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

FORM 10-K/A
Amendment No.1

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

For the fiscal year ended December 31, 2021

Or

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

Commission File Number 001-40217

Sun Country Airlines Holdings, Inc.

(Exact name of registrant as specified in its charter)

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

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SNCY	The Nasdaq Stock Market LLC

Indicate by check mark 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 Exchange 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	☐	Accelerated filer	☐	Non-accelerated filer	☑
		Smaller reporting company	☐	Emerging growth company	☑

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

Indicate by check mark whether the registrant 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. ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2021 was approximately $861 million.

Number of shares outstanding by each class of common stock, as of December 31, 2021:

Common Stock, $0.01 par value – 57,872,452 shares outstanding

Auditor Firm PCAOB ID No: 185 Auditor Name: KPMG LLP Auditor Location: Minneapolis, Minnesota

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to the 2022 Annual Meeting of Stockholders are incorporated herein by references 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, 2021.

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EXPLANATORY NOTE

Due to a scrivener's error, the Annual Report on Form 10-K filed by Sun Country Airlines Holdings, Inc. with the Securities and Exchange Commission on February 18, 2022 (the "Original Form 10-K") included incorrect total amounts for operating expenses for the year ended December 31, 2019 in the segment information table included in Management's Discussion and Analysis of Financial Condition and Results of Operations. This Amendment No. 1 to the Original Form 10-K (the "Form 10-K/A") is being filed solely for the purpose of correcting such error.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Form 10-K/A also contains new certifications by the principal executive officer and the principal financial officer as required by Section 302 of the Sarbanes-Oxley Act of 2002.

Except as described above, no other changes have been made to the Original Form 10-K, and this Form 10-K/A does not modify, amend or update in any way any of the financial or other information contained in the Original Form 10-K. This Form 10-K/A does not reflect events that may have occurred subsequent to the filing of the Original Form 10-K.

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

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

Critical Accounting Policies and Estimates

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

Our most significant accounting policies are described in Note 2 of the Notes to Consolidated Financial Statements. Some of those significant accounting policies require us to make difficult, subjective, or complex judgments, or estimates. An accounting estimate is considered to be critical if it meets both of the following criteria:

(i) the estimate requires assumptions about matters that are highly uncertain at the time the accounting estimate is made, and

(ii) different estimates reasonably could have been used, or changes in the estimate that are reasonably likely to occur from period to period may have a material impact on the presentation of our financial condition, changes in financial condition, or results of operations.

We have identified the following critical accounting policies:

- Revenue Recognition
- Loyalty Program Accounting
- Asset Impairment Analysis
- Valuation of the TRA Liability

Revenue Recognition - Scheduled passenger service, charter service, and most ancillary revenues are recognized when the passenger flight occurs. Revenues exclude amounts collected on behalf of other parties, including transportation taxes.

The Company initially defers ticket sales as an air traffic liability and recognizes revenue when the passenger flight occurs. Unused non-refundable tickets expire at the date of scheduled travel and are recorded as revenue unless the customer notifies the Company in advance of such date that the customer will not travel. If notification is made, a travel credit is created for the face value less applicable change fees. Travel credits may generally be redeemed toward future travel for up to 12 months after the date of the original booking. A portion of travel credits will expire unused. The Company records an estimate for travel credits that will expire unused in passenger revenue. These estimates are based on historical experience of travel credit activity and consider other facts, such as recent program changes and modifications that could affect the ultimate usage patterns of tickets and travel credits.

Ancillary revenue for baggage fees, seat selection fees, and on-board sales is recognized when the associated flight occurs. Revenue for change fees is deferred and recognized when the passenger travel is provided. Fees received in advance of the flight date are initially recorded as an air traffic liability.

Charter revenue is recognized at the time of departure when transportation is provided.

Cargo revenue is typically recognized based on hours flown, number of flights, and the amount of aircraft resources provided during a reporting period. Pursuant to ASC 606, *Revenue from Contracts with Customers*, the ATSA contains three performance obligations: Flight Services, Heavy Maintenance and Fuel. As Sun Country is the principal in providing Flight Services, revenue and related costs are recognized gross on the Statement of Operations. Sun Country acts as the agent in providing the Heavy Maintenance and Fuel performance obligations, which are reimbursed by Amazon based on the actual costs incurred. Consumption of aircraft fuel and heavy maintenance are recognized in revenue, net of the associated costs incurred to fulfill the performance obligations. The transaction price is allocated to the performance obligations based on their relative standalone selling price. The transaction price for flight services, which includes an upfront payment for startup costs, is reduced by the estimated value of warrants to be issued to Amazon based on expected performance under the ATSA.

Loyalty Program Accounting – The Company records a liability for loyalty points earned by passengers under its Sun Country Rewards program using two methods: (1) a liability for points that are earned by passengers on purchases of the Company's services is established by deferring revenue based on the redemption value net of breakage; and (2) a liability for points attributed to loyalty points issued to the Company's Visa card holders is established by deferring a portion of payments received from the Company's co-branded agreement. The Company's Sun Country Rewards program allows for the redemption of points to include payment towards air travel, land travel, taxes, and other ancillary purchases. The Company estimates breakage for loyalty points that are not likely to be redeemed. These estimates are based on historical experience of loyalty point redemption activity and other factors, such as program changes and modifications that could affect the ultimate usage pattern of loyalty points.

Asset Impairment Analysis - Long-lived assets, such as Property & Equipment and finite-lived Intangible Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for impairment, the Company first compares the undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized during the years ended December 31, 2021, 2020 or 2019.

Valuation of the TRA Liability - The TRA liability is an estimate based on, among other things, (i) generation of future taxable income over the term of the TRA, (ii) the Company's participation in future government programs, (iii) stock option activity during periods prior to the commencement of payments under the TRA and (iv) future changes in tax laws. These factors could result in an increase or decrease in the related liability which would be recognized in the Company's earnings in the period of such change.

The following discussion and analysis presents factors that had a material effect on our results of operations during the years ended December 31, 2021, 2020 and 2019. Also discussed is our financial position as of December 31, 2021 and 2020. This section should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risk, assumptions and uncertainties, such as statements of our plans, objectives, expectations, intentions and forecasts. Our actual results and the timing of selected events could differ materially from those discussed in these forward-looking statements as a result of several factors, including those set forth under the section of this report titled "Risk Factors" "Cautionary Note Regarding Forward-Looking Statements" and elsewhere in this report. The "Risk Factors" and the "Cautionary Note Regarding Forward-Looking Statements" should be read carefully to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements.

Business Overview

Sun Country is a new breed of hybrid low-cost air carrier that dynamically deploys shared resources across our synergistic scheduled service, charter, and cargo businesses. By doing so, we believe we are able to generate high growth, high margins and strong cash flows with greater resilience than other passenger airlines. We focus on serving leisure and VFR passengers and charter customers as well as providing crew, maintenance and insurance services to Amazon, with flights throughout the United States and to destinations in Canada, Mexico, Central America and the Caribbean. Based in Minnesota, we operate an agile network that includes our scheduled service business, our synergistic charter, and cargo businesses. We share resources, such as flight crews, across our scheduled service, charter, and cargo business lines with the objective of generating higher returns and margins and mitigating the seasonality of our route network. We optimize capacity allocation by market, time of year, day of week, and line of business by shifting flying to markets during periods of peak demand and away from markets during periods of low demand with far greater frequency than nearly all other large U.S. passenger airlines. We believe our flexible business model generates higher returns and margins while also providing greater resiliency to economic and industry downturns than a traditional scheduled service carrier.

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

Our charter business, which is one of the largest narrow body charter operations in the United States, is a key component of our strategy both because it provides both inherent diversification and downside protection as well as because it is synergistic with our other businesses. Our charter business has several favorable characteristics, including: large repeat customers, more stable demand than scheduled service flying, and the ability to pass through certain costs, including fuel. Our diverse charter customer base includes casino operators, the U.S. Department of Defense, college, and professional sports teams. We are the leading charter airline for college sports including the National Collegiate Athletic Association (“NCAA”) Championships (notably “March Madness”) as well as individual team travel. In fiscal year 2021, we flew 153 college sports teams, which was lower than 2019 due to impacts of the COVID-19 pandemic. Our charter business includes ad hoc, repeat, short-term and long-term service contracts with pass through fuel arrangements and annual rate escalations. Most of our business is non-cyclical because the U.S. Department of Defense and sports teams still fly during normal economic downturns and our casino contracts are long-term in nature.

On December 13, 2019, we signed the ATSA with Amazon to provide air cargo services. Flying under the ATSA began in May 2020 and we are currently flying 12 Boeing 737-800 cargo aircraft for Amazon. Our CMI service is asset-light from a Sun Country perspective as Amazon supplies the aircraft and covers many of the operating expenses, including fuel, and provides all cargo loading and unloading services. We are responsible for flying the aircraft under our air carrier certificate, crew, aircraft line maintenance and insurance, all of which allow us to leverage our existing operational expertise from our scheduled service and charter businesses. Our cargo business also enables us to leverage certain assets, capabilities, and fixed costs to enhance profitability and promote growth across our Company.

Operations in Review

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

The COVID-19 pandemic resulted in a dramatic decline in passenger demand across the U.S. airline industry. We have experienced a significant decline in demand related to the COVID-19 pandemic, which has caused a material decline in our 2020 and 2021 revenues as compared to pre-pandemic levels, and has negatively impacted our financial condition and operating results.

During 2021, we have continued to see recovery in demand from the COVID-19 pandemic relative to demand in 2020. However, the ongoing impact of the COVID-19 pandemic on overall demand for air travel remains uncertain and cannot be predicted at this time. In addition, the impact of COVID-19 vaccine mandates and uncertainties in pilot staffing, as well as higher fuel prices, could impact our business and results of operations in the near term.

On February 10, 2021, Sun Country, Inc., our wholly-owned subsidiary (the “Borrower”), entered into a new Credit Agreement which provides for a $25,000 Revolving Credit Facility and a $90,000 Delayed Draw Term Loan Facility. We received CARES Act grants totaling $71,587 and $62,312 during 2021 and 2020, respectively, and a CARES Act loan of $45,000 in October 2020.

While the COVID-19 pandemic induced industry downturn has delayed our growth in 2020 and 2021, we believe that our investments have positioned us to profitably grow our business in the long term following a rebound in the U.S. airline industry.

Operating Revenues

Scheduled Service. Scheduled service revenue consists of base fares and expired passenger travel credits.

Charter Service. Charter service revenue consists of revenue earned from our charter business, primarily generated through our service to the U.S. Department of Defense, collegiate and professional sports teams, and casinos.

Ancillary. Ancillary revenue consists of revenue generated from air travel-related services such as baggage fees, seat selection and upgrade fees, itinerary service fees and on-board sales.

Cargo. Cargo revenue consists of air cargo transportation services under the ATSA with Amazon, primarily related to e-commerce delivery services.

Other. Other revenue consists primarily of revenue from services in connection with our Sun Country Vacations products, including organizing ground services, such as hotel, car and transfers. Other revenue also includes services not directly related to providing passenger services such as the advertising, marketing and brand elements resulting from our co-branded credit card program. This component of our revenues also includes revenue from mail on regularly scheduled passenger aircraft.

Operating Expenses

Aircraft Fuel. Aircraft fuel expense includes jet fuel, federal and state taxes, other fees and the mark-to-market gains and losses associated with our fuel derivative contracts since we do not apply hedge accounting. Aircraft fuel expense can be volatile, even between quarters, due to price changes and mark-to-market gains and losses in the value of the underlying derivative instruments as crude oil prices and refining margins increase or decrease.

Salaries, Wages, and Benefits. Salaries, wages, and benefits expense includes salaries, hourly wages, bonuses, equity-based compensation, and profit sharing paid to employees for their services, as well as related expenses associated with medical benefits, employee benefit plans, employer payroll taxes and other employee related costs.

Aircraft Rent. Aircraft rent expense consists of monthly lease charges for aircraft and spare engines under the terms of the related operating leases and is recognized on a straight-line basis. Aircraft rent expense also includes supplemental rent, which consists of maintenance reserves paid to aircraft lessors in advance of the performance of significant maintenance activities that are not probable of being reimbursed to us by the lessor during the lease term, as well as lease return costs, which consist of all costs that would be incurred at the return of the aircraft, including costs incurred to return the airframe and engines to the condition required by the lease. Aircraft rent expense is partially offset by the amortization of over-market liabilities related to unfavorable terms of our operating leases and maintenance reserves which existed as of the date of our acquisition by the Apollo Funds in 2018. See Note 6 to our Consolidated Financial Statements for further information on the over-market liabilities.

Maintenance. Maintenance expense includes the cost of all parts, materials and fees for repairs performed by us and our third-party vendors to maintain our fleet. It excludes direct labor cost related to our own mechanics, which are included in salaries, wages, and benefits expense. It also excludes maintenance expenses, which are deferred based on the built-in overhaul method for owned and finance leased aircraft, which is subsequently amortized as a component of depreciation and amortization expense. Our maintenance expense is reduced by the amortization of a liability (or contra-asset) established at the time of our acquisition by the Apollo Funds in 2018 related to maintenance events incurred by the new owners of Sun Country, but paid for by the previous owners. For more information on these maintenance expense credits, see Note 6 to our Consolidated Financial Statements.

Sales and Marketing. Sales and marketing expense includes credit card processing fees, travel agent commissions and related global distribution systems fees, advertising, sponsorship and distribution costs, such as the costs of our call centers, and costs associated with our loyalty program. It excludes related salary and wages of personnel, which are included in salaries, wages, and benefits expense.

Depreciation and Amortization. Depreciation and amortization expense includes depreciation of fixed assets we own and leasehold improvements, amortization of finance leased assets, as well as the amortization of finite-lived intangible assets. It also includes the depreciation of significant maintenance expenses deferred under the built-in overhaul method for owned and certain finance leased aircraft.

Ground Handling. Ground handling includes ground services at airports including baggage handling, ticket counter and other ground services.

Landing Fees and Airport Rent. Landing fees and airport rent includes aircraft landing fees and charges for the use of airport facilities.

Special Items, net. Special items, net reflects expenses, or credits to expense, that are not representative of our ongoing costs for the period presented and may vary from period to period in nature, frequency and amount.

Other Operating. Other operating expenses include crew and other employee travel, interrupted trip expenses, information technology, property taxes and insurance, including hull-liability insurance, supplies, legal and other professional fees, facilities and all other administrative and operational overhead expenses.

Non-operating Income (Expense)

Interest Income. Interest income includes interest on our cash, cash equivalents and investment balances. Interest income is generally immaterial to our results of operations, reflecting the current low interest rate environment.

Interest Expense. Interest expense includes interest and fees related to our outstanding debt and our finance leases, as well as the amortization of debt financing costs.

Other, net. Other expenses include activities not classified in any other area of the Consolidated Statements of Operations, such as certain consulting expenses and changes in the TRA liability.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred taxes are recorded based on differences between the financial statement basis and tax basis of assets and liabilities and available tax loss and credit carryforwards.

Operating Statistics

Key Operating Statistics and Metrics

	Year Ended December 31, 2021 (1)				Year Ended December 31, 2020 (1)			
	Scheduled Service	Charter	Cargo	Total	Scheduled Service	Charter	Cargo	Total
Departures (2)	19,706	7,093	11,295	38,317	14,117	5,581	4,642	24,518
Block hours (2)	64,584	14,967	33,934	114,106	45,988	12,113	13,847	72,424
Aircraft miles (2)	26,228,100	5,483,145	13,372,671	45,269,162	18,685,265	4,539,429	5,666,642	29,030,711
Available seat miles (ASMs) (thousands) (2)	4,844,203	951,086	—	5,826,827	3,466,240	819,855	—	4,311,142
Total revenue per ASM (TRASM) (cents) (3)	8.35	13.39		9.12	7.69	11.97		8.46
Average passenger aircraft during the period (3)				32.2				31.3
Passenger aircraft at end of period (3)				36				31
Cargo aircraft at end of period				12				12
Average daily aircraft utilization (hours) (3)				6.8				5.1
Average stage length (miles)				1,183				1,179
Revenue passengers carried (4)	2,733,364				1,679,242			
Revenue passenger miles (RPMs) (thousands) (4)	3,618,208				2,250,974			
Load factor (4)	74.7 %				64.9 %			
Average base fare per passenger (4)	$ 102.21				$ 114.96			
Ancillary revenue per passenger (4)	$ 42.89				$ 40.53			
Charter revenue per block hour		$ 8,508				$ 8,101		
Fuel gallons consumed (thousands) (2)	49,685	10,729	—	60,739	34,769	8,820	—	43,844
Fuel cost per gallon, excluding derivatives				$ 2.19				$ 1.58
Employees at end of period				2,181				1,699
Cost per available seat mile (CASM) (cents) (5)				8.86				8.91
Adjusted CASM (cents) (6)				6.44				7.57

(1) Certain operating statistics and metrics are not presented as they are not calculable or are not utilized by management.
(2) Total System operating statistics for Departures, Block hours, Aircraft miles, ASMs and Fuel gallons consumed include amounts related to flights operated for maintenance; therefore the Total System amounts are higher than the sum of Scheduled Service, Charter Service and Cargo amounts.
(3) Scheduled service and charter service utilize the same fleet of aircraft. Aircraft counts and utilization metrics are shown on a system basis only.
(4) Passenger-related statistics and metrics are shown only for scheduled service. Charter service revenue is driven by flight statistics.
(5) CASM is a key airline cost metric. CASM is defined as operating expenses divided by total available seat miles.
(6) Adjusted CASM is a non-GAAP measure derived from CASM by excluding fuel costs, costs related to our cargo operations, special items, and certain other costs.

Key Operating Statistics and Metrics

	Year Ended December 31, 2020 [1]				Year Ended December 31, 2019 [1]			
	Scheduled Service	Charter	Cargo	Total	Scheduled Service	Charter	Cargo	Total
Departures [2]	14,117	5,581	4,642	24,518	24,311	9,035	—	33,586
Block hours [2]	45,988	12,113	13,847	72,424	80,719	19,852	—	101,137
Aircraft miles [2]	18,685,265	4,539,429	5,666,642	29,030,711	32,217,934	7,356,628	—	39,738,483
Available seat miles (ASMs) (thousands) [2]	3,466,240	819,855	—	4,311,142	5,747,391	1,288,725	—	7,064,563
Total revenue per ASM (TRASM) (cents) [3]	7.69	11.97		8.46	9.17	13.55		9.93
Average passenger aircraft during the period [3]				31.3				28.9
Passenger aircraft at end of period [3]				31				31
Cargo aircraft at end of period				12				7
Average daily aircraft utilization (hours) [3]				5.1				9.6
Average stage length (miles)				1,179				1,187
Revenue passengers carried [4]	1,679,242				3,565,939			
Revenue passenger miles (RPMs) (thousands) [4]	2,250,974				4,473,347			
Load factor [4]	64.9 %				82.5 %			
Average base fare per passenger [4]	$ 114.96				$ 111.08			
Ancillary revenue per passenger [4]	$ 40.53				$ 33.14			
Charter revenue per block hour		$ 8,101				$ 8,793		
Fuel gallons consumed (thousands) [2]	34,769	8,820	—	43,844	63,240	14,802	—	78,042
Fuel cost per gallon, excluding derivatives				$ 1.58				$ 2.26
Employees at end of period				1,699				1,532
Cost per available seat mile (CASM) (cents) [5]				8.91				8.82
Adjusted CASM (cents) [6]				7.57				6.31

(1) Certain operating statistics and metrics are not presented as they are not calculable or are not utilized by management.
(2) Total System operating statistics for Departures, Block hours, Aircraft miles, ASMs and Fuel gallons consumed include amounts related to flights operated for maintenance; therefore the Total System amounts are higher than the sum of Scheduled Service, Charter Service and Cargo amounts.
(3) Scheduled service and charter service utilize the same fleet of aircraft. Aircraft counts and utilization metrics are shown on a system basis only.
(4) Passenger-related statistics and metrics are shown only for scheduled service. Charter service revenue is driven by flight statistics.
(5) CASM is a key airline cost metric. CASM is defined as operating expenses divided by total available seat miles.
(6) Adjusted CASM is a non-GAAP measure derived from CASM by excluding fuel costs, costs related to our cargo operations, special items, and certain other costs.

Results of Operations
For the Years Ended December 31, 2021 and 2020

	Year Ended December 31, 2021	Year Ended December 31, 2020	$ Change	% Change
Operating Revenues:				
Scheduled Service	$ 279,377	$ 193,047	$ 86,330	45 %
Charter Service	127,331	98,130	29,201	30 %
Ancillary	117,237	68,055	49,182	72 %
Passenger	523,945	359,232	164,713	46 %
Cargo	91,428	36,809	54,619	148 %
Other	7,642	5,445	2,197	40 %
Total Operating Revenues	623,015	401,486	221,529	55 %
Operating Expenses:				
Aircraft Fuel	129,110	83,392	45,718	55 %
Salaries, Wages, and Benefits	178,207	141,641	36,566	26 %
Aircraft Rent	17,653	30,989	(13,336)	(43)%
Maintenance	40,095	27,416	12,679	46 %
Sales and Marketing	22,060	16,570	5,490	33 %
Depreciation and Amortization	55,019	48,086	6,933	14 %
Ground Handling	26,981	20,596	6,385	31 %
Landing Fees and Airport Rent	40,726	31,256	9,470	30 %
Special Items, net	(65,456)	(64,563)	(893)	1 %
Other Operating, net	71,580	48,718	22,862	47 %
Total Operating Expenses	515,975	384,101	131,874	34 %
Operating Income	107,040	17,385	89,655	516 %
Non-operating Income (Expense):				
Interest Income	85	377	(292)	(77)%
Interest Expense	(26,326)	(22,073)	(4,253)	19 %
Other, net	14,624	(371)	14,995	NM
Total Non-operating Income (Expense), net	(11,617)	(22,067)	10,450	(47)%
Income (Loss) before Income Tax	95,423	(4,682)	100,105	NM
Income Tax Expense (Benefit)	17,953	(778)	18,731	NM
Net Income (Loss)	$ 77,470	$ (3,904)	$ 81,374	NM

(1) “NM” stands for not meaningful

Total Operating Revenues increased $221,529, or 55%, to $623,015 for the year ended December 31, 2021 from $401,486 for the year ended December 31, 2020. The increase is due to a significantly lower demand for passenger service in 2020 as a result of the COVID-19 pandemic, and growth in cargo services compared to one year ago.

***Scheduled Service*.** Scheduled service revenue increased by $86,330, or 45%, to $279,377 for the year ended December 31, 2021 from $193,047 for the year ended December 31, 2020. The increase in scheduled service revenue was largely driven by an increase in demand for passenger service during 2021 as compared to 2020, which was reduced significantly due to government travel restrictions, quarantine requirements, and reduced passenger demand related to the COVID-19 pandemic.

The table below presents select operating data for scheduled service, expressed as year-over-year changes:

	Year Ended December 31,			%
	2021	2020	Change	Change
Departures	19,706	14,117	5,589	40 %
Passengers	2,733,364	1,679,242	1,054,122	63 %
Average base fare per passenger	$ 102.21	$ 114.96	$ (12.75)	(11)%
RPMs (thousands)	3,618,208	2,250,974	1,367,234	61 %
ASMs (thousands)	4,844,203	3,466,240	1,377,963	40 %
TRASM (cents)	8.35	7.69	0.66	9 %
Passenger load factor	74.7 %	64.9 %	9.8 pts	na

The 63% increase in the number of scheduled service passengers in the year ended December 31, 2021, as compared to the year ended December 31, 2020, was primarily due to COVID-19 pandemic related demand reductions in the prior year period. For the year ended December 31, 2021, our average base fare was $102.21, compared to $114.96 for the year ended December 31, 2020. The decrease was the result of strong fares in the first quarter of 2020 until the start of the COVID-19 pandemic followed by a significant drop off that continued into 2021.

Charter Service. Charter service revenue increased $29,201, or 30%, to $127,331 for the year ended December 31, 2021, from $98,130 for the year ended December 31, 2020. The COVID-19 pandemic drove a decrease in our 2020 charter service revenue. There was a 24% increase in block hours for 2021 as compared to 2020. Charter revenue per block hour was $8,508 for the year ended December 31, 2021, as compared to $8,101 for the year ended December 31, 2020, for an increase of 5%. This revenue per block hour increase is due to the ongoing recovery from the impacts of COVID-19. Rates in 2020 were under a lot of competitive pressure because other carriers had excess aircraft, crew, and resources to operate charter capacity, driving rates down. For the year ended December 31, 2021, Charter TRASM was 13.39, compared to 11.97 for the year ended December 31, 2020.

Ancillary. Ancillary revenue increased by $49,182, or 72%, to $117,237 for the year ended December 31, 2021, from $68,055 for the year ended December 31, 2020. The 63% increase in scheduled passengers during the period resulted in greater sales of air travel-related services such as baggage fees, seat selection and upgrade fees, and on-board sales. Ancillary revenue was $42.89 per passenger in the year ended December 31, 2021, up from $40.53 per passenger in the year ended December 31, 2020. The increase in ancillary revenue per passenger in 2021 compared to 2020 was the result of increased demand for ancillary products, revenue optimization efforts, and a reduction in travel periods where change fees were waived

Cargo. Revenue from cargo services was $91,428 for the year ended December 31, 2021, as compared to $36,809 for the year ended December 31, 2020. All of our cargo service revenue relates to the air cargo transportation services under the ATSA with Amazon that commenced in May 2020. For the year ended December 31, 2021, departures increased to 11,295, as compared to 4,642 for the year ended December 31, 2020, due to the timing of when the aircraft were brought into service in 2020.

Other. Other revenue was $7,642 for the year ended December 31, 2021, as compared to $5,445 for the year ended December 31, 2020. This was mainly the result of an increase in revenue from Sun Country Vacations due to improved bookings and an increase in co-branded marketing revenue related to our Sun Country VISA card.

Operating Expenses

Aircraft Fuel. Aircraft fuel expense was $129,110 for the year ended December 31, 2021, as compared to $83,392 for the year ended December 31, 2020. The increase was mainly driven by a 39% increase in fuel gallons consumed resulting from a recovery in demand as demonstrated by a 37% increase in passenger service block hours, as well as a 38% increase in the average price per gallon of fuel. Additionally, the change was also driven by mark-to-market adjustments in Fuel Derivative contracts. Note that Amazon fuel expenses are reimbursed by Amazon, therefore they are not included in aircraft fuel.

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

	Year Ended December 31, 2021	Year Ended December 31, 2020	Change	% Change
Total Aircraft Fuel Expenses	$ 129,110	$ 83,392	$ 45,718	55 %
Exclude: Fuel Derivative Gains (Losses)	3,527	(14,259)	17,786	NM
Other Excluded Items	335	313	23	7 %
Aircraft Fuel Expenses, excluding derivatives	$ 132,972	$ 69,446	$ 63,526	91 %
Fuel Gallons Consumed (thousands)	60,739	43,844	16,895	39 %
Fuel Cost per Gallon, excluding derivatives	$ 2.19	$ 1.58	$ 0.61	38 %

(1) "NM" stands for not meaningful

Salaries, Wages, and Benefits. Salaries, wages, and benefits expense increased $36,566, or 26%, to $178,207 for the year ended December 31, 2021, as compared to $141,641 for the year ended December 31, 2020. The average headcount for the year ended December 31, 2021 was 1,884, as compared to 1,637 for the year ended December 31, 2020, for an increase of 247 or 15%. A significant portion of the headcount increase was due to a ramp up related to the insourcing of MSP ground handling, which was transitioned in-house from April 2020 to early 2021. Our Cargo segment was responsible for $42,486 of the consolidated salaries, wages, and benefits expense for the year ended December 31, 2021, as compared to $20,452 for the year ended December 31, 2020. The $22,034 increase over the prior year is driven by additional headcount to support the operations and the timing of when the Amazon aircraft were brought into service in 2020. The Cargo segment began in May 2020, driving additional headcount required to support the ramp up of operations and aircraft under the ATSA.

Aircraft Rent. Aircraft rent expense decreased $13,336, or 43%, to $17,653 for the year ended December 31, 2021, as compared to $30,989 for the year ended December 31, 2020. Aircraft rent expense decreased primarily due to the composition of our aircraft fleet shifting from aircraft under operating leases (for which the expense is recorded within aircraft rent) to owned aircraft (for which expense is recorded through depreciation and interest expense). Specifically, in the first six months of 2021, we purchased six aircraft previously under operating leases. For the year ended December 31, 2021 and 2020, there was an average of seven and twelve aircraft under operating leases, respectively.

Maintenance. Maintenance materials and repair expense increased $12,679, or 46%, to $40,095 for the year ended December 31, 2021, as compared to $27,416 for the year ended December 31, 2020. There were nine landing gear events in the year ended December 31, 2021 versus four during the year ended December 31, 2020, resulting in a cost increase of $1,497. There was also a $3,616 increase in costs, including wheels, brakes, consumables, and expendables, driven by increased departures. The cost of auxiliary power unit events increased $1,250, due to lower reimbursements in the year ended December 31, 2021. There was also a $1,000 increase due to unscheduled maintenance events. Our Cargo segment was responsible for $10,558 of the consolidated maintenance expense for the year ended December 31, 2021, as compared to $4,959 for the prior year due to the timing of when the Amazon aircraft were brought into service in 2020. The Cargo segment expense primarily relates to line maintenance since heavy maintenance is reimbursed under the ATSA.

Sales and Marketing. Sales and marketing expense increased $5,490, or 33%, to $22,060 for the year ended December 31, 2021, as compared to $16,570 for the year ended December 31, 2020. The passenger revenue increased 46% between these two periods, and was primarily responsible for a $2,778 increase in credit card processing fees and a $2,546 increase in global distribution system fees. The remaining increase primarily relates to higher advertising costs and travel agent commissions.

Depreciation and Amortization. Depreciation and amortization expense increased $6,933, or 14%, to $55,019 for the year ended December 31, 2021, as compared to $48,086 for the year ended December 31, 2020. The increase was primarily due to the impact of a change in the composition of our aircraft fleet to an increased number of owned aircraft and aircraft under finance leases (for which the expense is recorded as amortization and interest expense). During the year ended December 31, 2021, the Company also purchased three engines and a flight simulator. For the year ended December 31, 2021 and 2020, there was an average of nineteen and eleven owned aircraft, respectively. Additionally, for the years ended December 31, 2021 and 2020 there were an average of seven finance leases; however, there were numerous removals and additions that impacted amortization expense.

Ground Handling. Ground handling expense increased $6,385, or 31%, to $26,981 for the year ended December 31, 2021, as compared to $20,596 for the year ended December 31, 2020. The increase was primarily due to the 40% increase in scheduled departures during the same time periods.

Landing Fees and Airport Rent. Landing fees and airport rent increased $9,470, or 30%, to $40,726 for the year ended December 31, 2021, as compared to $31,256 for the year ended December 31, 2020. The increase of $9,470 was driven by the 40% increase in scheduled departures for the year ended December 31, 2021. Additionally, a decrease in rates in 2021 for $1,040 and an airline relief credit of $1,416 offset against the departure volume increase.

Special Items, net. Special items, net was a benefit of $65,456 for the year ended December 31, 2021 and $64,563 for the year ended December 31, 2020. For the year ended December 31, 2021, Special items, net included in refundable tax credits related to employee retention under the CARES Act. For the years ended December 31, 2021 and 2020, Special items, net included $71,587 and $62,312 of funds granted under the CARES Act, respectively. These funds were to be used exclusively for the continuation of payments for salaries, wages, and benefits. The year ended December 31, 2021 included a charge of $6,963 related to net costs incurred to purchase six aircraft that were previously under operating leases. Our Cargo segment was allocated $18,400 of the amounts received under the CARES Act for the year ended December 31, 2021 and $10,721 for the year ended December 31, 2020, based on the respective segment salaries, wages, and benefits.

Other Operating, net. Other operating, net expense increased $22,862, or 47%, to $71,580 for the year ended December 31, 2021, as compared to $48,718 for the year ended December 31, 2020, mainly due to increased departures. The Passenger segment increase of $14,447 was primarily driven by the higher level of operations which resulted in higher crew and other employee travel costs, catering expenses, and other operational overhead costs. Our Cargo segment was responsible for $15,152 and $6,838 of our consolidated other operating, net expense for the year ended December 31, 2021 and 2020, respectively, driven by overhead expenses as well as crew and employee travel costs. There was also an additional cost of approximately $1,105 due to becoming a public company, primarily related to insurance, legal and consulting fees.

Non-operating Income (Expense)

Interest Expense. Interest expense increased $4,253, or 19%, to $26,326 for the year ended December 31, 2021, as compared to $22,073 for the year ended December 31, 2020. The increase was primarily due to debt issued for the acquisition of new aircraft, including new debt incurred in connection with the 2019-1 EETC, and the Delayed Draw Term Loan Facility.

Other, net. Other, net for the year ended December 31, 2021 was a net income of $14,624 primarily due to a credit of $16,400 for the adjustment of our TRA liability. The decrease in the TRA liability was mainly due to the receipt of a CARES Act PSP3 grant of $34,547, which extended the time period in which distributions made to shareholders are restricted (from March 31, 2022 to September 30, 2022), an increase in actual 2021 pre-tax income, and a decrease in forecasted 2022 pre-tax income. Partially offsetting this income was $1,763 in expenses related to secondary stock offerings that occurred in May and October 2021. Other, net for the year ended December 31, 2020, was a net expense of $371, primarily due to a vendor settlement.

Income Tax Expense (Benefit). The Company's effective tax rate for the year ended December 31, 2021 was 18.8% compared to 16.6% for the year ended December 31, 2020. The effective tax rate represents a blend of federal and state taxes and includes the impact of certain nondeductible or nontaxable items. The decrease in the current year rate compared to the statutory rate is primarily due to favorable permanent differences related to stock compensation deductions and non-deductible income related to the TRA. The decrease in the prior year rate compared to the statutory rate is primarily due a small amount of pre-tax loss in relation to the miscellaneous insignificant permanent adjustments.

Results of Operations

For the Years Ended December 31, 2020 and 2019

	Year Ended December 31, 2020	Year Ended December 31, 2019	$ Change	% Change
Operating Revenues:				
Scheduled Service	$ 193,047	$ 396,113	$ (203,066)	(51)%
Charter Service	98,130	174,562	(76,432)	(44)%
Ancillary	68,055	118,158	(50,103)	(42)%
Passenger	359,232	688,833	(329,601)	(48)%
Cargo	36,809	—	36,809	100 %
Other	5,445	12,551	(7,106)	(57)%
Total Operating Revenues	401,486	701,384	(299,898)	(43)%
Operating Expenses:				
Aircraft Fuel	83,392	165,666	(82,274)	(50)%
Salaries, Wages, and Benefits	141,641	140,739	902	1 %
Aircraft Rent	30,989	49,908	(18,919)	(38)%
Maintenance	27,416	35,286	(7,870)	(22)%
Sales and Marketing	16,570	35,388	(18,818)	(53)%
Depreciation and Amortization	48,086	34,877	13,209	38 %
Ground Handling	20,596	41,719	(21,123)	(51)%
Landing Fees and Airport Rent	31,256	44,400	(13,144)	(30)%
Special Items, net	(64,563)	7,092	(71,655)	NM
Other Operating, net	48,718	68,187	(19,469)	(29)%
Total Operating Expenses	384,101	623,262	(239,161)	(38)%
Operating Income	17,385	78,122	(60,737)	(78)%
Non-operating Income (Expense):				
Interest Income	377	937	(560)	(60)%
Interest Expense	(22,073)	(17,170)	(4,903)	29 %
Other, net	(371)	(1,729)	1,358	(79)%
Total Non-operating Income (Expense), net	(22,067)	(17,962)	(4,105)	23 %
Income (Loss) before Income Tax	(4,682)	60,160	(64,842)	(108)%
Income Tax Expense (Benefit)	(778)	14,088	(14,866)	(106)%
Net Income (Loss)	$ (3,904)	$ 46,072	$ (49,976)	(109)%

(1) "NM" stands for not meaningful

Total Operating Revenues decreased $299,898, or 43%, to $401,485 for the year ended December 31, 2020 from $701,383 for the year ended December 31, 2019. The decrease is due to a significantly lower demand for passenger service in 2020 as a result of the COVID-19 pandemic, offset by growth in cargo services during fiscal year 2020.

Scheduled Service*.* Scheduled service revenue decreased by $203,067, or 51%, to $193,047 for the year ended December 31, 2020, from $396,113 for the year ended December 31, 2019. The decrease in scheduled service revenue was driven by a decline in passenger demand in 2020 related to government travel restrictions and quarantine requirements related to the COVID-19 pandemic. Specifically, the number of scheduled service passengers was 1.7 million in the year ended December 31, 2020, down from 3.6 million in the year ended December 31, 2019. This drove a 42% decrease in departures and an 18 percentage point decrease in load factor. The decrease in load factor resulted in a decrease in TRASM of 16% to $7.69 from $9.17. Further, our scheduled service capacity, as measured by ASMs, decreased by 40%.

The table below presents select operating data for scheduled service:

	Year Ended December 31,			%
	2020	2019	Change	Change
Departures	14,117	24,311	(10,194)	(42)%
Passengers	1,679,242	3,565,939	(1,886,697)	(53)%
Average base fare per passenger	$ 114.96	$ 111.08	3.88	3 %
RPMs (thousands)	2,250,974	4,473,347	(2,222,373)	(50)%
ASMs (thousands)	3,466,240	5,747,391	(2,281,151)	(40)%
TRASM (cents)	7.69	9.17	(1.48)	(16)%
Passenger load factor	64.9 %	82.5 %	(17.6)pts	na

The 53% decrease in the number of scheduled service passengers in the year ended December 31, 2020, as compared to the year ended December 31, 2019, was primarily due to COVID-19 pandemic related lower demand in 2020. For the year ended December 31, 2020, our average base fare was $114.96, compared to $111.08 for the year ended December 31, 2019. The net change is the result of a strong start to 2020 with higher average fares followed by a significant drop in passengers due to COVID-19. This significant drop in passengers resulted in only a minimal impact on the year ended December 31, 2020 average base fare.

Charter Service. Charter service revenue decreased by $76,431, or 44%, to $98,130 for the year ended December 31, 2020 from $174,562 for the year ended December 31, 2019. The COVID-19 pandemic drove a decrease in our charter service revenue due to a decrease in the number of charter flights for our casino and sports customers and the U.S. Department of Defense, resulting in a 38% decrease in charter departures. Our charter service revenue began to rebound in the second half of 2020 as charter customers such as the U.S. Department of Defense and large university sports teams continued to fly throughout the year ended December 31, 2020, while our casino customers subject to long term contracts began flying again in June 2020. In addition, we entered into a contract with Major League Soccer to provide charter flights for professional soccer teams which commenced in August 2020.

Ancillary. Ancillary revenue decreased by $50,103, or 42%, to $68,055 for the year ended December 31, 2020 from $118,158 for the year ended December 31, 2019. The decline in passenger demand due to the COVID-19 pandemic resulted in lower demand for air travel-related services such as baggage fees, seat selection and upgrade fees, and on-board sales. This decrease was partially offset by an increase in ancillary revenue on a per passenger basis which is largely related to increased itinerary service fees. Specifically, ancillary revenue was $40.53 per passenger in the year ended December 31, 2020, up from $33.14 per passenger in the year ended December 31, 2019. The increase in ancillary revenue per passenger in 2020 relative to 2019 was a result of increased demand for ancillary products and revenue optimization efforts.

Cargo. Revenue from cargo services was $36,809 for the year ended December 31, 2020, with no comparative revenue for the year ended December 31, 2019. All of our 2020 cargo service revenue related to the commencement of air cargo transportation services under the ATSA with Amazon in May 2020. In June 2020, we entered into an amendment to the ATSA with Amazon that added two additional aircraft to the agreement, which were delivered in the fourth quarter of 2020, bringing the total number of aircraft we fly for Amazon to 12.

Other. Other revenue decreased by $7,106, or 57%, to $5,445 for the year ended December 31, 2020 from $12,551 for the year ended December 31, 2019. The decrease in our other revenue was driven by lower bookings for our Sun Country Vacations products due to a decline in demand for leisure travel related to the COVID-19 pandemic.

Operating Expenses

Aircraft Fuel. Aircraft fuel expense decreased by $82,274, or 50%, to $83,392 for the year ended December 31, 2020, as compared to $165,666 for the year ended December 31, 2019. The decrease was primarily driven by a 44% decrease in fuel gallons consumed due to our decreased level of operations as a result of reduced demand relating to the COVID-19 pandemic. Further contributing to the decrease in aircraft fuel expense was a 30% decline in average price per gallon of fuel which was driven by lower worldwide demand as a result of the COVID-19 pandemic. These decreases were partially offset by mark-to-market losses of $14,259 in the year ended December 31, 2020 compared to mark-to-market gains of $10,126 in the year ended December 31, 2019 from our fuel derivative contracts associated with our economic fuel hedges.

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

	Year Ended December 31,			%
	2020	2019	Change	Change
Total Aircraft Fuel Expenses	$ 83,392	$ 165,666	$ (82,274)	(50)%
Exclude: Fuel Derivative Gains (Losses)	(14,259)	10,126	(24,385)	NM
Other Excluded Items	313	444	(131)	(30)%
Aircraft Fuel Expenses, excluding derivatives	$ 69,446	$ 176,236	$ (106,790)	(61)%
Fuel Gallons Consumed (thousands)	43,844	78,042	(34,198)	(44)%
Fuel Cost per Gallon, excluding derivatives	$ 1.58	$ 2.26	$ (0.68)	(30)%

(1) "NM" stands for not meaningful

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by $902, or 1%, to $141,641 for the year ended December 31, 2020, as compared to $140,739 for the year ended December 31, 2019. The increase was primarily due to increased headcount, primarily related to insourcing certain ground handling operations, and to increased pilot pay and per diems to support operations under the ATSA. The increase was partially offset by a decrease in expenses related to employee benefits, reduction in flight attendant headcount, and call center staffing due to lower volume of calls. Additionally, the grants under the Payroll Support Program received in the second and third quarters of 2020 restricted us from taking measures to reduce headcount through September 30, 2020 in response to the decline in operations. Our cargo segment was responsible for $20,452 of the consolidated salaries, wages, and benefits expense for the year ended December 31, 2020 and was driven by headcount to support the operations and aircraft under the ATSA.

Aircraft Rent. Aircraft rent expense decreased by $18,919, or 38%, to $30,989 for the year ended December 31, 2020, as compared to $49,908 for the year ended December 31, 2019. Aircraft rent expense decreased primarily due to the composition of our aircraft fleet shifting from aircraft under operating leases (for which the expense is recorded within aircraft rent) to owned aircraft and aircraft under finance leases (for which the expense is recorded within depreciation and amortization). Specifically, in the year ended December 31, 2020 we purchased two aircraft previously under operating lease and leased two fewer seasonal aircraft. Additionally, a 42% decrease in passenger block hours resulted in a decrease in supplemental rent. The decrease in aircraft rent expense was partially offset by a reduction in the amortization of over-market liabilities on six aircraft recorded as a result of acquisition accounting for the acquisition by the Apollo Funds, of which three were returned at the end of their lease terms during 2019, and three were financed using the 2019-01 EETC following their lease maturity during the year ended December 31, 2020.

Maintenance. Maintenance materials and repair expense decreased by $7,870, or 22%, to $27,416 for the year ended December 31, 2020, as compared to $35,286 for the year ended December 31, 2019. The decrease was driven primarily by the COVID-19 pandemic which caused reduced aircraft utilization, as measured by a 28% decrease in total block hours and a 27% decrease in flight cycles. These factors ultimately resulted in fewer maintenance events and lower major and routine maintenance costs. The decrease in maintenance expense was partially offset by an increase in scheduled heavy maintenance for our passenger aircraft fleet and line maintenance on the additional aircraft under the ATSA related to our cargo operations. Our cargo segment was responsible for $4,959 of the consolidated maintenance expense for the year ended December 31, 2020, driven by expenses for line maintenance on aircraft operated under the ATSA.

Sales and Marketing. Sales and marketing expense decreased by $18,818, or 53%, to $16,570 for the year ended December 31, 2020, as compared to $35,388 for the year ended December 31, 2019. The decrease was primarily due to a $7,052 reduction in credit card processing fees related to lower sales on our scheduled service. Additionally, there was a $2,016 decrease in advertising costs, a $6,142 decrease in global distribution systems fees associated with the decrease in scheduled service and a $1,268 decrease in travel agent commissions, all due to the COVID-19 pandemic.

Depreciation and Amortization. Depreciation and amortization expense increased by $13,209, or 38%, to $48,086 for the year ended December 31, 2020, as compared to $34,877 for the year ended December 31, 2019. The increase was primarily due to the impact of a change in the composition of our aircraft fleet to an increased number of owned aircraft in connection with our 2019-1 EETC and aircraft under finance leases (for which expense is recorded within depreciation and amortization). Specifically, the increase is due to the incremental depreciation related to one aircraft previously under an operating lease which was amended and converted into a finance lease in December 2019, one incremental aircraft obtained through a new finance lease, one aircraft we purchased in December 2019, two aircraft we purchased in the year ended December 31, 2020 which were previously under operating leases and two aircraft we purchased in the year ended December 31, 2020 which were new additions to the fleet.

Ground Handling. Ground handling expense decreased by $21,123, or 51%, to $20,596 for the year ended December 31, 2020, as compared to $41,719 for the year ended December 31, 2019. The decrease was primarily due to the 27% decline in departures. Additionally, we began insourcing our MSP operations in April 2020, contributing to a reduction of $4,434 in ground handling expenses, but resulting in higher salaries, wages and benefits.

Landing Fees and Airport Rent. Landing fees and airport rent decreased by $13,144, or 30%, to $31,256 for the year ended December 31, 2020, as compared to $44,400 for the year ended December 31, 2019. The decrease was driven by the 27% reduction in departures during the year ended December 31, 2020. Our cargo segment was responsible for $281 of the consolidated landing fees and airport rent for the year ended December 31, 2020, driven by allocated airport rent.

Special Items, net. Special items, net was an income of $64,563 for the year ended December 31, 2020 and an expense of $7,092 for the year ended December 31, 2019. For the year ended December 31, 2020, Special items, net included a $62,312 credit related to funds received under the CARES Act Payroll Support Program, to be used exclusively for the continuation of payments for salaries, wages, and benefits, and $2,328 in refundable tax credits related to employee retention under the CARES Act. For the year ended December 31, 2019, Special items, net included a charge of $7,578 related to contractual obligations for retired technology. In connection with implementing our new reservations systems, we incurred obligations under the contracts for our existing systems that were being phased out ahead of their scheduled contract terms, creating an expense that is not reflective of the normal operations of the company. We also incurred expense of $714 in connection with the write-off of assets in connection with the relocation of our headquarters in 2019. Special items, net for the year ended December 31, 2019 was partially offset by $1,200 of proceeds from the sale of unused airport slot rights. We are not in the business of buying and selling operating rights and we do not hold any other remaining airport slot rights; therefore this gain does not reflect our core business operations. Our cargo segment was responsible for $10,721 of the consolidated income from consolidated special items, net for the year ended December 31, 2020, driven by allocated amounts from the CARES Act, based on the respective segment salaries, wages and benefits.

Other Operating, net. Other operating, net expense decreased by $19,469, or 29%, to $48,718 for the year ended December 31, 2020, as compared to $68,187 for the year ended December 31, 2019. This decrease was primarily driven by our lower level of operations related to the COVID-19 pandemic which resulted in reduced crew and other employee travel costs, interrupted trip expenses, catering expenses, and other operational overhead costs. Our cargo segment was responsible for $6,838 of our consolidated other operating, net expense for the year ended December 31, 2020.

Non-operating Income (Expense)

Interest Income. Interest income decreased $560 in the year ended December 31, 2020 related to lower average cash balances.

Interest Expense. Interest expense increased by $4,903, or 29%, to $22,073 for the year ended December 31, 2020, as compared to $17,170 for the year ended December 31, 2019. The increase was primarily due to debt issued for the acquisition of new aircraft and spare engines, including new debt incurred in connection with the 2019-1 EETC.

Other, net. Other, net expense decreased $1,358, or 79%, to $371 for the year ended December 31, 2020, as compared to $1,729 for the year ended December 31, 2019. The decrease is mainly due to early-out payments and other expenses incurred in connection with outsourcing certain ground operations during the year ended December 31, 2019, which did not occur in the year ended December 31, 2020.

Income Tax Expense. Our effective tax rate was 16.6% for the year ended December 31, 2020, as compared to 23.5% for the year ended December 31, 2019. Our tax rate can vary depending on the amount of income we earn in each state and the state tax rate applicable to such income.

Segment Information

For the Years Ended December 31, 2021 and 2020

	Year Ended December 31, 2021			Year Ended December 31, 2020 [1]		
	Passenger	**Cargo**	**Total**	**Passenger**	**Cargo**	**Total**
Operating Revenues	$ 531,587	$ 91,428	$ 623,015	$ 364,677	$ 36,809	$ 401,486
Operating Expenses:						
Aircraft Fuel	128,863	247	129,110	83,392	—	83,392
Salaries, Wages, and Benefits	135,721	42,486	178,207	121,189	20,452	141,641
Aircraft Rent	17,653	—	17,653	30,989	—	30,989
Maintenance	29,537	10,558	40,095	22,457	4,959	27,416
Sales and Marketing	22,060	—	22,060	16,570	—	16,570
Depreciation and Amortization	54,914	105	55,019	48,086	—	48,086
Ground Handling	26,981	—	26,981	20,596	—	20,596
Landing Fees and Airport Rent	40,230	496	40,726	30,975	281	31,256
Special Items, net	(47,056)	(18,400)	(65,456)	(53,842)	(10,721)	(64,563)
Other Operating, net	56,428	15,152	71,580	41,880	6,838	48,718
Total Operating Expenses	465,331	50,644	515,975	362,292	21,809	384,101
Operating Income	$ 66,256	$ 40,784	$ 107,040	$ 2,385	$ 15,000	$ 17,385
Adjustment for Special Items	(47,056)	(18,400)	(65,456)	(53,842)	(10,721)	(64,563)
Operating Income (Loss), Excluding Special Items	**$ 19,200**	**$ 22,384**	**$ 41,584**	**$ (51,457)**	**$ 4,279**	**$ (47,178)**
Operating Margin %, Excluding Special Items	**4 %**	**24 %**	**7 %**	**(14)%**	**12 %**	**(12)%**

(1) Air cargo operations with Amazon commenced in May 2020.

Passenger. Passenger operating income increased by $63,871 to $66,256 for the year ended December 31, 2021 from $2,385 for the year ended December 31, 2020. For more information on the changes in the components of operating income for the Passenger segment, refer to the consolidated results of operations discussion above.

Cargo. Cargo operating income was $40,784 for the year ended December 31, 2021, as compared to $15,000 for the year ended December 31, 2020. As Amazon air cargo operations commenced in May 2020, the Cargo segment was ramping up operations during 2020. For more information on the components of operating income for the Cargo segment, refer to the Consolidated Results of Operations discussion above, where we more fully describe the cargo expenses embedded within each financial statement line item.

For the Years Ended December 31, 2020 and 2019

	Year Ended December 31, 2020 [1]			Year Ended December 31, 2019 [1]		
	Passenger	**Cargo**	**Total**	**Passenger**	**Cargo**	**Total**
Operating Revenues	$ 364,677	$ 36,809	$ 401,486	$ 701,384	$ —	$ 701,384
Operating Expenses:						
Aircraft Fuel	83,392	—	83,392	165,666	—	165,666
Salaries, Wages, and Benefits	121,189	20,452	141,641	140,739	—	140,739
Aircraft Rent	30,989	—	30,989	49,908	—	49,908
Maintenance	22,457	4,959	27,416	35,286	—	35,286
Sales and Marketing	16,570	—	16,570	35,388	—	35,388
Depreciation and Amortization	48,086	—	48,086	34,877	—	34,877
Ground Handling	20,596	—	20,596	41,719	—	41,719
Landing Fees and Airport Rent	30,975	281	31,256	44,400	—	44,400
Special Items, net	(53,842)	(10,721)	(64,563)	7,092	—	7,092
Other Operating, net	41,880	6,838	48,718	68,187	—	68,187
Total Operating Expenses	362,292	21,809	384,101	623,262	—	623,262
Operating Income	$ 2,385	$ 15,000	$ 17,385	$ 78,122	$ —	$ 78,122
Adjustment for Special Items	(53,842)	(10,721)	(64,563)	7,092	—	7,092
Operating Income (Loss), Excluding Special Items	**$ (51,457)**	**$ 4,279**	**$ (47,178)**	**$ 85,214**	**$ —**	**$ 85,214**
Operating Margin %, Excluding Special Items	**(14)%**	**12 %**	**(12)%**	**12 %**	**— %**	**12 %**

(1) Air cargo operations with Amazon commenced in May 2020.

Passenger. Passenger operating income decreased $75,737, or 97%, to $2,385 for the year ended December 31, 2020 from $78,122 for the year ended December 31, 2019. For more information on the changes in the components of operating income for the Passenger segment, refer to the consolidated results of operations discussion above.

Cargo. Cargo operating income was $15,000 for the year ended December 31, 2020, as compared to $0 for the year ended December 31, 2019. As air cargo operations commenced in May 2020, the Cargo segment was not applicable to fiscal year 2019. For more information on the components of operating income for the Cargo segment, refer to the consolidated results of operations discussion above, where we more fully describe the cargo expenses embedded within each financial statement line item.

Non-GAAP Financial Measures

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

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

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

Adjusted Operating Income, Adjusted Operating Income Margin and Adjusted Net Income have limitations as analytical tools. Some of the limitations applicable to these measures include: Adjusted Operating Income, Adjusted Operating Income Margin and Adjusted Net Income do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and other companies in our industry may calculate Adjusted Operating Income, Adjusted Operating Income Margin and Adjusted Net Income differently than we do, limiting each measure's usefulness as a comparative measure. Because of these limitations, Adjusted Operating Income, Adjusted Operating Income Margin and Adjusted Net Income should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

As derivations of operating income and net income, Adjusted Operating Income, Adjusted Operating Income Margin, and Adjusted Net Income are not determined in accordance with GAAP, such measures are susceptible to varying calculations and not all companies calculate these measures in the same manner. As a result, derivations of operating income and net income, including Adjusted Operating Income, Adjusted Operating Income Margin and Adjusted Net Income, as presented may not be directly comparable to similarly titled measures presented by other companies. For the foregoing reasons, Adjusted Operating Income, Adjusted Operating Income Margin and Adjusted Net Income have significant limitations which affect their use as indicators of our profitability and valuation. Accordingly, readers are cautioned not to place undue reliance on this information.

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

	Year Ended December 31,		
	2021	**2020**	**2019**
Adjusted Operating Income Margin (Loss) reconciliation:			
Operating Revenue	$ 623,015	$ 401,486	$ 701,384
Operating Income	107,040	17,385	78,122
Special Items, net [(a)]	(65,456)	(64,563)	7,092
Stock compensation expense	5,562	2,110	1,888
Voluntary leave expense [(b)]	—	4,881	—
TRA expenses [(c)]	320	—	—
Other Adjustments [(d)]	3,015	—	226
Adjusted Operating Income (Loss)	**$ 50,481**	**$ (40,187)**	**$ 87,328**
Operating Income Margin	17.2 %	4.3 %	11.1 %
Adjusted Operating Income Margin (Loss)	**8.1 %**	**(10.0)%**	**12.5 %**

(a) The adjustments include Special Items, net, as presented in Note 15 of the Company's Consolidated Financial Statements.

(b) This represents expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of Special Items, net.

(c) This represents the one-time costs to establish the TRA with our pre-IPO stockholders, plus the quarterly cost to revalue the liability balance. See Note 13 of the Company's Consolidated Financial Statements.

(d) Other adjustments for the year ended December 31, 2021 included an adjustment to expenses related to pilot vacation time resulting from the new CBA, and for the year ended December 31, 2019, expenses incurred in terminating work on a planned new crew base.

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

	Year Ended December 31,		
	2021	2020	2019
Adjusted Net Income (Loss) reconciliation:	$ 77,470	$ (3,904)	$ 46,072
Net Income (Loss)			
Special Items, net [(a)]	(65,456)	(64,563)	7,092
Stock compensation expense	5,562	2,110	1,888
Voluntary leave expense [(b)]	—	4,881	—
Loss on asset transactions, net	3	413	745
Early pay-off of US Treasury loan	842	—	—
Loss on refinancing credit facility	382	—	—
Secondary Offering Costs	1,763	—	—
TRA expenses [(c)]	320	—	—
TRA adjustment [(d)]	(16,400)	—	—
Other Adjustments [(e)]	3,015	—	226
Income tax effect of adjusting items, net [(f)]	12,321	13,147	(2,289)
Adjusted Net Income (Loss)	**$ 19,822**	**$ (47,916)**	**$ 53,734**

(a) The adjustments include Special Items, net, as presented in Note 15 of the Company's Consolidated Financial Statements.

(b) This represents expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of Special Items, net.

(c) This represents the one-time costs to establish the TRA with our pre-IPO stockholders, plus the quarterly cost to revalue the liability balance. See Note 13 of the Company's Consolidated Financial Statements.

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

(e) Other adjustments for the year ended December 31, 2021 included an adjustment to expenses related to pilot vacation time resulting from the new CBA, and for the year ended December 31, 2019, expenses incurred in terminating work on a planned new crew base.

(f) The tax effect of adjusting items, net is calculated at the Company's statutory rate for the applicable period. The TRA adjustment is not tax deductible and therefore not included in this adjustment.

Adjusted EBITDAR

Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Rent ("Adjusted EBITDAR") is a non-GAAP measure included as supplemental disclosure because we believe it is a valuation measure commonly used by investors, securities analysts, and other interested parties in the industry to compare airline companies and derive valuation estimates without consideration of airline capital structure or aircraft ownership methodology. We believe that while items excluded from Adjusted EBITDAR may be recurring in nature and should not be disregarded in evaluation of our earnings performance, Adjusted EBITDAR is useful because its calculation isolates 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 finance 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 companies for reasons unrelated to overall operating performance. Adjusted EBITDAR should not be viewed as a measure of overall performance or considered in isolation or as an alternative to net income because it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. We have historically incurred substantial rent expense due to our legacy fleet of operating leased aircraft, which are currently being transitioned to owned aircraft.

Adjusted EBITDAR has limitations as an analytical tool. Some of the limitations applicable to this measure include: Adjusted EBITDAR does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; Adjusted EBITDAR does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; Adjusted EBITDAR does not reflect changes in, or cash requirements for, our working capital needs; it does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDAR does not reflect any cash requirements for such replacements; and other companies in our industry may calculate Adjusted EBITDAR differently than we do, limiting each measure's usefulness as a comparative measure. Because of these limitations, Adjusted EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

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

	Year Ended December 31,		
	2021	2020	2019
Adjusted EBITDAR Reconciliation:			
Net Income (Loss)	$ 77,470	$ (3,904)	$ 46,072
Special Items, net [a]	(65,456)	(64,563)	7,092
Stock Compensation expense	5,562	2,110	1,888
Voluntary leave expense [b]	—	4,881	—
Loss on asset transactions, net	3	413	745
Secondary Offering Costs	1,763	—	—
TRA expenses [c]	320	—	—
TRA adjustment [d]	(16,400)	—	—
Interest Income	(85)	(377)	(937)
Interest expense	26,326	22,073	17,170
Provision for income taxes	17,953	(778)	14,088
Depreciation and Amortization	55,019	48,086	34,877
Aircraft rent	17,653	30,989	49,908
Other Adjustments [e]	3,015	—	226
Adjusted EBITDAR	**$ 123,143**	**$ 38,930**	**$ 171,129**

(a) The adjustments include Special Items, net, as presented in Note 15 of the Company's Consolidated Financial Statements.

(b) This represents expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of Special Items, net.

(c) This represents the one-time costs to establish the TRA with our pre-IPO stockholders, plus the quarterly cost to revalue the liability balance. See Note 13 of the Company's Consolidated Financial Statements.

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

(e) Other adjustments for the year ended December 31, 2021 included an adjustment to expenses related to pilot vacation time resulting from the new CBA, and for the year ended December 31, 2019, expenses incurred in terminating work on a planned new crew base.

CASM and Adjusted CASM

Cost per Available Seat Mile ("CASM") is a key airline cost metric defined as operating expenses divided by total available seat miles. Adjusted CASM is a non-GAAP measure derived from CASM by excluding fuel costs, costs related to our cargo operations (starting in 2020 when we launched our cargo operations), certain commissions and other costs of selling our vacation products from this measure as these costs are unrelated to our airline operations and improve comparability to our peers. Adjusted CASM is an important measure used by management and by our Board of Directors in assessing quarterly and annual cost performance. Adjusted CASM is commonly used by industry analysts and we believe it is an important metric by which they compare our airline to others in the industry, although other airlines may exclude certain other costs in their calculation of Adjusted CASM. The measure is also the subject of frequent questions from investors.

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

Starting in 2020 when we launched our cargo operations, we have excluded costs related to the cargo operations as these operations do not create ASMs. The cargo expenses in the reconciliation below are different from the total operating expenses for our Cargo segment in the "Segment Information" table presented above, due to several items that are included in the Cargo segment but have been captured in other line items used in the Adjusted CASM calculation. We also exclude certain commissions and other costs of selling our vacation products from Adjusted CASM as these costs are unrelated to our airline operations and improve comparability to our peers. Adjusted CASM further excludes special items and other adjustments, as defined in the relevant reporting period, that are not representative of the ongoing costs necessary to our airline operations and may improve comparability between periods. We also exclude stock compensation expense when computing Adjusted CASM. The Company's compensation strategy includes the use of stock-based compensation to attract and retain employees and executives and is principally aimed at aligning their interests with those of our stockholders and at long-term employee retention, rather than to motivate or reward operational performance for any period. Thus, stock-based compensation expense varies for reasons that are generally unrelated to operational decisions and performance in any period.

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

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

	Year Ended December 31,					
	2021		2020		2019	
	Operating Expenses	Per ASM (in cents)	Operating Expenses	Per ASM (in cents)	Operating Expenses	Per ASM (in cents)
CASM	$ 515,975	8.86	$ 384,101	8.91	$ 623,262	8.82
Less:						
Aircraft fuel	129,110	2.22	83,392	1.93	165,666	2.35
Stock Compensation expense	5,562	0.10	2,110	0.05	1,888	0.03
Special items, net [a]	(65,456)	(1.12)	(64,563)	(1.50)	7,092	0.10
Voluntary leave expense [b]	—	—	4,881	0.12	—	—
TRA Expense [c]	320	0.01	—	—	—	—
Cargo expenses, not already adjusted above	67,203	1.15	31,429	0.73	—	—
Sun Country Vacations	781	0.01	589	0.01	2,448	0.03
Other Adjustments [d]	3,015	0.05	—	—	226	—
Adjusted CASM	**$ 375,440**	**6.44**	**$ 326,263**	**7.57**	**$ 445,942**	**6.31**
Available Seat Miles	5,826,827		4,311,142		7,064,563	

(a) The adjustments include Special Items, net, as presented in Note 15 of the Company's Consolidated Financial Statements.

(b) This represents expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of Special Items, net.

(c) This represents the one-time costs to establish the TRA with our pre-IPO stockholders, plus the quarterly cost to revalue the liability balance. See Note 13 of the Company's Consolidated Financial Statements.

(d) Other adjustments for the year ended December 31, 2021 included an adjustment to expenses related to pilot vacation time resulting from the new CBA, and for the year ended December 31, 2019, expenses incurred in terminating work on a planned new crew base.

Liquidity and Capital Resources

The airline business is capital intensive and our ability to successfully execute our business strategy is largely dependent on the continued availability of capital on attractive terms and our ability to maintain sufficient liquidity. We have historically funded our operations and capital expenditures primarily through cash from operations, proceeds from stockholders' capital contributions, the issuance of promissory notes, our 2019-1 EETC financing, and the Delayed Draw Term Loan Facility. In March 2021, the Company offered 9,090,909 shares of common stock to the public at $24.00 per share. The underwriters had an option to purchase an additional 1,363,636 shares from the Company at the public offering price, which they exercised. In total, all 10,454,545 shares were issued and the net proceeds to the Company were $225,329 after deducting underwriting discounts and commissions, and other offering expenses.

Our primary sources of liquidity as of December 31, 2021 included our existing cash and cash equivalents of $309,338 and short-term investments of $6,283, our expected cash generated from operations and our $25,000 Revolving Credit Facility, which was undrawn as of December 31, 2021. In addition, we had restricted cash of $8,447 as of December 31, 2021, which consists of cash received as prepayment for chartered flights that is maintained in separate escrow accounts in accordance with DOT regulations requiring that charter revenue receipts received prior to the date of transportation are maintained in a separate third-party escrow account. The restrictions are released once transportation is provided.

During 2021, we received grants totaling $71,587 from the Treasury under PSP2 and PSP3. We received a total of $62,312 in assistance from the Treasury in 2020 as part of the Payroll Support Program under the CARES Act. We also received a CARES Act Loan of $45,000 in October 2020. In accordance with any grants and/or loans received under the CARES Act, we are required to comply with the relevant provisions of the CARES Act and the related implementing agreements which, among other things, include the following: the requirement to use the Payroll Support Payments exclusively for the continuation of payment of crewmember and employee wages, salaries and benefits; the requirement that certain levels of commercial air service be maintained until March 1, 2022, if ordered by the DOT; the prohibitions on share repurchases of listed securities and the payment of common stock (or equivalent) dividends until September 30, 2022 under PSP3; and restrictions on the payment of certain executive compensation until April 1, 2023 under PSP3. A portion of the proceeds from our initial public offering was used to repay in full all amounts outstanding under the CARES Act Loan.

On February 10, 2021, Sun Country, Inc., our wholly-owned subsidiary (the “Borrower”), entered into the Credit Agreement, which provides for a $25,000 Revolving Credit Facility and a $90,000 Delayed Draw Term Loan Facility, which we refer to collectively as the “Credit Facilities,” and repaid in full all borrowings outstanding under the Company’s prior $25,000 asset-based revolving credit facility. The Revolving Credit Facility matures on the earlier of (i) February 10, 2026 and (ii) to the extent the sum of (x) the amount unused commitments under the Delayed Draw Term Loan Facility and (y) the amount of loans under the Delayed Draw Term Loan Facility exceeds $25,000 on such date, the date that is 180 days prior to February 10, 2026. The Delayed Draw Term Loan Facility matures on February 10, 2026. The Delayed Draw Term Loan Facility is available only to finance the acquisition of aircraft and engines and is not available for working capital or other general corporate purposes. Only the $25,000 Revolving Credit Facility portion of the Credit Facilities is available for general corporate purposes and as a general source of liquidity. During 2021, we drew $80,500 on the Delayed Draw Term Loan Facility, and $77,481 remained outstanding on December 31, 2021.

In December 2019, Sun Country arranged for the issuance of Class A, Class B and Class C pass through trust certificates, Series 2019-1 (the “2019-1 EETC”), in an aggregate face amount of $248,587 (the “Certificates”) for the purpose of financing or refinancing 13 used aircraft. The Certificates were issued to certain institutional investors, and the 2019-1 EETC face amount of the Certificates were funded by the purchase price paid by such investors for its Certificates on four funding dates from December 2019 through June 2020.

Our primary uses of liquidity are for operating expenses, capital expenditures, lease rentals and maintenance reserve deposits, debt repayments and working capital requirements. Our single largest capital expenditure requirement relates to the acquisition of aircraft, which we have historically acquired through operating leases, finance leases, and debt. After our IPO in March of 2021, we began purchasing aircraft and engines with cash.

We plan to grow the passenger fleet to an estimated 50 aircraft by the end of 2023. We may finance additional aircraft through debt financing or finance leases based on market conditions, our prevailing level of liquidity and capital market availability. We may also enter into new operating leases on an opportunistic basis.

In addition to funding the acquisition of aircraft, we are required by our aircraft lessors to fund reserves in cash in advance for scheduled maintenance to act as collateral for the benefit of lessors. Qualifying payments that are expected to be recovered from lessors are recorded as Lessor Maintenance Deposits on our Consolidated Balance Sheet. A portion of our deposits is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the aircraft leases.

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

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

	December 31, 2021	December 31, 2020	December 31, 2019
Cash and Cash Equivalents	$ 309,338	$ 62,028	$ 51,006
Investments	6,283	5,624	5,694
Long-term Debt	277,426	282,463	86,917
Finance Lease Obligations	192,155	107,170	197,355
Operating Lease Obligations	76,041	147,199	172,490
Total Debt and Lease obligations	$ 545,622	$ 536,832	$ 456,762
Stockholders' Equity	486,811	283,817	283,724
Total Invested Capital	$ 1,032,433	$ 820,649	$ 740,486
Debt-to-Capital	0.53	0.65	0.62

Sources and Uses of Liquidity

	Year Ended December 31, 2021	2020	2019
Total Operating Activities	$ 152,013	$ 374	$ 63,272
Investing Activities:			
Purchases of Property & Equipment	(116,369)	(96,298)	(69,816)
Other	(604)	270	252
Total Investing Activities	(116,973)	(96,028)	(69,564)
Financing Activities:			
Cash from Stock Offering, net	227,510	—	—
Proceeds from Borrowings	80,500	265,307	41,630
Proceeds Received for Amazon Warrants	—	—	4,667
Repayment of Finance Leases	(11,931)	(89,697)	(8,258)
Repayment of Borrowings	(85,370)	(69,906)	(10,153)
Debt Issuance Costs	(2,560)	(4,186)	(557)
Other	4,233	21	—
Total Financing Activities	212,382	101,539	27,329
Net Increase in Cash	$ 247,422	$ 5,885	$ 21,037

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

Operating Cash Flow Activities

Operating activities in the year ended December 31, 2021 provided $152,013 of cash, as compared to providing $374 and $63,272 in the years ended December 31, 2020 and 2019, respectively. During those three year periods, Net Income (Loss) was $77,470, ($3,904) and $46,072, respectively.

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

Seasonality of Advance Ticket Sales. We sell tickets for air travel in advance of the customer's travel date. When we receive a cash payment at the time of sale, we record the cash received on advance sales as deferred revenue in Air Traffic Liabilities. Air Traffic Liabilities typically increase during the fall and early winter months as advanced ticket sales grow prior to the late winter and spring peak travel season and decrease during the summer months.

Fuel. Fuel expense represented approximately 25%, 22% and 27% of our total operating expense for the years ended December 31, 2021, 2020 and 2019, respectively. The market price for jet fuel is volatile, which can impact the comparability of our periodic cash flows from operations. Fuel consumption increased during 2021 compared to prior year, consistent with increased passengers as the impact of the pandemic subsides.

CARES Act. During the year ended December 31, 2021 we received $71,587 in CARES Act grants. During the year ended December 31, 2020 we received $62,312 in CARES Act grants.

Investing Cash Flow Activities

Capital Expenditures. Our capital expenditures were $116,369 and $96,298 for the year ended December 31, 2021 and 2020, respectively. Our capital expenditures during the year ended December 31, 2021 were primarily related to the purchases of six existing aircraft previously under operating leases that were financed through draws on the Delayed Draw Term Loan Facility. Overall, we invested $97,388 to purchase seven aircraft (including the six noted above) and three engines in 2021, as compared to investing $88,561 on four aircraft and one engine in the 2020. During the year ended December 31, 2021, we also purchased a flight simulator for $4,909.

Financing Cash Flow Activities

IPO. On March 16, 2021, the Company offered 9,090,909 shares of common stock to the public at $24.00 per share. The underwriters had an option to purchase an additional 1,363,636 shares from the Company at the public offering price, which they exercised. In total, all 10,454,545 shares were issued and the net proceeds to the Company were $225,329 after deducting underwriting discounts and commissions, and other offering expenses.

Debt. In the year ended December 31, 2021, we incurred $80,500 in new debt under the $90,000 Delayed Draw Term Loan Facility, primarily to purchase six aircraft, which were previously under operating leases. In 2020 we incurred $220,307 in debt under the 2019-1 EETC, primarily to purchase two aircraft new to the Company, purchase two aircraft which were previously under operating leases, purchase five aircraft which were previously under finance leases, as well as to refinance three other owned aircraft. In October 2020, we received a Cares Act Loan of $45,000 which was repaid in full on March 24, 2021. In addition, during 2021 we repaid $39,951 of other debt. In 2020, we repaid $89,697 toward finance lease obligations, primarily related to the buy-out of five aircraft. In 2020 we repaid $69,906 of outstanding debt, primarily related to the refinancing of three aircraft.

For additional information regarding these financing arrangements, see Note 8 of the Notes to the Consolidated Financial Statements.

Off Balance Sheet Arrangements

Indemnities. Our aircraft, equipment and other leases and certain operating agreements typically contain provisions requiring us, as the lessee, 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 covers most of our exposure to liabilities and related indemnities associated with the leases described above.

Pass-Through Trusts. We have equipment notes outstanding issued under the 2019-1 EETC. Generally, the structure of the EETC financings consists of pass-through trusts created by us to issue pass-through certificates, which represent fractional undivided interests in the respective pass-through trusts and are not obligations of Sun Country. The proceeds of the issuance of the pass-through certificates are used to purchase equipment notes which are issued by us and secured by our aircraft. The payment obligations under the equipment notes are those of Sun Country. We purchased or refinanced 13 aircraft utilizing these certificates and the obligations are listed in Note 8 – Debt.

Fuel Consortia. We currently participate in fuel consortia at Minneapolis-Saint Paul International Airport, Las Vegas International Airport, Dallas-Fort Worth International Airport, San Diego International Airport, Los Angeles International Airport, Seattle Tacoma International Airport, Portland International Airport, Phoenix Sky Harbor International Airport, Orlando International Airport and Southwest Florida International Airport and we expect to expand our participation with other airlines in fuel consortia and fuel committees at our airports where economically beneficial. These agreements generally include cost-sharing provisions and environmental indemnities that are generally joint and several among the participating airlines. Consortia that are governed by interline agreements are either (i) not variable interest entities ("VIEs") because they are not legal entities or (ii) are variable interest entities but the Company is not deemed the primary beneficiary. Therefore, these agreements are not reflected on our consolidated balance sheets. There are no assets or liabilities on our balance sheets related to these VIEs, since our participation is limited to purchasing aircraft fuel.

We have no other off-balance sheet arrangements.

Commitments and Contractual Obligations

We have contractual obligations comprised of aircraft leases and supplemental maintenance reserves, payment of debt and interest and other lease arrangements. As of December 31, 2021, we also have a contractual obligation to pay our pre-IPO stockholders under the terms of the Tax Receivable Agreement.

The agreement provides for the payment by the Company to the pre-IPO stockholders of 85% of the amount of cash savings, if any, in U.S. federal, state, local, and foreign income tax that the Company realizes as a result of certain tax attributes that existed at the time of the IPO. For additional information regarding this agreement, see Note 13 of the Notes to the Consolidated Financial Statements.

For additional information, refer to Note 16 Commitments and Contingencies to our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K. Except as described herein, there have been no material changes in our contractual obligations and commitments other than in the ordinary course of business since our fiscal year ended December 31, 2021.

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit Number	Exhibit Description
31.1*	Certification by Sun Country's Chief Executive Officer with respect to Sun Country's Annual Report on Form 10-K for the fiscal year ended December 31, 2021
31.2*	Certification by Sun Country's President and Chief Financial Officer with respect to Sun Country's Annual Report on Form 10-K for the fiscal year ended December 31, 2021
32*	Certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code by Sun Country Airlines Holdings, Inc.'s Chief Executive Officer and President and Chief Financial Officer with respect to Sun Country's Annual Report on Form 10-K for the fiscal year ended December 31, 2021
104*	Cover Page Interactive Data Files (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith

SIGNATURE

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

Sun Country Airlines Holdings, Inc.
(Registrant)

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

February 22, 2022

Exhibit 31.1

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

I, Jude Bricker, certify that:

1. I have reviewed this annual report on Form 10-K/A of Sun Country Airlines Holdings, Inc. ("Sun Country") for the year ended December 31, 2021;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Sun Country as of, and for, the periods presented in this report;

4. Sun Country’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for Sun Country and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Sun Country, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)]
   (c) Evaluated the effectiveness of Sun Country’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in Sun Country’s internal control over financial reporting that occurred during Sun Country’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Sun Country’s internal control over financial reporting; and

5. Sun Country’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Sun Country’s auditors and the Audit Committee of Sun Country’s Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Sun Country’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Sun Country’s internal control over financial reporting.

February 22, 2022

/s/ Jude Bricker
Jude Bricker
Chief Executive Officer

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

I, Dave Davis, certify that:

1. I have reviewed this annual report on Form 10-K/A of Sun Country Airlines Holdings, Inc. ("Sun Country") for the year ended December 31, 2021;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Sun Country as of, and for, the periods presented in this report;

4. Sun Country's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for Sun Country and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Sun Country, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)]
    (c) Evaluated the effectiveness of Sun Country's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in Sun Country's internal control over financial reporting that occurred during Sun Country's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Sun Country's internal control over financial reporting; and

5. Sun Country's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Sun Country's auditors and the Audit Committee of Sun Country's Board of Directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Sun Country's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Sun Country's internal control over financial reporting.

February 22, 2022

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

Exhibit 32

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

February 22, 2022

The certifications set forth below are hereby submitted to the Securities and Exchange Commission pursuant to, and solely for the purpose of complying with, Section 1350 of Chapter 63 of Title 18 of the United States Code in connection with the filing on the date hereof with the Securities and Exchange Commission of the annual report on Form 10-K/A of Sun Country Airlines Holdings, Inc. ("Sun Country") for the annual period ended December 31, 2021 (the "Report").

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

1. such Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Sun Country.

/s/ Jude Bricker
Jude Bricker
Chief Executive Officer

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