Hour Agreement, dated as of August 29, 2017, by and between CFM International, Inc. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.31(a)
10.30(b)†	Amendment No. 1 to Rate per Flight Hour Agreement, dated as of August 29, 2017, by and between CFM International, Inc. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.31(b)
10.31†	Codeshare Agreement, dated as of January 16, 2018, by and between Concesionaria Vuela Compania Aviacion S.A.P.I. de C.V. and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.32
10.32	Promissory Note, dated as of April 30, 2020, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.	S-1	333-254004	3/8/2021	10.33
10.33	Payroll Support Program Agreement, dated as of April 30, 2020, between Frontier Airlines, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.34
10.34†	Loan and Guarantee Agreement, dated as of September 28, 2020, by and among Frontier Airlines, Inc., Frontier Group Holdings, Inc., the United States Department of the Treasury and The Bank of New York Mellon, as administrative and collateral agent.	S-1	333-254004	3/8/2021	10.37

10.35	Letter Agreement, dated as of January 15, 2021, among Frontier Airlines, Inc., Frontier Group Holdings, Inc. and the United States Department of the Treasury and acknowledged by The Bank of New York Mellon, as administrative and collateral agent.	S-1	333-254004	3/8/2021	10.40	
10.36	Payroll Support Program Extension Agreement, dated as of January 15, 2021, between Frontier Airlines, Inc. and the United States Department of the Treasury.	S-1	333-254004	3/8/2021	10.41	
10.37	Promissory Note, dated as of January 15, 2021, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.	S-1	333-254004	3/8/2021	10.42	
10.38	Payroll Support Program Agreement, dated as of April 29, 2021, between Frontier Airlines, Inc. and the United States Department of the Treasury.	10-Q	001-40304	5/13/2021	10.8	
10.39	Promissory Note, dated as of April 29, 2021, issued by Frontier Group Holdings, Inc. in the name of the United States Department of the Treasury and guaranteed by Frontier Airlines, Inc. and Frontier Airlines Holdings, Inc.	10-Q	001-40304	5/13/2021	10.9	
10.40†	Fifth Amended and Restated IAE Engine Benefits Agreement A320neo and A321neo Aircraft (2022, 2023, 2024 and 2025 Deliveries), dated as of December 19, 2023, among Vertical Horizons Ltd., International Aero Engines, LLC, Bank of Utah, not in its individual capacity, but solely as security trustee, and Frontier Airlines, Inc.					X
10.41(a)†	PW1100G-JM Engine Purchase and Support Agreement, dated as of April 13, 2020, by and between International Aero Engines, LLC and Frontier Airlines, Inc.	S-1	333-254004	3/8/2021	10.46	
10.41(b)†	Amendment No. 1 to PW1100G-JM Engine Purchase and Support Agreement, dated as of April 18, 2022, by and between International Aero Engines, LLC and Frontier Airlines, Inc.	10-Q	001-40304	7/27/2022	10.9	
19.1	Insider Trading Compliance Policy and Procedures					X
21.1	List of subsidiaries.					X
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.					X
24.1	Power of Attorney (included in the signature pages hereto).					X
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X

32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
97.1	Policy for Recovery of Erroneously Awarded Compensation of Frontier Group Holdings, Inc., dated as of October 2, 2023.	X
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.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101).	X

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K and are not deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in such a filing.

Indicates management contract or compensatory plan.

† Certain portions of this document that constitute confidential information have been redacted in accordance with Regulation S-K, Item 601(b)(10).

ITEM 16. FORM 10-K SUMMARY

None.

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.

Date: February 20, 2024

By: /s/ Mark C. Mitchell

Mark C. Mitchell

Senior Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Barry L. Biffle, Mark C. Mitchell, and Howard M. Diamond, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place and stead, in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<hr/> /s/ Barry L. Biffle Barry L. Biffle	Chief Executive Officer and Director (<i>Principal Executive Officer</i>)	February 20, 2024
<hr/> /s/ Mark C. Mitchell Mark C. Mitchell	Chief Financial Officer (<i>Principal Financial Officer</i>)	February 20, 2024
<hr/> /s/ Josh A. Wetzel Josh A. Wetzel	Chief Accounting Officer (<i>Principal Accounting Officer</i>)	February 20, 2024
<hr/> /s/ William A. Franke William A. Franke	Director (Chairman of the Board)	February 20, 2024
<hr/> /s/ Andrew S. Broderick Andrew S. Broderick	Director	February 20, 2024
<hr/> /s/ Josh T. Connor Josh T. Connor	Director	February 20, 2024
<hr/> /s/ Brian H. Franke Brian H. Franke	Director	February 20, 2024
<hr/> /s/ Robert J. Genise Robert J. Genise	Director	February 20, 2024
<hr/> /s/ Bernard L. Han Bernard L. Han	Director	February 20, 2024
<hr/> /s/ Ofelia Kumpf Ofelia Kumpf	Director	February 20, 2024

/s/ Michael R. MacDonald

Michael R. MacDonald

Director

February 20, 2024

/s/ Patricia Salas Pineda

Patricia Salas Pineda

Director

February 20, 2024

/s/ Alejandro D. Wolff

Alejandro D. Wolff

Director

February 20, 2024

**FRONTIER GROUP HOLDINGS, INC.
2021 INCENTIVE AWARD PLAN**

RESTRICTED STOCK UNIT AWARD GRANT NOTICE

Frontier Group Holdings, Inc., a Delaware corporation, (the “Company”), pursuant to its 2021 Incentive Award Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (the “Participant”), an award of restricted stock units (“Restricted Stock Units” or “RSUs”). Each vested Restricted Stock Unit represents the right to receive, in accordance with the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “Agreement”), one share of Common Stock (“Share”). This award of Restricted Stock Units is subject to all of the terms and conditions set forth herein and in the Agreement and the Plan, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Unit Award Grant Notice (the “Grant Notice”) and the Agreement. If the Company uses an electronic capitalization system and the fields below are blank or the information is otherwise provided in a different format electronically, the blank fields and other information shall be deemed incorporated herein from the electronic capitalization system and considered part of this Grant Notice.

Participant:	[_____]
Grant Date:	[_____]
Total Number of RSUs:	[_____]
Vesting Commencement Date:	[_____]
Vesting Schedule:	[_____]
Termination:	If the Participant experiences a Termination of Service, all RSUs that have not become vested on or prior to the date of such Termination of Service will thereupon be automatically forfeited by the Participant without payment of any consideration therefor, except to the extent set forth in the Agreement.

By the Participant’s signature below or by electronic acceptance or authentication in a form authorized by the Company, the Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and this Grant Notice. The Participant has reviewed the Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to the Participant’s execution of this Grant Notice or electronic acceptance or authentication and fully understands all provisions of this Grant Notice, the Agreement and the Plan. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement. In addition, by signing below, the Participant also agrees that the Company, in its sole discretion, may satisfy any Tax Related Items in accordance with Section 2.6(b) of the Agreement by (i) withholding shares of Common Stock otherwise issuable to the Participant upon vesting of the RSUs, (ii) instructing a broker on the Participant’s behalf to sell shares of Common Stock otherwise issuable to the Participant upon vesting of the RSUs and submit the proceeds of such sale to the Company, or (iii) using any other method permitted by Section 2.6(b) of the Agreement or the Plan.

FRONTIER GROUP HOLDINGS, INC.:	PARTICIPANT:
PARTICIPANT:	
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	
Address: _____	Address: _____

**EXHIBIT A
TO RESTRICTED STOCK UNIT AWARD GRANT NOTICE**

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Restricted Stock Unit Award Grant Notice (the “Grant Notice”) to which this Restricted Stock Unit Award Agreement (this “Agreement”) is attached, Frontier Group Holdings, Inc., a Delaware corporation (the “Company”), has granted to the Participant the number of restricted stock units (“Restricted Stock Units” or “RSUs”) set forth in the Grant Notice under the Company’s 2021 Incentive Award Plan, as amended from time to time (the “Plan”). Each Restricted Stock Unit represents the right to receive one share of Common Stock (a “Share”) upon vesting. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and Grant Notice.

ARTICLE I.

PLAN TERMS AND DEFINITIONS

1.1 Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions of the Plan, which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

1.2 Definitions.

“*Change in Control*” means any of the following:

(a) A transaction or series of transactions (other than an offering of Common Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act) of the Company’s securities possessing more than 40% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition by the Company or any of its Subsidiaries; (ii) any acquisition by an employee benefit plan maintained by the Company or any of its Subsidiaries, (iii) any acquisition which complies with Sections 1.2(c)(i), 1.2(c)(ii) and 1.2(c)(iii); or (iv) in respect of RSUs held by a particular Participant, any acquisition by the Participant or any group of persons including the Participant (or any entity controlled by the Participant or any group of persons including the Participant);

(b) The Incumbent Directors cease for any reason to constitute a majority of the Board; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination, (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the

Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**") directly or indirectly, at least 60% of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction;

(ii) after which no person or group beneficially owns voting securities representing 40% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 1.2(c)(ii) as beneficially owning 40% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; and

(iii) after which at least a majority of the members of the board of directors (or the analogous governing body) of the Successor Entity were Board members at the time of the Board's approval of the execution of the initial agreement providing for such transaction; or

(d) The completion of a liquidation or dissolution of the Company.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to the RSUs (or any portion of the RSUs) that provides for the deferral of compensation that is subject to Section 409A, to the extent required to avoid the imposition of additional taxes under Section 409A, the transaction or event described in subsection (a), (b), (c) or (d) of this Section 1.2 with respect to such RSUs (or portion thereof) shall only constitute a Change in Control for purposes of the payment timing of such RSUs if such transaction also constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5).

The Administrator shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

ARTICLE II.

GRANT OF RESTRICTED STOCK UNITS

2.1 Grant of RSUs. Pursuant to the Grant Notice and upon the terms and conditions set forth in the Plan and this Agreement, effective as of the Grant Date set forth in the Grant Notice, the Company hereby grants to the Participant an award of RSUs under the Plan in consideration of the Participant's past and/or continued employment with or service to the Company or any Subsidiaries and for other good and valuable consideration.

2.2 Unsecured Obligation to RSUs. Unless and until the RSUs have vested in the manner set forth in Article 2 hereof, the Participant will have no right to receive Common Stock under any such RSUs. Prior to actual payment of any vested RSUs, such RSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

2.3 Vesting Schedule. Subject to Section 2.5 hereof, the RSUs shall vest and become nonforfeitable with respect to the applicable portion thereof according to the vesting schedule set forth in the Grant Notice (rounding down to the nearest whole Share); provided, that if the Company (or any

Subsidiary that is the employer of the Participant) terminates Participant's employment without Cause at any time during the period within twelve months after a Change in Control, the RSUs shall automatically become vested with respect to one hundred percent (100%) of the unvested Shares. Such vesting acceleration is subject to Participant delivering a general release of all claims against the Company and its affiliates in a form acceptable to the Company that becomes effective and irrevocable within sixty (60) days following such Termination of Service and Participant's compliance with the additional terms, including the confidentiality, non-competition and non-solicitation covenants, as set forth in a written agreement between the Company (or any Subsidiary that is the employer of the Participant) and Participant.

2.4 Consideration to the Company. In consideration of the grant of the award of RSUs pursuant hereto, the Participant agrees to render faithful and efficient services to the Company or any Subsidiary.

2.5 Forfeiture, Termination and Cancellation upon Termination of Service. Notwithstanding any contrary provision of this Agreement or the Plan, upon the Participant's Termination of Service for any or no reason, all Restricted Stock Units which have not vested prior to or in connection with such Termination of Service shall thereupon automatically be forfeited, terminated and cancelled as of the applicable termination date without payment of any consideration by the Company, and the Participant, or the Participant's beneficiary or personal representative, as the case may be, shall have no further rights hereunder. No portion of the RSUs which has not become vested as of the date on which the Participant incurs a Termination of Service shall thereafter become vested, except as set forth in Section 2.3 in connection with such Termination of Service or as may otherwise be provided by the Administrator or as set forth in a written agreement between the Company (or any Subsidiary that is the employer of the Participant) and Participant.

2.6 Issuance of Common Stock upon Vesting.

(a) As soon as administratively practicable following the vesting of any Restricted Stock Units pursuant to Section 2.3 hereof, but in no event later than thirty (30) days after such vesting date (for the avoidance of doubt, this deadline is intended to comply with the "short term deferral" exemption from Section 409A of the Code), the Company shall deliver to the Participant (or any transferee permitted under Section 3.2 hereof) a number of Shares equal to the number of RSUs subject to this Award that vest on the applicable vesting date. Notwithstanding the foregoing, in the event Shares cannot be issued pursuant to Section 10.7 of the Plan, the Shares shall be issued pursuant to the preceding sentence as soon as administratively practicable after the Administrator determines that Shares can again be issued in accordance with such Section.

(b) As set forth in Section 10.5 of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all applicable Tax-Related Items required by law to be withheld with respect to any taxable event arising in connection with the Restricted Stock Units. The Company shall not be obligated to deliver any Shares to the Participant or the Participant's legal representative unless and until the Participant or the Participant's legal representative shall have paid or otherwise satisfied in full the amount of all Tax-Related Items applicable to the taxable income of the Participant resulting from the grant or vesting of the Restricted Stock Units or the issuance of Shares.

2.7 Conditions to Delivery of Shares. The Shares deliverable hereunder may be either previously authorized but unissued Shares, treasury Shares or issued Shares which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable. The Company shall not

be required to issue Shares deliverable hereunder prior to fulfillment of the conditions set forth in Section 10.7 of the Plan.

2.8 Rights as Stockholder. The holder of the RSUs shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the RSUs and any Shares underlying the RSUs and deliverable hereunder unless and until such Shares shall have been issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Article IX of the Plan.

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon the Participant, the Company and all other interested persons. No member of the Administrator or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the RSUs.

3.2 Transferability. The RSUs shall be subject to the restrictions on transferability set forth in Section 10.1 of the Plan.

3.3 Tax Consultation. The Participant understands that the Participant may suffer adverse tax consequences in connection with the RSUs granted pursuant to this Agreement (and the Shares issuable with respect thereto). The Participant represents that the Participant has consulted with any tax consultants the Participant deems advisable in connection with the RSUs and the issuance of Shares with respect thereto and that the Participant is not relying on the Company for any tax advice.

3.4 Binding Agreement. Subject to the limitation on the transferability of the RSUs contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.5 Adjustments Upon Specified Events. The Administrator may accelerate the vesting of the RSUs in such circumstances as it, in its sole discretion, may determine. The Participant acknowledges that the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and Article IX of the Plan.

3.6 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to the Participant shall be addressed to the Participant at the Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.6, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service (or similar foreign entity).

3.7 Participant's Representations. If the Shares issuable hereunder have not been registered under the Securities Act or any applicable state laws on an effective registration statement at the time of such issuance, the Participant shall, if required by the Company, concurrently with such issuance, make such written representations as are deemed necessary or appropriate by the Company and/or its counsel.

3.8 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.9 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.10 Conformity to Securities Laws. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any other Applicable Law. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such Applicable Law.

3.11 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; *provided, however*, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of the Participant.

3.12 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 3.2 hereof, this Agreement shall be binding upon the Participant and his or her heirs, executors, administrators, successors and assigns.

3.13 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, then the Plan, the RSUs and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.14 Not a Contract of Service Relationship. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any of its Subsidiaries or interfere with or restrict in any way with the right of the Company or any of its Subsidiaries, which rights are hereby expressly reserved, to discharge or to terminate for any reason whatsoever, with or without cause, the services of the Participant's at any time, except to the extent expressly provided otherwise by Applicable Law or in a written agreement between the Company or a Subsidiary and the Participant.

3.15 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits thereto, if any) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, provided that the RSUs shall be subject to any accelerated vesting provisions in any written agreement

between Participant and the Company (or any Subsidiary that is the employer of the Participant) or Company plan pursuant to which Participant participates, in each case, in accordance with the terms therein.

3.16 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.17 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Company and its Subsidiaries with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Common Stock as a general unsecured creditor with respect to RSUs, as and when payable hereunder.

3.18 Compliance with Clawback Policy. The RSUs and the underlying Shares will be subject to reduction, cancellation, forfeiture and/or recoupment by the Company, to the extent required to comply with applicable law or in compliance with any policy of the Company providing for the reimbursement of incentive compensation, whether or not such policy is in place at the time of grant or payment of the award, including the Company’s Policy for Recovery of Erroneously Awarded Compensation effective as of October 2, 2023.

AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDMENT TO THE AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “*Amendment*”), is made as of October 16, 2023 (the “*Amendment Effective Date*”), by and between Frontier Airlines, Inc., a Colorado corporation (“*Frontier*”), and James Dempsey (the “*Executive*”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement (as defined below).

RECITALS

- A. The Company and Executive previously entered into an Amended and Restated Employment Agreement effective as of April 13, 2017 (the “*Agreement*”).
- B. Executive has been promoted to President effective as of October 16, 2023 and the parties hereto wish to amend the Agreement to revise certain provisions in connection with Executive’s promotion as set forth herein.

AMENDMENT

The Company and Executive hereby amend the Agreement as follows, effective as of the Amendment Effective Date.

- 1. Section 1(e) of the Agreement is hereby deleted in its entirety and replaced with the following:

“(e) “Board” shall mean the Board of Directors of Group or, if any successor to Group does not have a board of directors, the Person or body authorized to exercise comparable management authority on behalf of Group under Group’s governing documents and applicable law.”

- 2. Section 1(g) of the Agreement is hereby deleted in its entirety and replaced with the following:

“(g) “Change in Control” shall mean (i) the acquisition by any person or group of affiliated or associated persons of more than forty percent (40%) of the outstanding capital stock of Group or the Company or voting securities representing more than forty percent (40%) of the total voting power of outstanding securities of Group or the Company (other than such an acquisition by a person or group that holds more than forty percent (40%) of the outstanding capital stock of Group or the Company or voting securities representing more than forty percent (40%) of the total voting power of outstanding securities of Group or the Company, in each case, as of either the Effective Date or immediately prior to such acquisition); (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving Group or the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then “beneficially owned” (within the meaning of Rule 13d-3 under the Securities

Exchange Act of 1934, as amended) in the aggregate by the stockholders of Group or the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall an acquisition, sale or other transaction constitute a “Change in Control” if: (w) its sole purpose is to change the form of ownership of the Company or the state of the Company’s incorporation; (x) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction; (y) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing or otherwise); or (z) it constitutes, or includes sales of shares in connection with, the initial public offering of the Company’s common stock or the common stock of any Affiliate of the Company (including Group).”

3. Section 2(c) of the Agreement is hereby deleted in its entirety and replaced with the following:

“(c) Position and Duties. Effective as of the Amendment Effective Date, Executive shall serve as the President of the Company. Executive shall continue to devote substantially all of his time and attention during normal business hours to the business of the Company, will continue act in the best interest of the Company while performing his duties for the Company and will continue to perform with due care his duties and responsibilities for the Company. Executive’s duties will include those normally incidental to the position of President of a company of the Company’s size and nature as well as whatever additional duties may be reasonably assigned to him by the Board or the Chief Executive Officer, consistent with the duties of a President. Executive shall report to the Chief Executive Officer. Executive agrees not to engage in any activity that materially interferes with the performance of Executive’s duties hereunder. Executive also agrees not to hold outside employment. Any position held with a personal or family investment will not count as such employment, provided the pertinent personal or family investment and any related operating business is owned entirely by Executive and/or members of Executive’s family. Executive acknowledges and agrees that Executives owes the Company a duty of loyalty and that the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Executive owes the Company under the common law.”

4. Section 3 is hereby deleted in its entirety and replaced with the following:

“3. Compensation and Related Matters.

(a) Annual Base Salary. Effective as of the Amendment Effective Date, Executive shall receive a base salary at a rate of six hundred and twenty-five thousand dollars (\$625,000) per annum (the “**Annual Base Salary**”), which shall be paid in accordance with the customary payroll practices and procedures of the Company. Such Annual Base Salary shall be reviewed by the Board from time to time but no less frequently than annually.

(b) Annual Bonus. During the Term, Executive will continue to be eligible to earn a discretionary cash performance bonus (an “**Annual Bonus**”) under the Company’s incentive bonus program. Executive’s annual bonus opportunity with respect to period beginning as of the Amendment Effective Date for the 2023 calendar year and with respect to any future calendar year

shall be increased to one hundred percent (100%) of the amount paid as Annual Base Salary during such calendar year at the target achievement (the “**Target Bonus**”) and two hundred percent (200%) of the amount paid as Annual Base Salary during such calendar year at the maximum achievement. The amount of any Annual Bonus payable under the incentive bonus program may thus vary from zero percent (0%) to two hundred percent (200%) based on the achievement as determined by the Board in its sole discretion of individual and Company performance goals to be set by the Board. The amount of any Annual Bonus shall be payable on such date as is determined by the Board for the payment of all such annual bonuses, which date shall be as soon as reasonably practicable after the final audited financial performance information for the Company is available for the calendar year to which such annual bonuses relate. Notwithstanding any other provision of this Agreement, no bonus shall be payable with respect to any calendar year unless Executive remains continuously employed with the Company during the period beginning on the first day of each fiscal year of the Company and ending on the applicable bonus payment date except as otherwise provided in Section 5(a) and Section 5(c)(iv).

(c) Benefits. During the Term, Executive may continue to participate in such employee and executive benefit plans and programs as the Company may from time to time offer generally to provide to its executives, pursuant to the terms and eligibility requirements of those plans.

(d) Flight Benefits. During the Term, the Company shall provide Executive, and Executive’s spouse, minor children and parents, a positive space benefit, with the priority code PS2B, to travel on Frontier Airlines. During the Term, Executive shall also be eligible to receive flight benefits on Frontier Airlines in the form of a Universal Air Travel Plan, Inc. (“**UATP**”) card made available once per twelve month period that provides for travel by Executive and Executive’s family and friends solely on Frontier Airlines, in the amount of eight thousand two hundred fifty dollars (\$8,250) that must be used, if at all, within twelve months of the date the UATP card is issued (the flight benefits described in this section are referred to collectively as the “**Flight Benefits**”).

(e) Vacation. During the Term, Executive shall continue to be entitled to no less than four (4) weeks of annual paid vacation plus Frontier-recognized holidays (currently seven (7) in number), in accordance with the Company’s vacation policy, as it may be amended from time to time. Vacation time is not tracked, nor is unused vacation time paid out upon a termination. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Executive. Holidays shall be provided in accordance with Company policy, as in effect from time to time.

(f) Business Expenses. During the Term, the Company shall continue to reimburse Executive for all reasonable, documented, out-of-pocket travel and other business expenses incurred by Executive in the performance of Executive’s duties to the Company in accordance with the Company’s expense reimbursement policies and procedures applicable to similarly situated executives.”

5. Section 2 is hereby deleted in its entirety and replaced with the following:

“2. Treatment of Equity Awards.

(a) Existing Awards. Each of Executive's outstanding equity awards, including, without limitation, any stock options and restricted stock units, shall remain outstanding and eligible to vest in accordance with its terms and conditions as in effect on the Amendment Effective Date.

(b) Promotion Equity Grant. In connection with Executive's promotion, at its first regularly scheduled meeting after the Amendment Effective Date, subject to Board approval, Executive will be granted, pursuant to Group's 2021 Incentive Award Plan (the "**Equity Plan**"), a number of restricted stock units equal to \$750,000 divided by the per share fair market value of Group's common stock as determined by the Board in its sole discretion, which restricted stock units will vest as to one-third (1/3) of the shares of Group common stock initially granted thereby on each anniversary of the Amendment Effective Date, subject to Executive's continuing employment by the Company through the applicable vesting date. These restricted stock units shall otherwise be subject to the terms of the Equity Plan, the restricted stock unit agreement evidencing the award to be entered into between Executive and Group, and the provisions set forth in the Agreement."

6. This Amendment shall be and, as of the Amendment Effective Date, is hereby incorporated in and forms a part of the Agreement.
7. Except as expressly provided herein, all terms and conditions of the Agreement shall remain in full force and effect. In the event of any conflict between the original terms of the Agreement and this Amendment, the terms of this Amendment shall prevail.
8. This Amendment shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of Colorado, without giving effect to any principles of conflicts of law, whether of the State of Colorado or any other jurisdiction, and where applicable, the laws of the United States, that would result in the application of the laws of any other jurisdiction.

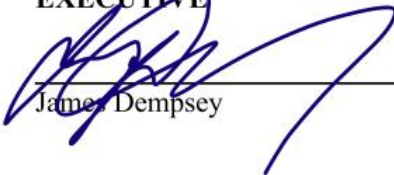
(Signature page follows)

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

FRONTIER AIRLINES, INC.

By:  _____
Name: Howard Diamond
Title: General Counsel and Secretary

EXECUTIVE

 _____
James Dempsey

October 16, 2023

VIA E-MAIL (Mark.Mitchell@flyfrontier.com)

Mr. Mark Mitchell

Re: Employment Terms

Dear Mark:

Frontier Airlines, Inc. ("Frontier") is pleased to promote you to the position of Senior Vice President, Chief Financial Officer effective as of October 16, 2023 (the "Effective Date"). You will have such duties as are normally associated with this position and such duties as may be modified or supplemented by Barry Biffle, Chief Executive Officer or any subsequent designee, to whom you will report. In the course of your employment with Frontier, you will continue to be subject to and required to comply with all company policies and applicable laws and regulations. These include equal employment opportunity in hiring, assignments, training, promotions, compensation, employee benefits, employee discipline and discharge, and all other terms and conditions of employment.

Beginning on the Effective Date, you will be paid a base salary at the annual rate of \$465,000 (subject to required tax withholding and other authorized deductions). Your base salary will be payable in accordance with Frontier's standard payroll policies and be subject to adjustment pursuant to Frontier's policies as in effect from time to time, which policies currently include an annual review.

Short-Term Incentive: In addition to your base salary, you will continue to be eligible to earn an annual cash performance bonus, at the discretion of the Board of Directors (the "Board") of Frontier Group Holdings, Inc. ("FGHI"), parent company of Frontier, or its Compensation Committee, based on the attainment of performance metrics for Frontier and/or individual performance objectives, in each case established and evaluated by the Board or its Compensation Committee. As of the Effective Date, your target annual bonus will be increased to 70% of your base salary and will be prorated for the period beginning on the Effective Date and continuing through December 31, 2023. The actual amount of your annual bonus may range from 0% to 140% of your base salary. Any annual bonus will be contingent upon your continued employment through the applicable payment date. You hereby acknowledge and agree that nothing contained herein confers upon you any right to an annual bonus in any year, and that whether Frontier pays you an annual bonus and the amount of any such annual bonus will be determined by the Board or its Compensation Committee, in its sole discretion.

Equity: In connection with your promotion, at its first regularly scheduled meeting after the Effective Date, subject to Board approval, you will be granted, pursuant to the FGHI 2021 Incentive Award Plan (the "Equity Plan"), a number of restricted stock units equal to \$500,000 divided by the per share fair market value of FGHI's common stock as determined by the Board in its sole discretion, which restricted stock units will vest as to one-third (1/3) of the shares of FGHI common stock initially granted thereby on each anniversary of the Effective Date, subject to your continuing employment by Frontier through the applicable vesting date. These restricted

stock units shall otherwise be subject to the terms of the Equity Plan, the restricted stock unit agreement evidencing the award to be entered into between you and FGHI, and the provisions below applicable upon a Change in Control (as defined below).

Location: This position is based at Frontier's headquarters in Denver, Colorado and you will be expected to continue to permanently reside in the Denver metro area following the Effective Date.

Travel Benefits: During the term of your employment, Frontier will continue to provide you, your spouse, your eligible children and your parents privileges to travel positive space on Frontier Airlines with the priority code PS2B in accordance with Frontier policy to the same extent and use of such benefits by senior executives (the "Flight Benefit"). You will also continue to receive flight benefits on Frontier Airlines in the form of a Universal Air Travel Plan, Inc. ("UATP") card made available once per twelve-month period that provides for travel by you and your family and friends solely on Frontier Airlines. The annual amount of the UATP card shall increase as of the Effective Date to \$8,250 and must be used, if at all, within each calendar year.

Vacation: During the term of your employment, you will be entitled to four weeks of annual paid vacation, in accordance with Frontier's vacation policy as it may be amended from time to time. Please note that vacation time at this level is not tracked, nor is unused vacation time paid out upon separation.

Benefits: You will continue to be eligible during your employment to participate in all the employee benefits and benefit plans that Frontier generally makes available to its regular full-time employees. In addition, during your employment, you will be eligible for other standard benefits, to the extent applicable generally to other similarly situated employees of Frontier. Frontier reserves the right to terminate, modify or add to its benefits and benefit plans at any time.

If Frontier terminates your employment without Cause (as defined below) and you (a) deliver a general release of all claims against Frontier and its affiliates in a form acceptable to Frontier that becomes effective and irrevocable within sixty (60) days following such termination of employment (the "Release Condition"), and (b) comply with the Additional Terms, as defined below (the "Additional Conditions," and together with the Release Condition, the "Conditions"): (i) you will receive, promptly following the date the Release Condition is satisfied, a lump sum payment equal to your base salary and target bonus at the time of termination, less applicable withholdings; and (ii) Frontier will continue to provide the Flight Benefit until the first anniversary of your termination date. If Frontier terminates your employment without Cause or you resign for Good Reason, in each case, at any time during the period within twelve months after a Change in Control and you satisfy the Conditions: (i) you will receive, promptly following the date the Release Condition is satisfied, a lump sum payment equal to two times your base salary and two times your target bonus at the time of termination, less applicable withholdings; (ii) Frontier will continue to provide the Flight Benefit until the second anniversary of your termination; and (iii) each outstanding and unvested equity award you hold

will automatically become vested and, if applicable, exercisable, with respect to one hundred percent (100%) of the unvested shares.

“Cause” shall have the meaning in provided in the Equity Plan.

“Change in Control” shall have the meaning provided in the Equity Plan or, if specified in the award agreement evidencing the award, such agreement.

“Good Reason” shall mean any of the following, without your written consent: (a) a material diminution in your base salary that is not proportionately applicable to other similarly situated employees of Frontier generally; (b) a material diminution in your job responsibilities or duties inconsistent in any material respect with your duties or responsibilities in effect immediately prior to such change, provided, that any change made solely as the result of Frontier or FGHI becoming a subsidiary or business unit of a larger company in a Change in Control shall not provide for your Constructive Termination hereunder; or (c) the failure by any successor entity or corporation following a Change in Control to assume the obligations under this letter agreement. Notwithstanding the foregoing, Executive will not be deemed to have Good Reason unless the condition giving rise to such resignation continues uncured by Frontier more than thirty (30) days following your written notice of such condition provided to Frontier within sixty (60) days of the first occurrence of such condition and such resignation is effective within thirty (30) days following the end of such notice period.

No amount deemed deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), shall be payable pursuant to this letter agreement unless your termination of employment constitutes a “separation from service” with Frontier within the meaning of Section 409A and the Department of Treasury regulations and other guidance promulgated thereunder. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this letter agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment. To the extent that any reimbursements or in-kind benefits provided pursuant to this letter agreement are subject to the provisions of Section 409A of the Code, any such reimbursements payable to you pursuant to this letter agreement shall be paid to you no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed or the amount of in-kind benefits provided in one year shall not affect the amount eligible for reimbursement or the amount of in-kind benefits to which you are entitled, respectively, in any subsequent year, and your right to reimbursement or in-kind benefits under this letter agreement will not be subject to liquidation or exchange for another benefit. If Frontier determines that you are a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code at the time of your separation from service, any amount deemed deferred compensation subject to Section 409A of the Code to which you are entitled under this letter agreement in connection with such separation from service shall be delayed to the extent required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code.

Frontier requires that, as a full-time employee, you devote your full business time, attention, skill, and efforts to the tasks and duties of your position as assigned by Frontier. If you wish to request consent to provide services (for any or no form of compensation) to any other person or business entity while employed by Frontier, please discuss that with Frontier's Chief Executive Officer in advance of accepting another position.

As a condition of employment, under the terms of your prior employment letter agreement with Frontier dated as of September 2, 2015 (the "Prior Letter Agreement"), you agreed to comply with the Additional Terms attached thereto as Exhibit A (the "Additional Terms"). As a condition of your continued employment and promotion, you hereby agree to continue to comply with the Additional Terms, which by this reference are incorporated in this letter agreement.

By signing below, you represent that your performance of services to Frontier will not violate any duty which you may have to any other person or entity (such as a present or former employer), including obligations concerning providing services (whether or not competitive) to others or confidentiality of proprietary information, and you agree that you will not do anything in the performance of services hereunder that would violate any such duty.

Notwithstanding any of the above, your employment with Frontier is "at will". This means that it can be terminated by you or by Frontier at any time, with or without advance notice, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, work schedule, compensation and benefits, as well as Frontier's personnel policies and procedures, may be changed with prospective effect, with or without notice, at any time in the sole discretion of Frontier.

This letter agreement shall be interpreted and construed in accordance with Colorado law without regard to any conflicts of laws principles. While other terms and conditions of your employment may change in the future, the at-will nature of your employment may not be changed, except in a subsequent written agreement, signed by you and the Chief Executive Officer of Frontier. This letter agreement and the Additional Terms comprise the entire agreement between you and the Company with regard to the subject matter hereof and supersede, in their entirety, any other agreements between you and the Company with regard to the subject matter hereof, including the Prior Letter Agreement (but excluding the Additional Terms).

Please sign and date this letter agreement and return it to me by email at howard.diamond@flyfrontier.com by October 17, 2023 if you wish to accept this offer by Frontier under the terms described above, failing which the offer made by our submission of this letter agreement will expire at the close of business in Denver, Colorado on such date.

We look forward to a productive and enjoyable work relationship.

Sincerely,



Howard M. Diamond
SVP, General Counsel and Secretary

I agree with and accept the foregoing terms.


Mark Mitchell

10/17/23
Date



Frontier Airlines, Inc.
4545 Airport Way
Denver, Colorado 80239

August 25, 2023 (REVISED)

Rajat Khanna
Charlotte, NC

Re: Offer Letter – SVP & Chief Information Officer

Dear Rajat:

Frontier Airlines, Inc. (“Frontier”) is pleased to offer the position of Senior Vice President & Chief Information Officer. You will have such duties as are normally associated with this position as such duties may be modified or supplemented by James Dempsey, EVP & CFO, or any subsequent designee, to whom you will report. In the course of your employment with Frontier, you will be subject to and required to comply with all company policies and applicable laws and regulations. These include equal employment opportunity in hiring, assignments, training, promotions, compensation, employee benefits, employee discipline and discharge, and all other terms and conditions of employment.

Your employment will begin on October ^{5th RK} 4, 2023, contingent on the successful completion of our normal compliance processes, including background screening, reference check and drug testing (as needed). Beginning on that date, you will be paid a base salary at the annual rate of \$370,000 (subject to required tax withholding and other authorized deductions). Your base salary will be payable in accordance with Frontier’s standard payroll policies and be subject to adjustment pursuant to Frontier’s policies as in effect from time to time, which policies currently include an annual review.

Short-Term Incentive: In addition to your base salary, you will be eligible to earn an annual cash performance bonus, at the discretion of Frontier’s Board of Directors or one of such board’s committees, based on the attainment of performance metrics for Frontier and/or individual performance objectives, in each case established and evaluated by such board or one of its committees. Your target annual bonus will be 65% of your base salary, but the actual amount of your annual bonus may range from 0% to 130% of your base salary. Any annual bonus will be contingent upon your continued employment through the applicable payment date. You hereby acknowledge and agree that nothing contained herein confers upon you any right to an annual bonus in any year, and that whether Frontier pays you an annual bonus and the amount of any such annual bonus will be determined by Frontier in its sole discretion. For 2023, your target and any actual annual bonus will be calculated and prorated based on the portion of the year during which you were employed by Frontier.

Signing Bonus: You will be eligible for a one-time lump sum signing bonus of \$120,000 (minus applicable taxes and withholdings). This bonus will be paid to you following 90 completed days of full time employment. You agree that if you voluntarily end your employment with Frontier Airlines, Inc. or are terminated for cause within twelve (12) months of your start date, you will

repay a prorated share of the signing bonus for – 1/12 of the total bonus amount per month remaining in the term. Further, by signing below, you authorize that any amount owed will be deducted from your final paycheck and that any balance due to Frontier will be repaid by you no later than thirty (30) days after your separation of employment.

Equity: Frontier is owned by Frontier Group Holdings, Inc. (“FGHI”). FGHI has adopted an equity incentive plan and related documents (the “Equity Plan”) pursuant to which FGHI may grant equity awards. At its first regularly scheduled meeting after your employment start date, FGHI’s Board will grant to you, pursuant to the Equity Plan, a number of restricted stock units equal to \$1,100,000 divided by the per share fair market value of FGHI’s common stock as determined by the Board in its sole discretion. The restricted stock units will vest as to twenty-five percent (25%) of the shares of FGHI common stock initially subject thereto on each anniversary of your employment start date, subject to your continuing employment by Frontier through the applicable vesting date. However, if you are terminated without Cause within your first twelve months of employment, you will receive the cash equivalent of the market value of your first 25% tranche of your initial equity grant calculated as of your last date of employment. Your equity award shall vest fully upon any Change in Control (as defined in the Equity Plan.) The restricted stock units shall otherwise be subject to the terms of the applicable plan and the restricted stock unit agreement evidencing the award to be entered into between you and FGHI.

Relocation: This position is based at Frontier’s headquarters in Denver, Colorado. By July 1, 2024 you will be expected to permanently reside in the Denver metro area. Until that time, you will be able to commute in via Positive Space travel on Frontier airlines on a schedule determined by you and your supervisor, but at a minimum level of two days per week, and up to five days per week based on business demands. Beyond air travel, commuting costs will be your responsibility, but may be reimbursed as part of your relocation allowance. Should you fail to permanently relocate to Denver or terminate your employment with Frontier, in both cases on or before July 1, 2024, you will be expected to reimburse Frontier for any monies paid to you as part of your relocation reimbursement (see below paragraph); such expenses may be deducted from your final paycheck, among other alternatives, if not promptly reimbursed.

Frontier will reimburse you for all reasonable expenses you and your immediate family incur in relocating to Denver, Colorado, including air fare, car rental, hotels, meals, commuting expense and other temporary living expenses, as well as packing, unpacking and shipping costs for personal and household items and an automobile, and sales commission on home, up to \$150,000 for all such expenses. Any relocation expenses exceeding \$150,000 must be approved by Frontier’s Vice President, Human Resources. Relocation expenses must be submitted no later than October 31, 2024; any unused funds will be forfeited at that time.

Travel Benefits: During the term of your employment, Frontier will provide you, your spouse, your eligible children and your parents privileges to travel positive space on Frontier Airlines with the priority code PS2B in accordance with Frontier policy to the same extent and use of such benefits by senior executives (the “Flight Benefit”). You shall also receive flight benefits on Frontier Airlines in the form of a Universal Air Travel Plan, Inc. (“UATP”) card made available

once per twelve-month period that provides for travel by you and your family and friends solely on Frontier Airlines in the amount of eight thousand two hundred and fifty dollars (\$8,250) that must be used, if at all, within twelve months of the date the UTAP card is issued. Your \$8,250 annual UATP benefit will be prorated for 2023.

Vacation: During the term of your employment, you will be entitled to four weeks of annual paid vacation, in accordance with Frontier's vacation policy as it may be amended from time to time. Please note that vacation time at this level is not tracked, nor is unused vacation time paid out upon separation.

Benefits: You will be eligible during your employment to participate in all the employee benefits and benefit plans that Frontier generally makes available to its regular full-time employees. In addition, during your employment, you will be eligible for other standard benefits, to the extent applicable generally to other similarly situated employees of Frontier. Frontier reserves the right to terminate, modify or add to its benefits and benefit plans at any time.

If Frontier terminates your employment without Cause (as defined in the Equity Plan) and you deliver a general release of all claims against Frontier and its affiliates in a form acceptable to Frontier that becomes effective and irrevocable within 60 days following such termination of employment, then you shall be entitled to the following: (i) you shall receive a lump sum payment equal to the sum of your base salary and target bonus at the time of termination (or two times such base salary and target bonus if such termination occurs within twelve months after a Change in Control or your duties are substantially diminished within such twelve months and you resign within such twelve months), less applicable withholdings; and (ii) Frontier will continue to provide the Flight Benefit until the first anniversary of your termination date (or the second anniversary of such date if such termination occurs within twelve months after a Change in Control or your duties are substantially diminished within such twelve months and you resign within such twelve months).

No amount deemed deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall be payable pursuant to this letter agreement unless your termination of employment constitutes a "separation from service" with Frontier within the meaning of Section 409A and the Department of Treasury regulations and other guidance promulgated thereunder. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this letter agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment. To the extent that any reimbursements or in-kind benefits provided pursuant to this letter agreement are subject to the provisions of Section 409A of the Code, any such reimbursements payable to you pursuant to this letter agreement shall be paid to you no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed or the amount of in-kind benefits provided in one year shall not affect the amount eligible for reimbursement or the amount of in-kind benefits to which you are entitled, respectively, in any subsequent year, and your right to reimbursement or in-kind benefits under this letter agreement will not be subject to liquidation or exchange for another benefit. If Frontier determines that you are a

“specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code at the time of your separation from service, any amount deemed deferred compensation subject to Section 409A of the Code to which you are entitled under this letter agreement in connection with such separation from service shall be delayed to the extent required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code.

Frontier requires that, as a full-time employee, you devote your full business time, attention, skill, and efforts to the tasks and duties of your position as assigned by Frontier. If you wish to request consent to provide services (for any or no form of compensation) to any other person or business entity while employed by Frontier, please discuss that with Frontier’s Chief Executive Officer in advance of accepting another position.

As a condition of employment, you will be required to comply with the Additional Terms attached hereto as Exhibit A, which by this reference are incorporated in this letter agreement.

By signing below, you represent that your performance of services to Frontier will not violate any duty which you may have to any other person or entity (such as a present or former employer), including obligations concerning providing services (whether or not competitive) to others or confidentiality of proprietary information, and you agree that you will not do anything in the performance of services hereunder that would violate any such duty.

Notwithstanding any of the above, your employment with Frontier is “at will”. This means that it can be terminated by you or by Frontier at any time, with or without advance notice, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, work schedule, compensation and benefits, as well as Frontier’s personnel policies and procedures, may be changed with prospective effect, with or without notice, at any time in the sole discretion of Frontier.

This letter agreement shall be interpreted and construed in accordance with Colorado law without regard to any conflicts of laws principles. While other terms and conditions of your employment may change in the future, the at-will nature of your employment may not be changed, except in a subsequent written agreement, signed by you and the Chief Executive Officer of Frontier. Any prior or contemporaneous representations (whether oral or written) not contained in this letter agreement that may have been made to you will be expressly cancelled and superseded by this letter agreement.

Please sign and date this letter agreement and return it to me by email at steve.schuller@flyfrontier.com by Wednesday August 30, 2023 if you wish to accept employment by Frontier under the terms described above, failing which the offer made by our submission of this letter agreement will expire at the close of business in Denver, Colorado on such date. If you accept this offer by signing a counterpart and returning it to the undersigned as thus described, this letter agreement shall constitute the complete agreement between you and Frontier with respect to the terms and conditions of your employment.



Frontier Airlines, Inc.
4545 Airport Way
Denver, Colorado 80239

We look forward to a productive and enjoyable work relationship.

Sincerely,

Steven C. Schuller
VP, Human Resources

I agree with and accept the foregoing terms.

Rajat Khanna

Date

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10).

Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.40

EXECUTION VERSION

FIFTH AMENDED AND RESTATED IAE ENGINE BENEFITS AGREEMENT

A320NEO AND A321NEO AIRCRAFT ([*] DELIVERIES)**

THIS FIFTH AMENDED AND RESTATED IAE ENGINE BENEFITS AGREEMENT, dated as of December 19, 2023 (this “**Agreement**”), is among Vertical Horizons, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Borrower**”), International Aero Engines, LLC, a Delaware limited liability company (the “**Engine Manufacturer**” or “**IAE**”), Bank of Utah, not in its individual capacity but solely as Security Trustee for the Lenders under the Credit Agreement (together with its successors and assigns in such capacity, the “**Security Trustee**”), and Frontier Airlines, Inc., a Colorado corporation (“**Frontier**”).

WHEREAS, this Agreement amends and restates in its entirety the Fourth Amended and Restated IAE Engine Benefits Agreement A320neo and A321neo Aircraft ([***] Deliveries) dated as of August 11, 2023, among the Borrower, the Engine Manufacturer, the Security Trustee and Frontier;

WHEREAS, pursuant to the Ninth Amended and Restated Credit Agreement, dated as of August 11, 2023 among the Borrower, the Lenders from time to time party thereto, Citibank, N.A., as facility agent, and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Credit Agreement**”; capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Credit Agreement) the Lenders have agreed to reimburse the Borrower for, and finance further, certain pre-delivery payments made and to be made to Airbus with respect to [***] model A320neo and [***] A321neo aircraft to be delivered in [***] pursuant to the Assigned Purchase Agreement (as identified in Exhibit 1 of this Agreement, the “**Subject Aircraft**”);

WHEREAS, the Engine Manufacturer has agreed to supply and Airbus has agreed to install on the Subject Aircraft the engines which are identified for each Subject Aircraft (each, a “**Subject Engine**” and collectively, the “**Subject Engines**”);

WHEREAS, pursuant to the Ninth Amended and Restated Mortgage and Security Agreement dated as of August 11, 2023 between the Borrower and the Security Trustee (as amended, supplemented or otherwise modified from time to time in accordance with the applicable provisions thereof, the “**Security Agreement**”), the Borrower has pledged to the Security Trustee, among other things, all of the Borrower’s right, title and interest in and to the Assigned Purchase Agreement relating to the Subject Aircraft; and

WHEREAS, it is a condition precedent to each Lender's funding of Loans in respect of the Subject Aircraft under the Credit Agreement to the Borrower that, among other things, the Engine Manufacturer shall have executed and delivered this Agreement;

THEREFORE, in consideration of the payment of [***], and for other good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meaning:

"Assigned Purchase Agreement" has the meaning given to such term in the Credit Agreement.

"Engine Purchase Agreement" means the PW1100G-JM Engine Purchase and Support Agreement by and between the Engine Manufacturer and Frontier.

"Engine Warranties" means the Engine Manufacturer's PW1100G-JM Engine Warranty and Service Policy, as set forth in Appendix 7 of the Engine Purchase Agreement, and as modified by Section 8.3 of the Engine Purchase Agreement, in the form of Attachment A hereto.

"Permitted Transferee" means the Facility Agent, Citibank, N.A., in its capacity as a Lender, and any other person to whom the Security Trustee intends to transfer the rights granted to it pursuant to this Agreement and who has been approved in writing by IAE (such approval not to be unreasonably withheld or delayed), which transferee may be another Lender, a sub-participant of a Lender, or any of their affiliates; it being understood by the Security Trustee and IAE that it shall only be reasonable for IAE to refuse its approval in respect of any person proposed by the Security Trustee: (i) who is a person to whom it is illegal for IAE to sell an engine or a party with which IAE is prohibited or restricted by applicable law or regulation from doing business; or (ii) who is a special purpose company or similar entity (unless such special purpose company or other entity has been guaranteed to the satisfaction of IAE by an entity that otherwise satisfies the definition of a Permitted Transferee); or (iii) who is a competitor to IAE or its affiliates or shareholders or Raytheon Technologies Corporation or any of its subsidiaries or affiliates, including, without limitation, an engine manufacturer or an airframe manufacturer or an affiliate of any such person; or (iv) who is a person with which IAE, acting reasonably, objects to doing business generally either (A) by reason of the occurrence of a contractual or non-contractual dispute with that person or any of its affiliate(s) or (B) by reason of the default by such person or any of its affiliates in the performance of any obligation owed to IAE under any contract.

2. **Provision of Engine Warranties.**

2.1 The Engine Manufacturer hereby confirms to Frontier, the Borrower and the Security Trustee that (i) if the Security Trustee or a Permitted Transferee takes delivery from Airbus of a Subject Aircraft such Security Trustee or Permitted Transferee, as applicable, will receive the Engine Warranties for the Subject Engines installed on such Subject Aircraft and shall

assume and accept all of the rights, obligations, liabilities, exceptions, and limitations with respect to such Engine Warranties with respect to such Subject Engines and (ii) it consents to the collateral assignment by the Borrower to the Security Trustee of its rights under this Agreement, and agrees that the Security Trustee's rights under Section 2.1(i) and such assignment shall not give rise to any duties or obligations whatsoever on the part of the Security Trustee owing to the Engine Manufacturer except (i) for the Security Trustee's agreement that in exercising any right under the this Agreement with respect to such Engines, or in making any claim with respect to such Engines, the terms and conditions of such Engine Purchase Agreement relating to the Engines and the Engine Warranties shall apply to and be binding upon the Security Trustee to the same extent as Frontier and/or the Borrower and (ii) as otherwise expressly provided in this Agreement, including without limitation pursuant to Section 5.2 of this Agreement. In no event shall the Engine Manufacturer have any liability or obligation under the Engine Warranties with respect to an Engine more than once in respect of any particular claim. In exercising any rights under such Engine Warranties or in making any claim with respect thereto, the applicable terms and conditions of the Engine Purchase Agreement, as far as disclosed in Attachment A, shall apply to, and be binding upon the Security Trustee or Permitted Transferee (if applicable).

2.2 The Security Trustee acknowledges and agrees, in relation to each Subject Aircraft, that Frontier will continue to have the right to receive any applicable credit or other allowance for the Subject Engines installed on such Subject Aircraft (each of such two Subject Engines, a "**Subject Engine Set**") that is available under the Engine Purchase Agreement and the right to exercise any applicable warranties for such Subject Engine Set (or the relevant individual Subject Engine) under the Engine Purchase Agreement until such time as the Security Trustee has served a Step-In Notice in accordance with the Step In Agreement.

3. Provision of Credits

3.1 IAE hereby confirms that the Introductory Assistance Credits, as provided in the table below and as further described below, corresponding with a given Subject Aircraft identified in the such table (such amount, [***] the "**Introductory Assistance Credit**" or "**Credit**") shall be made available by IAE to the Security Trustee or the Permitted Transferee, as the case may be, upon delivery and acceptance of such applicable Subject Aircraft by such person, and subject to Section 3.6 below. The Credit for each Subject Aircraft, and the corresponding Unit Base Price per Subject Engine Set, as provided in the table below, [***]. For the avoidance of doubt, the Introductory Assistance Credits set forth in the table below shall apply solely to the Subject Aircraft.

INTRODUCTORY ASSISTANCE CREDITS FOR SUBJECT AIRCRAFT			
EXPRESSED IN [***] UNITED STATES DOLLARS			
Subject Aircraft Model	Subject Engine Model	Unit Base Price Per Subject Engine Set	Introductory Assistance Credit Per Subject Aircraft
A320neo	PW1127GA-JM	[***]	[***]
A321neo	PW1133GA-JM	[***]	[***]
A321neo	PW1133G1-JM	[***]	[***]

3.2 IAE will issue the Introductory Assistance Credit directly to Airbus and will instruct Airbus, in writing, to credit such Introductory Assistance Credit against the purchase price for the applicable Subject Aircraft. IAE shall be entitled to rely on a notice from the Security Trustee (or the Permitted Transferee, if applicable) that the Security Trustee or such Permitted Transferee is entitled to take delivery of a Subject Aircraft and shall have no liability for any such reliance.

3.3 The Security Trustee agrees and, if applicable will cause the Permitted Transferee to agree, that the Credit for any applicable Subject Aircraft shall not vest in Airbus nor be applied toward payment of the purchase price for such Subject Aircraft until acceptance by and delivery of such Subject Aircraft to the Security Trustee or Permitted Transferee, as the case may be; provided that the parties agree that the assignment of the Credit shall occur sufficiently in advance of delivery to allow for timely delivery and shall take final effect at delivery to and acceptance by the Security Trustee or Permitted Transferee of the respective Subject Aircraft. In the event that the Security Trustee or Permitted Transferee does not accept delivery of any Subject Aircraft, the Security Trustee or Permitted Transferee, as applicable, shall have its management team induce Airbus' management to refund the Credit to IAE.

3.4 Frontier hereby acknowledges and agrees that payment of the Credit by IAE in respect of the applicable Subject Aircraft pursuant to this Section 3 of this Agreement will relieve and release IAE of any and all obligations to pay the Credit with respect to such Subject Aircraft under the Engine Purchase Agreement. The parties further agree IAE shall have no liability to any other party, or any Permitted Transferee, for paying a Credit in respect of the applicable Subject Aircraft pursuant to this Section 3 or for relying on any notice provided by the Security Trustee or any Permitted Transferee of its right to take delivery of a Subject Aircraft. Save to the extent expressly provided in this Agreement, all other terms of the Engine Purchase Agreement (including, without limitation, the Engine Warranties) shall continue to apply and shall have full force and effect between the Frontier and IAE.

3.5 Each of Frontier, Borrower, the Security Trustee or the Permitted Transferee, as applicable, will ensure its compliance with any, and all, requirements (including but not limited to reporting and approval requirements) of any applicable currency control or other law, rule, or regulation relating to an Introductory Assistance Credit issued under this Agreement.

3.6 The Security Trustee acknowledges and agrees that IAE's obligation to pay the Credit with respect to a Subject Aircraft to be purchased by the Security Trustee or a Permitted Transferee (as provided above) shall be subject to the Security Trustee (or Permitted Transferee, if applicable) providing prior written notice to IAE that the Security Trustee (or Permitted Transferee, if applicable) has exercised its right to purchase such Subject Aircraft pursuant to the Step In Agreement and is entitled to purchase the Aircraft under the Assigned Purchase Agreement (the "**Purchase Notice**"). IAE shall be entitled to (and Frontier and Borrower hereby authorize IAE to) rely on the information contained in any such Purchase Notice from the Security Trustee (or Permitted Transferee, if applicable). The Security Trustee (or Permitted Transferee, if applicable) shall provide the Purchase Notice to IAE as soon as reasonably practicable after such person has acquired an unfettered right to purchase such Subject Aircraft under the Step In Agreement. The Security Trustee (or Permitted Transferee, if applicable) is not, and will not, be obligated to purchase any Subject Aircraft or serve any Purchase Notice unless it exercises the right to purchase a Subject Aircraft under the Step In Agreement.

4. Except as otherwise expressly provided in this Agreement, nothing contained in this Agreement shall subject the Engine Manufacturer to any obligation, and nothing contained in this Agreement shall subject the Engine Manufacturer to any liability, in each case to which it would not otherwise be subject under the Engine Purchase Agreement, nor shall anything contained in this Agreement modify in any respect the Engine Manufacturer's contract rights under the Engine Purchase Agreement. In no event shall the Engine Manufacturer be subject to any multiple or duplicative liability or obligation under the Engine Purchase Agreement or any Engine Warranties. The Engine Manufacturer shall have no obligation to recognize an assignment by Security Trustee of its rights with respect to the Engine Warranties in connection with a transfer of a Subject Engine (i) unless Security Trustee has given the Engine Manufacturer written notice of such assignment and the assignee is a Permitted Transferee, or (ii) if the Engine Manufacturer reasonably believes that is prohibited or restricted by law from dealings with the purported assignee. The Engine Warranties will be kept confidential in accordance with Section 18 of the Credit Agreement. To the extent that there is any inconsistency in the terms of the assignment provided for in the Security Agreement and this Agreement, the terms of this Agreement shall govern.

5. Representations and Warranties.

5.1 The parties hereby represent and warrant as follows:

5.1.1 The Engine Manufacturer hereby represents and warrants to the Security Trustee that, as of the date hereof, (a) the Engine Manufacturer is a limited

liability company duly organized and existing under the laws of the State of Delaware, (b) the Engine Manufacturer's execution of this Agreement has been duly authorized and (c) this Agreement and the Engine Warranties constitute the legal, valid and binding obligation of the Engine Manufacturer, enforceable against the Engine Manufacturer in accordance with their respective terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.1.2 The Security Trustee hereby represents and warrants to the Engine Manufacturer that, as of the date hereof, (a) the Security Trustee is a corporation duly organized and existing under the laws of the State of Utah, (b) the Security Trustee's execution of this Agreement has been duly authorized and (c) this Agreement is the legal, valid and binding obligation of the Security Trustee, enforceable against the Security Trustee in accordance with its terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.1.3 Frontier hereby represents and warrants to each of the Engine Manufacturer and the Security Trustee that, as of the date hereof, (a) Frontier is a corporation duly incorporated and existing under the laws of the State of Colorado, (b) Frontier's execution of this Agreement has been duly authorized and (c) this Agreement is the legal, valid and binding obligation of Frontier, enforceable against Frontier in accordance with its terms subject to: (i) the limitations of applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws affecting the rights of creditors generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.2 In consideration of the Introductory Assistance Credits and the Engine Warranties, Borrower and the Security Trustee each agrees that it shall not disassemble any of the Subject Engines for the purposes of selling parts of any such Subject Engine. If Borrower or the Security Trustee decides to sell, assign, transfer or otherwise dispose of any Subject Engines, Borrower or the Security Trustee, as applicable, shall ensure in any agreement with a third party (including a Permitted Transferee) for the sale, assignment, transfer or other disposal of any Subject Engine that such third party agrees not to disassemble such Subject Engine for the purpose of selling parts from such Subject Engine or for use in support of other Subject Engines and agrees that IAE is a third party beneficiary of such commitment by the third party.

5.3 Frontier, Borrower, and the Security Trustee hereby confirm that:

- 5.3.1 nothing in this Agreement, unless otherwise stated herein, shall modify in any way the contractual rights of IAE and Frontier with respect to the Engine Warranties or credits under the Engine Purchase Agreement or any other agreement executed between IAE and Frontier, or shall subject IAE to any obligation or liability with respect to the Engine Warranties or credits to which it would not otherwise be subject under the Engine Purchase Agreement or any other agreement executed between IAE and Frontier, or modify in any respect IAE's contractual rights with respect to the Engine Warranties or credits thereunder, except pursuant to the terms of this Agreement;
- 5.3.2 except as otherwise specifically stated herein or otherwise required by law, IAE shall incur no obligations, costs, expenses or liabilities whatsoever by reason of this Agreement, the Credit Agreement, or any of the transactions contemplated thereby; and
- 5.3.3 Frontier shall indemnify and hold harmless IAE from and against any and all costs, expenses, losses and liabilities (including any taxes or duties of any kind) imposed on, incurred by or asserted against IAE in any way relating to or arising out of this Agreement and which costs, expenses, losses and liabilities would not have been incurred but for IAE entering into this Agreement, except to the extent such costs, expenses, losses and liabilities are the result of the negligence, willful misconduct or bad faith by IAE.

5.4 Acknowledgment of Security Trustee. The Security Trustee hereby confirms to the Engine Manufacturer that in exercising any right it may have in this Agreement or the Engine Purchase Agreement with respect to the Engines, or in making any claim under the Engine Warranties or otherwise with respect to the Engines, the terms and conditions of this Agreement, the Engine Purchase Agreement and the Engine Warranties, including, without limitation, the terms and conditions contained therein, shall apply to and be binding upon the Security Trustee to the same extent as Frontier. The Engine Manufacturer hereby represents and warrants to the Security Trustee that the terms of the Engine Warranties provided herein are the same in all material respects to the warranties for the Subject Engines in the Engine Purchase Agreement.

6. Assignment. Neither this Agreement, nor any of the rights, benefits, duties, or obligations set forth in this Agreement or any related agreement may be assigned in whole or in part without the prior written consent of each of the Parties, which consent shall not be unreasonably delayed or withheld, and any attempted assignment in contravention of this restriction shall be null and void, except that (i) IAE may, without recourse, assign its rights and/or delegate its obligations under this Agreement to any of its affiliates or to any subsidiary or affiliate of Raytheon Technologies Corporation, or in connection with the merger, consolidation,

reorganization or voluntary sale or transfer of its assets and (ii) with respect to any of the Subject Aircraft, the Security Trustee shall be entitled to assign or transfer, in whole or in part, with prior written notice to IAE, its rights under this Agreement (and/or the Engine Warranties) to a Permitted Transferee.

7. Confidentiality. This Agreement and its contents are confidential and, as such, shall not be disclosed by any party to this Agreement to any third party other than:

- (a) with the prior written consent of the Engine Manufacturer;
- (b) pursuant to any applicable law or in connection with any proceeding arising out of or in connection with the Security Agreement, provided however that the Security Trustee shall provide the Engine Manufacturer reasonable notice prior to disclosing this Agreement and allow the Engine Manufacturer the opportunity to seek protective orders;
- (c) to any successor, permitted assign or permitted transferee of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer;
- (d) to Citibank, N.A., provided that Citibank agrees in writing to not disclose this Agreement without the prior written consent of the Engine Manufacturer; or
- (e) to the legal advisers of such party, provided they agree in writing to not disclose this agreement without the prior written consent of the Engine Manufacturer.

8. Section References. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

9. Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

11. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

12. Submission to Jurisdiction. Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each party hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. The parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

13. Entire Agreement. This Agreement supersedes any previous arrangements between the parties in relation to the matters set forth herein.

[This space intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

FRONTIER AIRLINES, INC.

By: /s/ Howard Diamond
Name: Howard Diamond
Title: SVP, General Counsel & Secretary

**INTERNATIONAL AERO ENGINES,
LLC,**
as Engine Manufacturer

By: /s/ Daniel Kirk
Name: Daniel Kirk
Title: Vice President, Americas

BANK OF UTAH, as Security Trustee

By: /s/ Kade Baird
Name: Kade Baird
Title: Assistant Vice President

VERTICAL HORIZONS, LTD.

By: /s/ Rachel Fisher
Name: Rachel Fisher
Title: Director

Exhibit 1
Subject Aircraft

ATTACHMENT A
ENGINE WARRANTIES

ATTACHMENT B

[***]



**Frontier Group Holdings, Inc.
Insider Trading Compliance Policy and Procedures**

February 27, 2023

Federal and state laws prohibit trading in the securities of a company while in possession of material nonpublic information and in breach of a duty of trust or confidence. These laws also prohibit anyone who is aware of material nonpublic information from providing this information to others who may trade. Violating such laws can undermine investor trust, harm the reputation and integrity of Frontier Group Holdings, Inc. (together with its subsidiaries, the "Company"), and result in dismissal from the Company or even serious criminal and civil charges against the individual and the Company. The Company reserves the right to take whatever disciplinary or other measure(s) it determines in its sole discretion to be appropriate in any particular situation, including disclosure of wrongdoing to governmental authorities.

Persons Covered and Administration of Policy

This Insider Trading Compliance Policy and Procedures (this "Policy") applies to all officers, directors and employees of the Company. For purposes of this Policy, "officers" refer to those individuals who meet the definition of "officer" under Section 16 of the Securities Exchange Act of 1934 (as amended, the "Exchange Act"). Individuals subject to this Policy are responsible for ensuring that members of their household comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, limited liability companies, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy as if they were for the individual's own account. Notwithstanding the foregoing, this Policy, including without limitation, the preclearance policy, blackout periods and prohibited transactions, does not apply to venture capital entities or other institutional investors, and the related transaction in the Company's equity securities by such entities, that may be affiliated with a board member of the Company for Company equity securities that a board member may be deemed to have beneficial ownership of by virtue of such affiliation. The Company may determine that this Policy applies to additional persons with access to material nonpublic information, such as contractors or consultants. Officers, directors and employees, together with any other person designated as being subject to this Policy by the General Counsel (or, if the General Counsel is not available, the Chief Financial Officer) or such person as the Company's Board of Directors may designate from time to time (the "Compliance Officer"), are referred to collectively as "Covered Persons."

Questions regarding the Policy should be directed to the Compliance Officer, who is responsible for the administration of this Policy.

Policy Statement

No Covered Person shall purchase or sell any type of security while in possession of material nonpublic information relating to the security or the issuer of such security in breach of a duty of trust or confidence, whether the issuer of such security is the Company or any other company. In addition, if a Covered Person is in possession of material nonpublic information about other publicly-traded companies, such as suppliers, customers, competitors or potential acquisition targets, the Covered Person may not trade in such other companies' securities until the information becomes public or is no longer material. Further, no Covered Person shall purchase or sell any security of any other company, including another company in the Company's industry, while in possession of material nonpublic information if such information is obtained in the course of the Covered Person's employment or service with the Company.

In addition, Covered Persons shall not directly or indirectly communicate material nonpublic information to anyone outside the Company (except in accordance with the Company's policies regarding confidential information) or to anyone within the Company other than on a "need-to-know" basis.

"Securities" includes stocks, bonds, notes, debentures, options, warrants, equity and other convertible securities, as well as derivative instruments.

"Purchase" and "sale" are defined broadly under the federal securities law. "Purchase" includes not only the actual purchase of a security, but also any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but also any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, conversions, the exercise of stock options, transfers, gifts, and acquisitions and exercises of warrants or puts, calls, pledging and margin loans, or other derivative securities.

The laws and regulations concerning insider trading are complex, and Covered Persons are encouraged to seek guidance from the Compliance Officer prior to considering a transaction in Company securities.

Blackout Periods

No director, officer, employee, contractor or consultant listed on the schedule maintained by the Compliance Officer, as amended from time to time (the "Blackout Period and Preclearance List"), (as well as any individual or entity covered by this Policy by virtue of their relationship to such director, officer or employee) shall purchase or sell any security of the Company during the period beginning 21 days before the end of any fiscal quarter of the Company and ending at market close on the second full trading day after the public release of earnings data for such

fiscal quarter or during any other trading suspension period declared by the Company, such period, a “blackout period.” A “trading day” is a day on which U.S. national stock exchanges are open for trading. If, for example, the Company were to make an announcement on Monday *prior* to 9:30 a.m. Eastern Time, then the blackout period would terminate *after* the close of trading on Tuesday. If an announcement were made on Monday after 9:30 a.m. Eastern Time, then the blackout period would terminate after the close of trading on Wednesday. If you have any question as to whether information is publicly available, please direct an inquiry to the Compliance Officer.

These prohibitions do not apply to:

- purchases of the Company’s securities from the Company, or sales of the Company’s securities to the Company;
- exercises of stock options or other equity awards or the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards, in each case, that do not involve a market sale of the Company’s securities (the “cashless exercise” of a Company stock option or other equity award through a broker does involve a market sale of the Company’s securities, and therefore would not qualify under this exception);
- *bona fide* gifts of the Company’s securities, unless the individual making the gift knows, or is reckless in not knowing, the recipient intends to sell the securities while the donor is in possession of material nonpublic information about the Company; or
- purchases or sales of the Company’s securities made pursuant to a plan adopted to comply with the Exchange Act Rule 10b5-1 (“Rule 10b5-1”).

Exceptions to the blackout period policy may be approved by the Compliance Officer or, in the case of exceptions for directors, the Board of Directors.

The Compliance Officer may recommend that directors, officers, employees, contractors, consultants or others suspend trading in Company securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above, all of those individuals affected should not trade in the Company’s securities while the suspension is in effect, and should not disclose to others that the Company has suspended trading.

Preclearance of Trades by Directors, Officers and Employees Outside of an Approved Rule 10b5-1 Plan

All transactions in the Company's securities by directors, officers, employees, contractors or consultants listed on the Blackout Period and Preclearance List (each, a "Preclearance Person") must be precleared by the Compliance Officer or the Chief Financial Officer for transactions by the Compliance Officer. Preclearance should not be understood to represent legal advice by the company that a proposed transaction complies with the law.

A request for preclearance must be in writing, should be made at least two business days in advance of the proposed transaction, and should include the identity of the Preclearance Person, a description of the proposed transaction, the proposed date of the transaction, and the number of shares or other securities involved. In addition, the Preclearance Person must certify that he or she is not aware of material nonpublic information about the Company. The Compliance Officer, or the Chief Financial Officer for transactions by the Compliance Officer, shall have sole discretion to decide whether to clear any contemplated transaction. All trades that are precleared must be effected within five business days of receipt of the preclearance. A precleared trade (or any portion of a precleared trade) that has not been effected during the five business day period must be submitted for preclearance determination again prior to execution. Notwithstanding receipt of preclearance, if the Preclearance Person becomes aware of material nonpublic information, or becomes subject to a blackout period before the transaction is effected, the transaction may not be completed. Transactions under a previously established Rule 10b5-1 Trading Plan that has been preapproved in accordance with this Policy (or a previously approved Rule 10b5-1 Trading Plan in effect prior to the effective date of this Policy) are not subject to further preclearance.

None of the Company, the Compliance Officer or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a request for preclearance.

Material Nonpublic Information

Information is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security, or if the information is likely to have a significant effect on the market price of the security. Material information can be positive or negative, and can relate to virtually any aspect of a company's business or to any type of security, debt, or equity. Also, information that something is likely to happen in the future—or even just that it may happen—could be deemed material.

Examples of material information may include (but are not limited to) information about:

- corporate earnings or earnings forecasts;

- possible mergers, acquisitions, tender offers, or dispositions;
- major new products or product developments;
- important business developments, such as developments regarding strategic collaborations;
- management or control changes;
- significant financing developments including pending public sales or offerings of debt or equity securities;
- defaults on borrowings;
- bankruptcies;
- cybersecurity or data security incidents; and
- significant litigation or regulatory actions.

Information is “nonpublic” if it is not available to the general public. In order for information to be considered “public,” it must be widely disseminated in a manner that makes it generally available to investors in a Regulation FD-compliant method, such as through a press release, a filing with the U.S. Securities and Exchange Commission (the “SEC”) or a Regulation FD-compliant conference call. The Compliance Officer shall have sole discretion to decide whether information is public for purposes of this Policy.

The circulation of rumors, even if accurate and reported in the media, does not constitute public dissemination. In addition, even after a public announcement, a reasonable period of time may need to lapse in order for the market to react to the information. Generally, the passage of two full trading days following release of the information to the public, is a reasonable waiting period before such information is deemed to be public.

Post-Termination Transactions

If an individual is in possession of material nonpublic information when the individual’s service terminates, the individual may not trade in the Company’s securities until that information has become public or is no longer material.

Prohibited Transactions

The Company has determined that there is a heightened legal risk and the appearance of improper or inappropriate conduct if persons subject to this Policy engage in certain types of transactions. Therefore, Covered Persons shall comply with the following policies with respect to certain transactions in the Company’s securities.

Short Sales

Short sales of the Company's securities are prohibited by this Policy. Short sales of the Company's securities, or sales of shares that the insider does not own at the time of sale, or sales of shares against which the insider does not deliver the shares within 20 days after the sale, evidence an expectation on the part of the seller that the securities will decline in value, and, therefore, signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, Section 16(c) of the Exchange Act prohibits Section 16 reporting persons (i.e., directors, officers and the Company's 10% stockholders) from making short sales of the Company's equity securities.

Publicly Traded Options

Transactions in puts, calls or other derivative securities involving the Company's equity securities, on an exchange, on an over-the-counter market or in any other organized market, are prohibited by this Policy. A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and, therefore, creates the appearance that a Covered Person is trading based on material nonpublic information. Transactions in options, whether traded on an exchange, on an over-the-counter market or any other organized market, also may focus a Covered Person's attention on short-term performance at the expense of the Company's long-term objectives.

Hedging Transactions

Hedging transactions involving the Company's securities, such as prepaid variable forward contracts, equity swaps, collars and exchange funds, or other transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company's equity securities, are prohibited by this Policy. Such transactions allow the Covered Person to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the Covered Person may no longer have the same objectives as the Company's other stockholders.

Margin Accounts and Pledging

Individuals are prohibited from pledging Company securities as collateral for a loan, purchasing Company securities on margin (i.e., borrowing money to purchase the securities), or placing Company securities in a margin account. This prohibition does not apply to cashless exercises of stock options under the Company's equity plans, nor to situations approved in advance in writing by the Compliance Officer.

Partnership Distributions

Nothing in this Policy is intended to limit the ability of an investment fund, venture capital partnership or other similar entity with which a director is affiliated to distribute Company securities to its partners, members, or other similar persons. It is the responsibility of each affected director and the affiliated entity, in consultation with their own counsel (as appropriate), to determine the timing of any distributions, based on all relevant facts and circumstances, and applicable securities laws.

Rule 10b5-1 Trading Plans

The trading restrictions set forth in this Policy, other than those transactions described under "Prohibited Transactions," do not apply to transactions under a previously established contract, plan or instruction to trade in the Company's securities entered into in accordance with Rule 10b5-1 (a "Trading Plan") that:

- has been submitted to and preapproved by the Compliance Officer;
- includes a "Cooling Off Period" for
 - Section 16 reporting persons that extends to the later of 90 days after adoption or modification of a Trading Plan or two business days after filing the Form 10-K or Form 10-Q covering the fiscal quarter in which the Trading Plan was adopted, up to a maximum of 120 days; and
 - employees and any other persons, other than the Company, that extends 30 days after adoption or modification of a Trading Plan;
- for Section 16 reporting persons, includes a representation in the Trading Plan that the Section 16 reporting person is (1) not aware of any material nonpublic information about the Company or its securities; and (2) adopting the Trading Plan in good faith and not as part of a plan or scheme to evade Rule 10b-5;
- has been entered into in good faith at a time when the individual was not in possession of material nonpublic information about the Company and not otherwise in a blackout period, and the person who entered into the Trading Plan has acted in good faith with respect to the Trading Plan;
- either (1) specifies the amounts, prices, and dates of all transactions under the Trading Plan; or (2) provides a written formula, algorithm, or computer program for determining the amount, price, and date of the transactions, and (3) prohibits the individual from exercising any subsequent influence over the transactions; and

- complies with all other applicable requirements of Rule 10b5-1.

The Compliance Officer may impose such other conditions on the implementation and operation of the Trading Plan as the Compliance Officer deems necessary or advisable. Individuals may not adopt more than one Trading Plan at a time except under the limited circumstances permitted by Rule 10b5-1 and subject to preapproval by the Compliance Officer.

An individual may only modify a Trading Plan outside of a blackout period and, in any event, when the individual does not possess material nonpublic information. Modifications to, and terminations of, a Trading Plan are subject to preapproval by the Compliance Officer and modifications of a Trading Plan that change the amount, price or timing of the purchase or sale of the securities underlying a Trading Plan will trigger a new Cooling-Off Period.

The Company reserves the right to publicly disclose, announce or respond to inquiries from the media regarding the adoption, modification or termination of a Trading Plan and non-Rule 10b5-1 trading arrangements, or the execution of transactions made under a Trading Plan. The Company also reserves the right from time to time to suspend, discontinue or otherwise prohibit transactions under a Trading Plan if the Compliance Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation or other prohibition is in the best interests of the Company.

Compliance of a Trading Plan with the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, and none of the Company, the Compliance Officer or the Company's other employees assumes any liability for any delay in reviewing and/or refusing to approve a Trading Plan submitted for approval, nor the legality or consequences relating to a person entering into, informing the Company of or trading under, a Trading Plan.

Interpretation, Amendment, and Implementation of this Policy

The Compliance Officer shall have the authority to interpret and update this Policy and all related policies and procedures. In particular, such interpretations and updates of this Policy, as authorized by the Compliance Officer, may include amendments to or departures from the terms of this Policy, to the extent consistent with the general purpose of this Policy and applicable securities laws.

Actions taken by the Company, the Compliance Officer, or any other Company personnel do not constitute legal advice, nor do they insulate you from the consequences of noncompliance with this Policy or with securities laws.



Frontier Airlines, Inc.
4545 Airport Way
Denver, Colorado 80239

Certification of Compliance

All directors, officers, employees and others subject to this Policy may be asked periodically to certify their compliance with the terms and provisions of this Policy

List of Subsidiaries of Frontier Group Holdings, Inc.

<u>Subsidiaries</u>	<u>Jurisdiction of Incorporation or Organization</u>
Frontier Airlines Holdings, Inc.	Delaware
Frontier Airlines, Inc.	Colorado

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-255060) pertaining to the 2014 Equity Incentive Plan and 2021 Incentive Award Plan of Frontier Group Holdings, Inc., and
 - (2) Registration Statement (Form S-8 No. 333-269900) pertaining to the 2021 Incentive Award Plan of Frontier Group Holdings, Inc.
- of our report dated February 20, 2024, with respect to the consolidated financial statements of Frontier Group Holdings, Inc., and the effectiveness of internal control over financial reporting of Frontier Group Holdings, Inc. included in this Annual Report (Form 10-K) of Frontier Group Holdings, Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Denver, Colorado
February 20, 2024

CERTIFICATION

I, Barry L. Biffle, certify that:

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

Date: February 20, 2024

/s/ Barry L. Biffle
Barry L. Biffle
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Mark C. Mitchell, certify that:

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

Date: February 20, 2024

/s/ Mark C. Mitchell

Mark C. Mitchell
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Certification of Chief Executive Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Frontier Group Holdings, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (1) The Annual Report on Form 10-K of the Company for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 20, 2024

/s/ Barry L. Biffle
Barry L. Biffle
Chief Executive Officer
(Principal Executive Officer)

Certification of Chief Financial Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Frontier Group Holdings, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (1) The Annual Report on Form 10-K of the Company for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 20, 2024

/s/ Mark C. Mitchell

Mark C. Mitchell

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

FRONTIER GROUP HOLDINGS, INC.**POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION**

Frontier Group Holdings, Inc. (the “*Company*”) has adopted this Policy for Recovery of Erroneously Awarded Compensation (the “*Policy*”), effective as of October 2, 2023 (the “*Effective Date*”). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to current and former Officers of the Company.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is “received” shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is “received” in the Company’s fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Compensation Committee (the “*Committee*”) of the Board of Directors of the Company (the “*Board*”) has determined or, if the Committee is not comprised solely of independent directors as determined under the Applicable Rules, a majority of the independent directors serving on the Board have determined, that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person’s right to voluntarily terminate employment for “good reason,” or due to a “constructive termination” (or any similar term of like effect) under any plan, program or policy of, or agreement with, the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this

Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the “Committee” shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. Interpretation

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification; No Liability

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person’s potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. Application; Enforceability

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan,

equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the “*Other Recovery Arrangements*”). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

“*Applicable Rules*” means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company’s securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company’s securities are listed.

“*Erroneously Awarded Compensation*” means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Reporting Measure*” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock or share price and total equityholder return.

“*GAAP*” means United States generally accepted accounting principles.

“*IFRS*” means international financial reporting standards as adopted by the International Accounting Standards Board.

“Impracticable” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company (i) has made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company’s home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“Incentive-Based Compensation” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the issuer has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“Officer” means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

“Restatement” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“Three-Year Period” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

