

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

FORM 10-Q

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from _____ to _____

Commission file number: 1-14260

The GEO Group, Inc.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

**4955 Technology Way
Boca Raton, Florida**
(Address of principal executive offices)

65-0043078
(IRS Employer
Identification No.)

33431
(Zip Code)

(561) 893-0101

(Registrant's telephone number, including area code)
N/A

(Former name, former address and former fiscal year if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	GEO	New York Stock Exchange

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

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

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

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

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

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

As of November 7, 2024, the registrant had 139,827,503 shares of common stock outstanding.

TABLE OF CONTENTS

<u>PART I - FINANCIAL INFORMATION</u>	3
<u>ITEM 1. FINANCIAL STATEMENTS</u>	3
<u>CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023</u>	3
<u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023</u>	4
<u>CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2024 (UNAUDITED) AND DECEMBER 31, 2023</u>	5
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023</u>	6
<u>NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS</u>	7
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	33
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	52
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	52
<u>PART II - OTHER INFORMATION</u>	53
<u>ITEM 1. LEGAL PROCEEDINGS</u>	53
<u>ITEM 1A. RISK FACTORS</u>	55
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	56
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	56
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	56
<u>ITEM 5. OTHER INFORMATION</u>	56
<u>ITEM 6. EXHIBITS</u>	57
<u>SIGNATURES</u>	58

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**THE GEO GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2024 AND 2023
(In thousands, except per share data)**

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenues	\$ 603,125	\$ 602,785	\$ 1,815,982	\$ 1,804,885
Operating expenses	441,917	440,667	1,327,121	1,302,287
Depreciation and amortization	31,756	31,173	94,434	94,787
General and administrative expenses	47,081	47,356	152,349	139,182
Operating income	82,371	83,589	242,078	268,629
Interest income	3,168	1,320	7,634	3,785
Interest expense	(45,498)	(55,777)	(147,437)	(165,081)
Loss on extinguishment of debt	(2,920)	(91)	(85,298)	(1,845)
(Loss) gain on asset divestitures/impairment	—	1,274	(2,907)	3,449
Income before income taxes and equity in earnings of affiliates	37,121	30,315	14,070	108,937
Provision for (benefit from) income taxes	11,664	6,521	(644)	30,036
Equity in earnings of affiliates, net of income tax provision of \$197, \$67, \$512 and \$581, respectively	832	709	1,671	3,121
Net income	26,289	24,503	16,385	82,022
Net loss attributable to noncontrolling interests	31	16	90	71
Net income attributable to The GEO Group, Inc.	\$ 26,320	\$ 24,519	\$ 16,475	\$ 82,093
Weighted-average common shares outstanding:				
Basic	135,961	122,066	129,682	121,850
Diluted	138,130	123,433	132,022	123,479
Net income per common share attributable to The GEO Group, Inc.:				
Basic:				
Net income per common share attributable to The GEO Group Inc.-basic	\$ 0.19	\$ 0.17	\$ 0.12	\$ 0.56
Diluted:				
Net income per common share attributable to The GEO Group, Inc.-diluted	\$ 0.19	\$ 0.16	\$ 0.11	\$ 0.55

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

THE GEO GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2024 AND 2023
(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net income	\$ 26,289	\$ 24,503	\$ 16,385	\$ 82,022
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	4,923	(2,852)	3,753	(5,242)
Change in marketable securities, net of tax provision of \$131, \$0, \$131 and \$253, respectively	495	—	495	953
Pension liability adjustment, net of tax provision of \$3, \$0, \$9 and \$0, respectively	12	—	36	—
Change in fair value of derivative instrument classified as cash flow hedge, net of tax (benefit) provision of (\$373), \$364, (\$156) and \$311, respectively	(1,404)	1,370	(589)	1,170
Total other comprehensive income (loss), net of tax	4,026	(1,482)	3,695	(3,119)
Total comprehensive income	30,315	23,021	20,080	78,903
Comprehensive loss attributable to noncontrolling interests	59	15	121	44
Comprehensive income attributable to The GEO Group, Inc.	<u>\$ 30,374</u>	<u>\$ 23,036</u>	<u>\$ 20,201</u>	<u>\$ 78,947</u>

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

THE GEO GROUP, INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(In thousands, except share data)

	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 70,635	\$ 93,971
Accounts receivable, net of credit loss reserve of \$676 and \$606, respectively	367,504	390,023
Prepaid expenses and other current assets	46,359	44,511
Total current assets	484,498	528,505
Restricted Cash and Investments	147,774	135,968
Property and Equipment, Net	1,910,554	1,944,278
Operating Lease Right-of-Use Assets, Net	96,718	102,204
Deferred Income Tax Assets	8,551	8,551
Goodwill	756,042	755,199
Intangible Assets, Net	128,902	135,886
Other Non-Current Assets	100,253	85,815
Total Assets	\$ 3,633,292	\$ 3,696,406
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 64,532	\$ 64,447
Accrued payroll and related taxes	86,280	64,436
Accrued expenses and other current liabilities	210,309	228,059
Operating lease liabilities, current portion	25,408	24,640
Current portion of finance lease liabilities and long-term debt	55,109	55,882
Total current liabilities	441,638	437,464
Deferred Income Tax Liabilities	72,604	77,369
Other Non-Current Liabilities	90,594	83,643
Operating Lease Liabilities	75,232	82,114
Long-Term Debt, Net	1,638,686	1,725,502
Commitments, Contingencies and Other Matters (Note 11)		
Shareholders' Equity		
Preferred stock, \$0.01 par value, 30,000,000 shares authorized, none issued or outstanding	—	—
Common stock, \$0.01 par value, 225,000,000 shares authorized, 139,721,789 and 130,297,248 issued and 139,721,789 and 126,087,401 outstanding, respectively	1,397	1,303
Additional paid-in capital	1,303,243	1,299,193
Retained earnings	24,389	103,089
Accumulated other comprehensive loss	(12,916)	(16,642)
Treasury stock, 0 and 4,209,847 shares, at cost, respectively	—	(95,175)
Total shareholders' equity attributable to The GEO Group, Inc.	1,316,113	1,291,768
Noncontrolling interests	(1,575)	(1,454)
Total shareholders' equity	1,314,538	1,290,314
Total Liabilities and Shareholders' Equity	\$ 3,633,292	\$ 3,696,406

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

THE GEO GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2024 AND 2023
(In thousands)

	Nine Months Ended	
	September 30, 2024	September 30, 2023
Cash Flow from Operating Activities:		
Net income	\$ 16,385	\$ 82,022
Net loss attributable to noncontrolling interests	90	71
Net income attributable to The GEO Group, Inc.	16,475	82,093
Adjustments to reconcile net income attributable to The GEO Group, Inc. to net cash provided by operating activities:		
Depreciation and amortization expense	94,434	94,787
Stock-based compensation	12,322	12,052
Loss on extinguishment of debt	85,298	1,845
Amortization of debt issuance costs, discount and/or premium and other non-cash interest	6,597	8,963
Provision for doubtful accounts	—	412
Equity in earnings of affiliates, net of tax	(1,671)	(3,121)
Dividends received from unconsolidated joint ventures	4,586	2,283
Realized/unrealized gain on investments	(7,586)	(2,644)
Gain on sale/disposal of property and equipment, net	(581)	(724)
Gain on assets held for sale	—	(1,274)
Loss on asset divestitures/impairment	2,907	—
Changes in assets and liabilities, net of effects of acquisitions:		
Changes in accounts receivable, prepaid expenses and other assets	7,349	45,059
Changes in accounts payable, accrued expenses and other liabilities	3,642	(9,655)
Net cash provided by operating activities	223,772	230,076
Cash Flow from Investing Activities:		
Proceeds from sale of property and equipment	—	2,690
Proceeds from sale of real estate and other assets	—	15,109
Purchases of marketable securities	(31,747)	—
Proceeds from sale of marketable securities	9,399	—
Capital expenditures	(57,909)	(53,569)
Net cash used in investing activities	(80,257)	(35,770)
Cash Flow from Financing Activities:		
Payments on long-term debt	(1,873,874)	(131,359)
Proceeds from issuance of long-term debt	1,720,500	—
Proceeds from borrowings on revolver	40,000	—
Payments for call premiums	(35,558)	—
Proceeds from sale of treasury shares	—	5,750
Taxes paid related to net share settlements of equity awards	(7,464)	(3,442)
Proceeds from issuance of common stock in connection with ESPP	115	117
Debt issuance costs	(30,621)	—
Proceeds from the exercise of stock options	785	85
Net cash used in financing activities	(186,117)	(128,849)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash and Cash Equivalents	1,138	(3,116)
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash and Cash Equivalents	(41,464)	62,341
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, beginning of period	159,867	143,843
Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, end of period	\$ 118,403	\$ 206,184
Supplemental Disclosures:		
Non-cash Investing and Financing activities:		
Right-of-use assets obtained from operating lease liabilities	\$ 6,038	\$ 32,768
Debt issuance costs in accrued expenses	\$ 5,127	\$ 3,850
Capital expenditures in accounts payable and accrued expenses	\$ 4,922	\$ 2,409

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

THE GEO GROUP, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The GEO Group, Inc., a Florida corporation, and subsidiaries (the "Company" or "GEO") specialize in the ownership, leasing and management of secure facilities, processing centers and community reentry centers in the United States, Australia and South Africa. The Company owns, leases and operates a broad range of facilities including maximum, medium and minimum security facilities, processing centers, as well as community-based reentry facilities and offers an expanded delivery of rehabilitation services under its 'GEO Continuum of Care' platform. The 'GEO Continuum of Care' platform integrates enhanced rehabilitative programs, which are evidence-based and include cognitive behavioral treatment and post-release services, and provides academic and vocational classes in life skills and treatment programs while helping individuals reintegrate into their communities. The Company develops new facilities based on contract awards, using its project development expertise and experience to design, construct and finance what it believes are state-of-the-art facilities that maximize security and efficiency. The Company provides innovative compliance technologies, industry-leading monitoring services, and evidence-based supervision and treatment programs for community-based parolees, probationers and pretrial defendants. The Company also provides secure transportation services for individuals as contracted domestically and in the United Kingdom through its joint venture GEOAmey Ltd. ("GEOAmey"). At September 30, 2024, the Company's worldwide operations include the management and/or ownership of approximately 80,000 beds at 99 facilities, including idle facilities, and also includes the provision of reentry and electronic monitoring and supervision services for thousands of individuals, including an array of technology products including radio frequency, GPS, and alcohol monitoring devices.

GEO operated as a real estate investment trust ("REIT") from January 1, 2013 through December 31, 2020. As a REIT, the Company provided services and conducted other business activities through taxable REIT subsidiaries ("TRSs"). A TRS is a subsidiary of a REIT that is subject to applicable corporate income tax rates and certain qualification requirements. The Company's use of TRSs permitted GEO to engage in certain business activities in which the REIT could not engage directly, so long as those activities were conducted in entities that elected to be treated as TRSs under the Internal Revenue Code of 1986, as amended (the "Code"), and enabled GEO to, among other things, provide correctional services at facilities it owns and at facilities owned by its government partners. A TRS is not subject to the distribution requirements applicable to REITs so it may retain income generated by its operations for reinvestment.

On December 2, 2021, the Company announced that its Board of Directors (the "Board") unanimously approved a plan to terminate the Company's REIT status and become a taxable C Corporation, effective for the year ended December 31, 2021. As a result, the Company is no longer required to operate under REIT rules, including the requirement to distribute at least 90% of REIT taxable income to its stockholders, which provides the Company with greater flexibility to use its free cash flow. Effective January 1, 2021, the Company is subject to federal and state income taxes on its taxable income at applicable tax rates and is no longer entitled to a tax deduction for dividends paid. The Company operated as a REIT for the 2020 tax year, and existing REIT requirements and limitations remained in place until December 31, 2020. The Board also voted unanimously to discontinue the Company's quarterly dividend.

The Company's unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and the instructions to Form 10-Q and consequently do not include all disclosures required by Form 10-K. The accounting policies followed for quarterly financial reporting are the same as those disclosed in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2024 for the year ended December 31, 2023. The accompanying December 31, 2023 consolidated balance sheet has been derived from those audited financial statements. Additional information may be obtained by referring to the Company's Form 10-K for the year ended December 31, 2023. In the opinion of management, all adjustments (consisting only of normal recurring items) necessary for a fair presentation of the financial information for the interim periods reported in this Quarterly Report on Form 10-Q have been made. Results of operations for the nine months ended September 30, 2024 are not necessarily indicative of the results for the entire year ending December 31, 2024, or for any other future interim or annual periods.

2. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company has recorded goodwill as a result of its various business combinations. Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the tangible assets and intangible assets acquired net of liabilities assumed, including noncontrolling interests. Changes in the Company's goodwill balances from January 1, 2024 to September 30, 2024 are as follows (in thousands):

	January 1, 2024	Additions [1]	Foreign Currency Translation	September 30, 2024
U.S. Secure Services	\$ 316,366	\$ —	\$ —	\$ 316,366
Electronic Monitoring and Supervision Services	289,570	—	—	289,570
Reentry Services	148,873	—	—	148,873
International Services	390	836	7	1,233
Total Goodwill	\$ 755,199	\$ 836	\$ 7	\$ 756,042

[1] During the nine months ended September 30, 2024, the Company completed an acquisition of an entity that performed health care services located in Australia. The purchase price was approximately AUD6.0 million, or approximately \$3.9 million, based on exchange rates on the date of acquisition subject to certain adjustments. The net assets acquired and operations were not material to our results from operations during the nine months ended September 30, 2024.

The Company has also recorded other finite and indefinite-lived intangible assets as a result of its various business combinations. The Company's intangible assets include facility management contracts and trade names and technology, as follows (in thousands):

	September 30, 2024				December 31, 2023		
	Weighted Average Useful Life (years)	Gross Carrying Amount	Accumulate d Amortizatio n	Net Carrying Amount	Gross Carrying Amount	Accumulate d Amortizatio n	Net Carrying Amount
Facility management contracts	16.3	\$ 223,790	\$(140,088)	\$ 83,702	\$ 223,781	\$(133,095)	\$ 90,686
Trade names	Indefinite	45,200	—	45,200	45,200	—	45,200
Total acquired intangible assets		\$ 268,990	\$(140,088)	\$ 128,902	\$ 268,981	\$(133,095)	\$ 135,886

Amortization expense was \$2.3 million and \$2.7 million for the three months ended September 30, 2024 and 2023, respectively. Amortization expense was \$7.0 million and \$9.4 million for the nine months ended September 30, 2024 and 2023, respectively. The Company records the costs associated with renewal and extension of facility management contracts as expenses in the period they are incurred. As of September 30, 2024, the weighted average period before the next contract renewal or extension for the acquired facility management contracts was approximately 1.2 years.

Estimated amortization expense related to the Company's finite-lived intangible assets for the remainder of 2024 through 2028 and thereafter is as follows (in thousands):

Fiscal Year	Total Amortization Expense
Remainder of 2024	\$ 1,605
2025	7,065
2026	7,166
2027	6,854
2028	6,854
Thereafter	54,158
	\$ 83,702

3. FINANCIAL INSTRUMENTS

The following tables provide a summary of the Company's significant financial assets and liabilities carried at fair value and measured on a recurring basis as of September 30, 2024 and December 31, 2023 (in thousands):

	Carrying Value at September 30, 2024	Fair Value Measurements at September 30, 2024		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Restricted investment:				
Rabbi Trusts	\$ 56,681	\$ 9,939	\$ 46,742	\$ —
Marketable equity and fixed income securities	55,149	1,885	53,264	—
Other non-current assets	19,179	—	19,179	—
Interest rate swap derivatives	3,104	—	3,104	—
	Carrying Value at December 31, 2023	Fair Value Measurements at December 31, 2023		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Restricted investments:				
Rabbi Trusts	\$ 51,247	\$ 9,547	\$ 41,700	\$ —
Marketable equity and fixed income securities	47,382	19,010	28,372	—
Other non-current assets	18,887	—	18,887	—
Interest rate swap derivatives	3,849	—	3,849	—

The Company's Level 2 financial instruments included in the tables above as of September 30, 2024 and December 31, 2023 consist of interest rate swap derivative assets/liabilities held by GEO, investments in equity and fixed income securities held in the Company's captive insurance subsidiary, Florina Insurance Company, Inc. ("Florina"), the Company's rabbi trust established for employer contributions to The GEO Group, Inc. Non-qualified Deferred Compensation Plan and other non-current assets which include the cash surrender value of company-owned life insurance policies. The Company's Level 1 financial instruments included in the table above as of September 30, 2024 consist of money market funds held in Florina and money market funds held in the Company's rabbi trust established for its Executive Chairman's retirement account.

The interest rate swap derivative assets are valued using a discounted cash flow model based on projected borrowing rates. The Company's restricted investment in the rabbi trust for The GEO Group, Inc. Non-qualified Deferred Compensation Plan is invested in Company-owned life insurance policies which are recorded at their cash surrender values. These investments are valued based on the underlying investments held in the policies' separate accounts. The underlying assets are equity and fixed income pooled funds. The marketable equity and fixed income securities are valued using quoted rates. The company-owned life insurance policies included in other non-current assets are valued at their cash surrender values.

4. FAIR VALUE OF ASSETS AND LIABILITIES

The Company's consolidated balance sheets reflect certain financial assets and liabilities at carrying value. The carrying value of certain debt instruments, if applicable, is net of unamortized discount. The following tables present the carrying values of those financial instruments and the estimated corresponding fair values at September 30, 2024 and December 31, 2023 (in thousands):

	Carrying Value as of September 30, 2024	Estimated Fair Value Measurements at September 30, 2024			
		Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 70,635	\$ 70,635	\$ 70,635	\$ —	\$ —
Restricted cash and investments	35,944	35,944	35,944	—	—
Liabilities:					
Borrowings under credit agreement	\$ 413,750	\$ 420,526	\$ —	\$ 420,526	\$ —
8.625% Senior Secured Notes due 2029	650,000	676,358	—	676,358	—
10.250% Senior Notes due 2031	625,000	667,388	—	667,388	—
6.50% Exchangeable Senior Notes due 2026	300	477	—	477	—

	Carrying Value as of December 31, 2023	Estimated Fair Value Measurements at December 31, 2023			
		Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 93,971	\$ 93,971	\$ 93,971	\$ —	\$ —
Restricted cash and investments	65,896	65,896	65,896	—	—
Liabilities:					
Borrowings under exchange credit facility	\$ 906,712	\$ 926,445	\$ —	\$ 926,445	\$ —
10.500% Public Second Lien Notes due 2028	286,521	293,049	—	293,049	—
9.500% Private Second Lien Notes due 2028	239,142	231,692	—	231,692	—
5.875% Senior Notes due 2024	23,253	22,946	—	22,946	—
6.00% Senior Notes due 2026	110,858	106,541	—	106,541	—
6.50% Exchangeable Senior Notes due 2026	230,000	319,920	—	319,920	—

The fair values of the Company's cash and cash equivalents, and restricted cash and investments approximates the carrying values of these assets at September 30, 2024 and December 31, 2023. Restricted cash consists of money market funds, bank deposits, commercial paper and time deposits used for asset replacement funds and other funds contractually required to be maintained at the Company's Australian subsidiary. It also includes cash on hand in the Company's captive insurance subsidiary, Florina. The fair value of the money market funds and bank deposits is based on quoted market prices (Level 1).

On April 18, 2024, the Company announced the closing of its previously announced private offering of \$1.275 billion aggregate principal amount of senior notes (the "Senior Notes Offering"), comprised of \$650.0 million aggregate principal amount of 8.625% senior secured notes due 2029 (the "Secured Notes" or "8.625% Secured Notes Due 2029") and \$625.0 million aggregate principal amount of 10.250% senior notes due 2031 (the "Unsecured Notes" or "10.250% Unsecured Notes due 2031"). The Company used the net proceeds of the Senior Notes Offering, borrowings under the new Term Loan (defined below), and cash on hand to refinance approximately \$1.5 billion of existing indebtedness, including to fund the repurchase, redemption or other discharge of the Company's existing Tranche 1 Term Loan and Tranche 2 Term Loan under its prior senior credit facility, the 9.500% senior second lien secured notes due 2028 (the "9.500% Private Second Lien Notes due 2028"), the 10.500% senior second lien secured notes due 2028 (the "10.500% Public Second Lien Notes due 2028"), and the 6.00% senior notes due 2026 (the "6.00% Senior Notes due 2026"), to pay related premiums, transaction fees and expenses, and for general corporate purposes of the Company.

The Company also entered into a Credit Agreement, dated April 18, 2024 (the "Credit Agreement") to, among other things, evidence and govern a first-lien senior secured revolving credit facility and the commitments thereunder, and a first-lien senior secured term loan facility. The aggregate principal amount of revolving credit commitments under the revolving credit facility is \$310 million (including a \$175 million letter of credit subfacility) and the aggregate principal amount of the new term loan facility is \$450.0 million.

The Company also retired the majority of its 6.50% exchangeable senior notes due 2026 (the "Convertible Notes" or 6.50% Exchangeable Senior Notes") during the second quarter of 2024.

Refer to Note 10 - Debt for further information.

As of September 30, 2024, the recurring fair values of the Company's 8.625% Secured Notes due 2029 and the 10.250% Unsecured Notes due 2028 are based on Level 2 inputs using quotations by major market news services, such as Bloomberg. The fair value of the Company's Credit Agreement was also based on quotations by major market news services and also estimates of trading value considering the Company's borrowing rate, the undrawn spread and similar instruments.

As of December 31, 2023, the recurring fair values of the Company's 10.500% Public Second Lien Notes due 2028 and the 9.500% Private Second Lien Notes due 2028 are based on Level 2 inputs using quotations by major market news services, such as Bloomberg. The fair value of the Company's exchange credit facility was also based on quotations by major market new services and also estimates of trading value considering the Company's borrowing rate, the undrawn spread and similar instruments.

As of December 31, 2023, the fair values of the Company's 5.875% senior unsecured notes due 2024 ("5.875% Senior Notes due 2024"), 6.00% Senior Notes due 2026, and the 6.50% Exchangeable Senior Notes are based on Level 2 inputs by major market news services.

5. RESTRICTED CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents and restricted cash and cash equivalents reported on the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	September 30, 2024	September 30, 2023
Cash and cash equivalents	\$ 70,635	\$ 141,020
Restricted cash and investments - non-current	147,774	130,729
Less Restricted investments - non-current	(100,006)	(65,565)
Total cash, cash equivalents and restricted cash and cash equivalents shown in the statement of cash flows	<u>\$ 118,403</u>	<u>\$ 206,184</u>

Amounts included in restricted cash and cash equivalents are attributable to certain contractual cash restriction requirements at the Company's wholly owned Australian subsidiary, asset replacement funds contractually required to be maintained and other guarantees and cash on hand in the Company's captive insurance subsidiary, Florina. Restricted investments - non-current (included in Restricted Cash and Investments in the accompanying consolidated balance sheets) consists of the Company's rabbi trust established for an employee and employer contributions to The GEO Group, Inc. Non-qualified Deferred Compensation Plan, its rabbi trust established for its Executive Chairman's retirement account held in a money market fund, investments in equity and fixed income securities and money market funds held in the Company's captive insurance subsidiary, Florina, and certain contractual cash requirements at the Company's wholly owned Australian subsidiary related to certain performance guarantees at its Ravenhall facility. The investments held in the rabbi trust related to The GEO Group, Inc. Non-Qualified Deferred Compensation Plan and the investments in equity and fixed income mutual funds held in Florina are restricted investments that are not considered to be restricted cash and cash equivalents in the accompanying consolidated statements of cash flows. Refer to Note 3 - Financial Instruments.

6. SHAREHOLDERS' EQUITY

The following tables present the changes in shareholders' equity that are attributable to the Company's shareholders and to noncontrolling interests for the three and nine months ended September 30, 2024 and 2023 (in thousands):

	Common shares		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury shares		Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount				Shares	Amount		
<i>For the Three Months Ended September 30, 2024</i>									
Balance, July 1, 2024	139,551	\$ 1,396	\$ 1,299,558	\$ (1,931)	\$ (16,970)	—	\$ —	\$ (1,516)	\$ 1,280,537
Proceeds from exercise of stock options	16	—	118	—	—	—	—	—	118
Stock-based compensation expense	—	—	3,534	—	—	—	—	—	3,534
Restricted stock granted	158	1	(1)	—	—	—	—	—	—
Restricted stock canceled	(21)	—	—	—	—	—	—	—	—
Issuance of common shares [3]	16	1	(1)	—	—	—	—	—	—
Shares withheld for net settlements of share-based awards [1]	(1)	(1)	(1)	—	—	—	—	—	(2)
Issuance of common stock - ESPP	3	—	36	—	—	—	—	—	36
Net income	—	—	—	26,320	—	—	—	(31)	26,289
Other comprehensive income (loss)	—	—	—	—	4,054	—	—	(28)	4,026
Balance, September 30, 2024	<u>139,722</u>	<u>\$ 1,397</u>	<u>\$ 1,303,243</u>	<u>\$ 24,389</u>	<u>\$ (12,916)</u>	<u>—</u>	<u>\$ —</u>	<u>\$ (1,575)</u>	<u>\$ 1,314,538</u>

	Common shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury shares		Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount				Shares	Amount		
<i>For the Three Months Ended September 30, 2023</i>									
Balance, July 1, 2023	126,075	\$ 1,303	\$ 1,292,826	\$ 53,338	\$ (18,582)	4,210	\$ (95,175)	\$ (1,339)	\$ 1,232,371
Proceeds from exercise of stock options	1	—	4	—	—	—	—	—	4
Stock-based compensation expense	—	—	3,116	—	—	—	—	—	3,116
Restricted stock granted	—	—	—	—	—	—	—	—	—
Restricted stock canceled	(10)	—	—	—	—	—	—	—	—
Issuance of common stock - ESPP	5	—	37	—	—	—	—	—	37
Net income	—	—	—	24,519	—	—	—	(16)	24,503
Other comprehensive income (loss)	—	—	—	—	(1,483)	—	—	1	(1,482)
Balance, September 30, 2023	<u>126,071</u>	<u>\$ 1,303</u>	<u>\$ 1,295,983</u>	<u>\$ 77,857</u>	<u>\$ (20,065)</u>	<u>4,210</u>	<u>\$ (95,175)</u>	<u>\$ (1,354)</u>	<u>\$ 1,258,549</u>

	Common shares		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury shares		Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount				Shares	Amount		
<i>For the Nine Months Ended September 30, 2024</i>									
Balance January 1, 2024	126,087	\$ 1,303	\$ 1,299,193	\$ 103,089	\$ (16,642)	4,210	\$ (95,175)	\$ (1,454)	\$ 1,290,314
Proceeds from exercise of stock options	163	2	783	—	—	—	—	—	785
Stock-based compensation expense	—	—	12,322	—	—	—	—	—	12,322
Restricted stock granted	1,712	17	(17)	—	—	—	—	—	—
Restricted stock canceled	(61)	(1)	1	—	—	—	—	—	—
Reissuance of treasury shares [3]	4,210	—	—	(95,175)	—	(4,210)	95,175	—	—
Issuance of common shares [3]	8,220	82	(1,696)	—	—	—	—	—	(1,614)
Shares withheld for net settlements of share-based awards [1]	(618)	(6)	(7,458)	—	—	—	—	—	(7,464)
Issuance of common stock - ESPP	9	—	115	—	—	—	—	—	115
Net income	—	—	—	16,475	—	—	—	(90)	16,385
Other comprehensive income (loss)	—	—	—	—	3,726	—	—	(31)	3,695
Balance, September 30, 2024	139,722	\$ 1,397	\$ 1,303,243	\$ 24,389	\$ (12,916)	—	\$ -	\$ (1,575)	\$ 1,314,538

	Common shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury shares		Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount				Shares	Amount		
<i>For the Nine Months Ended September 30, 2023</i>									
Balance, January 1, 2023	124,061	\$ 1,289	\$ 1,291,363	\$ (4,236)	\$ (16,919)	4,852	\$ (105,099)	\$ (1,310)	\$ 1,165,088
Proceeds from exercise of stock options	13	—	85	—	—	—	—	—	85
Stock-based compensation expense	—	—	12,052	—	—	—	—	—	12,052
Restricted stock granted	1,758	17	(17)	—	—	—	—	—	-
Restricted stock canceled	(36)	—	—	—	—	—	—	—	-
Shares withheld for net settlements of share-based awards [1]	(383)	(4)	(3,442)	—	—	—	—	—	(3,446)
Issuance of common stock - ESPP	16	1	116	—	—	—	—	—	117
Sale of treasury shares [2]	642	—	(4,174)	—	—	(642)	9,924	—	5,750
Net income	—	—	—	82,093	—	—	—	(71)	82,022
Other comprehensive income (loss)	—	—	—	—	(3,146)	—	—	27	(3,119)
Balance, September 30, 2023	126,071	\$ 1,303	\$ 1,295,983	\$ 77,857	\$ (20,065)	4,210	\$ (95,175)	\$ (1,354)	\$ 1,258,549

[1] The Company withheld shares through net settlements to satisfy statutory tax withholding requirements upon the vesting of shares of restricted stock held by employees.

[2] The Company sold treasury shares to partially fund its obligation under its Amended and Restated Executive Retirement Agreement with its Executive Chairman. Refer to Note 13 - Benefit Plans for further information.

[3] During the second and third quarters of 2024, the Company retired \$229.7 million in aggregate principal amount of its outstanding 6.50% Exchangeable Senior Notes in private exchange transactions for an exchange value of approximately \$410 million. The consideration consisted of cash of \$229.7 million and 12,430,285 shares of GEO common stock. Of the total amount of shares issued, the Company issued 4,209,847 shares that were previously held in treasury. Refer to Note 10 - Debt for further information.

Automatic Shelf Registration on Form S-3

On October 30, 2023, the Company filed an automatic shelf registration statement on Form S-3 with the Securities and Exchange Commission (the "SEC") that enables the Company to offer for sale, from time to time and as the capital markets permit, an unspecified amount of common stock, preferred stock, debt securities, guarantees of debt securities, warrants and units. The shelf registration statement became automatically effective upon filing and is valid for three years.

Prospectus Supplement

On December 28, 2023, in connection with the shelf registration, the Company filed with the SEC a prospectus supplement related to the offer and sale from time to time of our common stock at an aggregate offering price of up to \$300 million through sales agents. Sales of shares of GEO's common stock under the prospectus supplement and equity distribution agreements entered into with the sales agents, if any, will be made in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined

in Rule 415 under the Securities Act of 1933. There were no shares of common stock sold under this prospectus supplement during the nine months ended September 30, 2024.

Comprehensive Income (Loss)

Comprehensive income (loss) represents the change in shareholders' equity from transactions and other events and circumstances arising from non-shareholder sources. The Company's total comprehensive income (loss) is comprised of net income (loss) attributable to GEO, net loss attributable to noncontrolling interests, foreign currency translation adjustments that arise from consolidating foreign operations that do not impact cash flows, net unrealized gains and/or losses on derivative instruments, marketable securities and pension liability adjustments within shareholders' equity and comprehensive income (loss).

The components of accumulated other comprehensive loss attributable to GEO within shareholders' equity are as follows:

	Nine Months Ended September 30, 2024 (In thousands)				
	Foreign currency translation adjustments, net of tax (1)	Change in fair value of derivatives, net of tax	Change in marketable securities, net of tax	Pension adjustments, net of tax	Total
Balance, January 1, 2024	\$ (19,755)	\$ 3,041	\$ —	\$ 72	\$ (16,642)
Current-period other comprehensive income (loss)	3,784	(589)	495	36	3,726
Balance, September 30, 2024	<u>\$ (15,971)</u>	<u>\$ 2,452</u>	<u>\$ 495</u>	<u>\$ 108</u>	<u>\$ (12,916)</u>

	Nine Months Ended September 30, 2023 (In thousands)				
	Foreign currency translation adjustments, net of tax (1)	Change in fair value of derivatives, net of tax	Change in marketable securities, net of tax	Pension adjustments, net of tax	Total
Balance, January 1, 2023	\$ (20,015)	\$ 3,645	\$ (953)	\$ 404	\$ (16,919)
Current-period other comprehensive income (loss)	(5,269)	1,170	953	—	(3,146)
Balance, September 30, 2023	<u>\$ (25,284)</u>	<u>\$ 4,815</u>	<u>\$ —</u>	<u>\$ 404</u>	<u>\$ (20,065)</u>

(1) The foreign currency translation related to noncontrolling interests was not significant at September 30, 2024 or 2023.

7. EQUITY INCENTIVE PLANS

The Board adopted The GEO Group, Inc. Second Amended and Restated 2018 Stock Incentive Plan (the "Amended 2018 Plan"), which was approved by the Company's shareholders and became effective on May 3, 2024. The Amended 2018 Plan supersedes the previous 2018 Stock Incentive Plan. As of the date the Amended 2018 Plan was approved by the Company's shareholders, it provided for a reserve of an additional 12,400,000 shares of common stock that may be issued pursuant to awards granted under the Amended 2018 Plan. The Company filed a Form S-8 registration statement related to the Amended 2018 Plan on May 7, 2024.

Stock Options

The Company uses a Black-Scholes option valuation model to estimate the fair value of each time-based or performance-based option awarded. A summary of the activity of stock option awards issued and outstanding under Company plans was as follows for the nine months ended September 30, 2024:

	<u>Shares</u>	<u>Wtd. Avg. Exercise Price</u>	<u>Wtd. Avg. Remaining Contractual Term (years)</u>	<u>Aggregate Intrinsic Value</u>
	<u>(in thousands)</u>			<u>(in thousands)</u>
Options outstanding at January 1, 2024	2,038	\$ 16.94	5.48	\$ 2,558
Options granted	389	13.08		
Options exercised	(163)	7.52		
Options forfeited/canceled/expired	(159)	17.93		
Options outstanding at September 30, 2024	2,105	\$ 16.84	5.52	\$ 3,172
Options vested and expected to vest at September 30, 2024	2,021	\$ 17.09	5.39	\$ 3,009
Options exercisable at September 30, 2024	1,351	\$ 20.52	3.81	\$ 1,135

During the nine months ended September 30, 2024, the Company granted approximately 389,000 options to certain employees which had a grant date fair value of \$6.64. For the three months ended September 30, 2024 and 2023, the amount of stock-based compensation expense was \$0.3 million and \$0.2 million, respectively. For the nine months ended September 30, 2024 and 2023, the amount of stock-based compensation expense related to stock options was \$0.7 million and \$0.5 million, respectively. As of September 30, 2024, the Company had \$3.1 million of unrecognized compensation costs related to non-vested stock option awards that are expected to be recognized over a weighted average period of 3.1 years.

Restricted Stock

Compensation expense for nonvested stock awards is recorded over the vesting period based on the fair value at the date of grant. Generally, the restricted stock awards vest in equal increments generally over either a three- or four-year period. The fair value of restricted stock awards, which do not contain a market-based vesting condition, is determined using the closing price of the Company's common stock on the date of grant. The Company has historically issued share-based awards with service-based, performance-based and market-based vesting criteria.

A summary of the activity of restricted stock outstanding is as follows for the nine months ended September 30, 2024:

	<u>Shares</u> (in thousands)	<u>Wtd. Avg. Grant Date Fair Value</u>
Restricted stock outstanding at January 1, 2024	3,999	\$ 7.78
Granted	1,712	13.60
Vested	(1,904)	7.79
Forfeited/canceled	(61)	8.99
Restricted stock outstanding at September 30, 2024	<u>3,746</u>	<u>\$ 9.65</u>

During the nine months ended September 30, 2024, the Company granted approximately 1,712,000 shares of restricted stock to certain employees and executive officers. Of these awards, 318,807 are market and performance-based awards which will be forfeited if the Company does not achieve certain annual metrics during 2024, 2025 and 2026. On July 8, 2024, the Company granted 50,000 shares of restricted stock to its newly appointed Chief Financial Officer which are also market and performance-based awards which will be forfeited if the Company does not achieve certain annual metrics during 2024, 2025 and 2026.

The vesting of these performance-based restricted stock grants are subject to the achievement by GEO of two annual performance metrics as follows: (i) up to 50% of the shares of restricted stock ("TSR Target Award") can vest at the end of a three year performance period if GEO meets certain total shareholder return ("TSR") performance targets, as compared to the total shareholder return of a peer group of companies, over a three year period from January 1, 2024 to December 31, 2026 and (ii) up to 50% of the shares of restricted stock ("ROCE Target Award") can vest at the end of a three year period if GEO meets certain return on capital employed ("ROCE") performance targets over a three year period from January 1, 2024 to December 31, 2026. These market and performance awards can vest at between 0% and 200% of the target awards for both metrics. The number of shares shown for the performance-based awards is based on the target awards for both metrics.

The metric related to ROCE is considered to be a performance condition. For share-based awards that contain a performance condition, the achievement of the targets must be probable before any share-based compensation expense is recorded. The Company reviews the likelihood of which target in the range will be achieved and if deemed probable, compensation expense is recorded at that time. If subsequent to initial measurement there is a change in the estimate of the probability of meeting the performance condition, the effect of the change in the estimated quantity of awards expected to vest is recognized by cumulatively adjusting compensation expense. If ultimately the performance targets are not met, for any awards where vesting was previously deemed probable, previously recognized compensation expense will be reversed in the period in which vesting is no longer deemed probable. The fair value of these awards was determined based on the closing price of the Company's common stock on the date of grant.

The metric related to TSR is considered to be a market condition. For share-based awards that contain a market condition, the probability of satisfying the market condition must be considered in the estimate of grant-date fair value and previously recorded compensation expense is not reversed if the market condition is never met. The fair value of these awards was determined based on a Monte Carlo simulation, which calculates a range of possible outcomes and the probabilities that they will occur, using the following weighted average key assumptions: (i) volatility of 53.2%; (ii) beta of 0.96; and (iii) risk free rate of 4.28%.

For each of the nine months ended September 30, 2024 and 2023, the Company recognized \$11.6 million, of compensation expense related to its restricted stock awards. As of September 30, 2024, the Company had \$24.3 million of unrecognized compensation costs related to non-vested restricted stock awards, including non-vested restricted stock awards with performance-based and market-based vesting, that are expected to be recognized over a weighted average period of 2.6 years.

Employee Stock Purchase Plan

The Company previously adopted The GEO Group Inc. 2011 Employee Stock Purchase Plan (the "Plan" or "ESPP") effective July 9, 2011. The Company has since amended and restated the Plan (the "Amended ESPP") which was approved by the Company's shareholders on April 28, 2021 and became effective on July 9, 2021. The purpose of the Amended ESPP, which is qualified under Section 423 of the Code, is to encourage stock ownership through payroll deductions by the employees of GEO and designated subsidiaries of GEO in order to increase their identification with the Company's goals and secure a proprietary interest in the Company's success. These deductions are used to purchase shares of the Company's common stock at a 5% discount from the then current market price. The maximum number of shares of common stock reserved for issuance over the term of the Amended ESPP on the amended effective date shall not exceed 506,023 shares.

The Amended ESPP is considered to be non-compensatory. As such, there is no compensation expense required to be recognized. Share purchases under the Amended ESPP are made on the last day of each month. During the nine months ended September 30, 2024 and 2023, 8,958 and 11,117 shares, respectively, of the Company's common stock were issued in connection with the Amended ESPP.

8. EARNINGS PER SHARE

Basic earnings per share of common stock is computed by dividing the net income attributable to The GEO Group, Inc. available to common stockholders by the weighted-average number of common shares outstanding for the period. Net income attributable to The GEO Group, Inc. available to common stockholders represents net income attributable to The GEO Group reduced by an allocation of earnings to participating securities. The 6.50% Exchangeable Senior Notes, which contain non-forfeitable rights to dividends declared and paid on the shares of common stock, are participating securities and are included in the computation of earnings per share pursuant to the two-class method. Diluted EPS (as defined below) is calculated under the if-converted method and the two-class method for each class of shareholders using the weighted average number of shares attributable to each class. The calculation that results in the lowest diluted earnings per share amount for common stock is reported in the Company's financial statements. The if-converted method includes the dilutive effect of potential common shares related to the 6.50% Exchangeable Senior Notes, if any. Basic and diluted earnings per share were calculated for the three and nine months ended September 30, 2024 and 2023 as follows (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net income	\$ 26,289	\$ 24,503	\$ 16,385	\$ 82,022
Net loss attributable to noncontrolling interests	31	16	90	71
Less: Undistributed income allocable to participating securities	-	(4,159)	(1,338)	(13,944)
Net income attributable to The GEO Group, Inc. available to common stockholders	26,320	20,360	15,137	68,149
Basic earnings per share attributable to The GEO Group, Inc. available to common stockholders:				
Weighted average shares outstanding	135,961	122,066	129,682	121,850
Per share amount	\$ 0.19	\$ 0.17	\$ 0.12	\$ 0.56
Diluted earnings per share attributable to The GEO Group, Inc. available to common stockholders:				
Weighted average shares outstanding	135,961	122,066	129,682	121,850
Dilutive effect of equity incentive plans	2,169	1,367	2,340	1,629
Weighted average shares assuming dilution	138,130	123,433	132,022	123,479
Per share amount	\$ 0.19	\$ 0.16	\$ 0.11	\$ 0.55

For the three months ended September 30, 2024, 1,512,184 weighted average shares of common stock underlying options were excluded from the computation of diluted earnings per share ("EPS") because the effect would be anti-dilutive. There were 205,601 common stock equivalents from restricted shares that were anti-dilutive for the period.

For the three months ended September 30, 2023, 2,111,272 weighted average shares of common stock underlying options were excluded from the computation of diluted EPS because the effect would be anti-dilutive. There were 1,388,495 common stock equivalents from restricted shares that were anti-dilutive for the period.

For the nine months ended September 30, 2024, 1,378,133 weighted average shares of common stock underlying options were excluded from the computation of diluted EPS because the effect would be anti-dilutive. There were 140,010 common stock equivalents from restricted shares that were anti-dilutive for the period.

For the nine months ended September 30, 2023, 1,558,085 weighted average shares of common stock underlying options were excluded from the computation of diluted EPS because the effect would be anti-dilutive. There were 950,770 common stock equivalents from restricted shares that were anti-dilutive for the period.

On February 24, 2021, the Company's wholly owned subsidiary, GEO Corrections Holdings, Inc. ("GEOCH"), completed a private offering of \$230 million aggregate principal amount of 6.50% Exchangeable Senior Notes. During the second and third quarters of 2024, the Company issued 12,430,285 shares of GEO common stock in connection with private exchange transactions involving approximately \$229.7 million in aggregate principal amount of its outstanding 6.50% Exchangeable Senior Notes. Refer to Note 10 - Debt for further information.

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in interest rates. The Company measures its derivative financial instruments at fair value.

In August of 2019, the Company entered into two interest rate swap agreements in the aggregate notional amount of \$44.3 million to fix the interest rate on certain of its variable rate debt to 4.22%. The Company has designated these interest rate swaps as hedges against changes in the cash flows of two identical promissory notes (the "Notes") which are secured by loan agreements and mortgage and security agreements on certain real property and improvements. The Company has determined that the swaps have payment, expiration dates, and provisions that coincide with the terms of the Notes and are therefore considered to be effective cash flow hedges. Accordingly, the Company records the change in fair value of the interest rate swaps as accumulated other comprehensive income (loss), net of applicable taxes. Total unrealized gain recorded in other comprehensive income (loss), net of tax, related to these cash flow hedges was \$0.6 million during the nine months ended September 30, 2024. The total fair value of the swap assets as of September 30, 2024 was \$3.1 million and is recorded as a component of Other Non-Current assets within the accompanying consolidated balance sheets. There was no material ineffectiveness for the period presented. The Company does not expect to enter into any transactions during the next twelve months which would result in reclassification into earnings or losses associated with these swaps currently reported in accumulated other comprehensive income (loss). Refer to Note 10 - Debt for additional information.

10. DEBT

Debt outstanding as of September 30, 2024 and December 31, 2023 consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Exchange Credit Agreement		
Tranche 1 Loans	\$ —	\$ 791,480
Unamortized premium on tranche 1 loans	—	18,359
Unamortized debt issuance costs on tranche 1 loans	—	(17,707)
Tranche 2 Loans	—	115,232
Unamortized discount on tranche 2 loans	—	(1,136)
Unamortized debt issuance costs on tranche 2 loans	—	(2,659)
Revolver	—	—
Total Exchange Credit Agreement	—	903,569
Credit Agreement		
Term Loan	373,750	—
Unamortized discount on term loan	(3,525)	—
Unamortized debt issuance costs on term loan	(6,161)	—
Revolver	40,000	—
Total Credit Agreement	404,064	—
8.625% Secured Notes due 2029		
Notes Due in 2029	650,000	—
Unamortized debt issuance costs	(12,624)	—
Total 8.625% Secured Notes due 2029	637,376	—
10.250% Unsecured Notes due 2031		
Notes Due in 2031	625,000	—
Unamortized debt issuance costs	(11,845)	—
Total 10.25% Unsecured Notes due 2031	613,155	—
10.500% Public Second Lien Notes due 2028		
Notes Due in 2028	—	286,521
Unamortized discount	—	(13,386)
Unamortized debt issuance costs	—	(7,237)
Total 10.500% Public Second Lien Notes due 2028	—	265,898
9.500% Private Second Lien Notes due 2028		
Notes Due in 2028	—	239,142
Unamortized discount	—	(19,843)
Unamortized debt issuance costs	—	(6,236)
Total 9.500% Private Second Lien Notes due 2028	—	213,063
6.50% Exchangeable Senior Notes:		
Notes Due in 2026	300	230,000
Unamortized debt issuance costs	—	(4,595)
Total 6.50% Exchangeable Senior Notes due 2026	300	225,405
6.00% Senior Notes:		
Notes Due in 2026	—	110,858
Unamortized debt issuance costs	—	(557)
Total 6.00% Senior Notes due 2026	—	110,301
5.875% Senior Notes:		
Notes Due in 2024	—	23,253
Unamortized debt issuance costs	—	(44)
Total 5.875% Senior Notes due 2024	—	23,209
Finance Lease Liabilities	740	1,280
Other debt, net of unamortized debt issuance costs	38,349	39,208
Total debt	1,693,984	1,781,933
Current portion of finance lease liabilities and long-term debt	(55,109)	(55,882)
Finance Lease Liabilities, long-term portion	(189)	(549)
Long-Term Debt	\$ 1,638,686	\$ 1,725,502

Senior Notes Offering

On April 18, 2024, GEO announced the closing of its previously announced private offering of \$1.275 billion aggregate principal amount of senior notes (the “Senior Notes Offering”), comprised of \$650.0 million aggregate principal amount of 8.625% senior secured notes due 2029 (the “Secured Notes”), issued under the Indenture, dated as of April 18, 2024 (the “2029 Indenture”), among GEO, the Guarantors (defined below) and Ankura Trust Company, LLC, as trustee and collateral agent (the “Trustee and Collateral Agent”) and \$625.0 million aggregate principal amount of 10.25% senior notes due 2031 (the “Unsecured Notes” and, together with the Secured Notes, the “Notes”), issued under the Indenture, dated as of April 18, 2024 (the “2031 Indenture” and, together with the 2029 Indenture, the “Indentures”), among GEO, the Guarantors and Ankura Trust Company, LLC as Trustee. The Notes are guaranteed (the “Secured Note Guarantees” and the “Unsecured Note Guarantees” and collectively, the “Guarantees”) by GEO’s domestic subsidiaries that are guarantors under a new senior secured credit facility and outstanding senior notes (the “Guarantors”).

GEO used the net proceeds of the Senior Notes Offering, borrowings under the new Term Loan (defined below), and cash on hand to refinance approximately \$1.5 billion of existing indebtedness, including to fund the repurchase, redemption or other discharge of the Company’s existing Tranche 1 Term Loan and Tranche 2 Term Loan under its prior senior credit facility, the 9.500% Private Second Lien Notes due 2028, the 10.500% Public Second Lien Notes due 2028, and the 6.00% Senior Notes due 2026, to pay related premiums, transaction fees and expenses, and for general corporate purposes of the Company.

The Notes were offered and sold in the United States only to persons reasonably believed to be “qualified institutional buyers” pursuant to Rule 144A under the Securities Act of 1933 (the “Securities Act”), and outside the United States only to non-U.S. persons pursuant to Regulation S under the Securities Act. As discussed below, GEO filed a registration statement on Form S-4 and conducted a registered exchange offer under the terms of a Registration Rights Agreement to issue and deliver in exchange for the Notes and Guarantees that were issued on April 18, 2024 an equal aggregate principal amount of Notes and Guarantees that were registered pursuant to the registration statement on Form S-4.

Secured Notes

Certain terms and conditions of the 2029 Indenture and the Secured Notes are as follows:

Maturity. The Secured Notes mature on April 15, 2029.

Interest. The Secured Notes accrue interest at a rate of 8.625% per year. Interest on the Secured Notes is payable semi-annually on each April 15 and October 15, commencing October 15, 2024.

Issue Price. The Secured Notes were issued at par.

Guarantees. The Secured Notes are fully and unconditionally guaranteed by each of the Initial Guarantors (as defined in the 2029 Indenture) and may be guaranteed by additional subsidiaries of the Company when a subsidiary guarantees debt under the credit facilities (other than debt securities) and debt securities in an aggregate principal amount of at least \$100.0 million.

Ranking. The Secured Notes and the Secured Note Guarantees are GEO and the Guarantors’ respective senior, secured obligations, and the indebtedness evidenced by the Secured Notes and the Secured Note Guarantees will rank equal in right of payment to all of GEO’s and the Guarantors’ other existing and future senior obligations, including the indebtedness under the Credit Agreement and the guarantees thereof; effectively senior in right of payment to all of GEO’s and the Guarantors’ existing and future unsecured indebtedness, including the Unsecured Notes, the 2026 Exchangeable Senior Notes and, in each case, the guarantees thereof, to the extent of the value of the Collateral (as defined below); senior in right of payment to any of GEO’s and the Guarantors’ future subordinated indebtedness; effectively junior in right of payment to any of GEO’s and the Guarantors’ future secured indebtedness that is secured by a lien on any assets not constituting Collateral, to the extent of the value of such assets; and structurally subordinated to all existing and future indebtedness and other liabilities of Subsidiaries that do not guarantee the Secured Notes and joint ventures, including trade payables.

Security. The Secured Notes and the Secured Note Guarantees are secured on a first-priority basis by the same collateral (the “Collateral”) that secures the obligations under the Credit Agreement in accordance with the terms of the 2029 Indenture and security agreements relating to the Collateral and instruments filed and recorded in appropriate jurisdictions to preserve and protect the liens on the Collateral (including, without limitation, mortgages, deeds of trust or deed to secure debt and financing statements under the Uniform Commercial Code of the relevant states applicable to the Collateral), each for the benefit of the Trustee, Collateral Agent and the holders of the Secured Notes.

Mandatory Redemption. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Secured Notes.

Optional Redemption. On or after April 15, 2026, the Company may redeem all or a part of the Secured Notes (which includes Additional Notes (as defined in the 2029 Indenture), if any), upon not less than 10 nor more than 60 days’ notice, at

the fixed redemption prices expressed as percentages of the principal amount set forth in the 2029 Indenture, plus accrued and unpaid interest, if any, on the Secured Notes redeemed, to, but excluding, the applicable redemption date, subject to the rights of holders of Secured Notes on the relevant record date to receive interest due on the relevant interest payment date if the Secured Notes have not been redeemed prior to such date. In addition, the Company may redeem up to 35% of the aggregate principal amount of the Secured Notes at any time and from time to time before April 15, 2026, with an amount up to the net proceeds of certain equity offerings at a redemption price of 108.625% of the principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date provided, that (1) at least 65% of the aggregate principal amount of Secured Notes remains outstanding immediately after the occurrence of that redemption and (2) the redemption occurs within 90 days of the date of the closing of the equity offering. The Company may also redeem the Secured Notes, in whole or in part, at any time and from time to time before April 15, 2026, at a redemption price equal to 100% of the principal amount of the Secured Notes (which includes Additional Notes, if any), plus the Applicable Premium (as defined in the 2029 Indenture) as of the applicable redemption date, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, subject to the rights of holders of Secured Notes on the relevant record date to receive interest due on the relevant interest payment date if the Secured Notes have not been redeemed prior to such date. Additionally, during any twelve-month period prior to April 15, 2026, the Company shall be entitled at its option on one or more occasions to redeem the Secured Notes (which includes Additional Notes, if any) in an aggregate principal amount not to exceed 10% of the aggregate principal amount of the outstanding Secured Notes (which includes Additional Notes, if any) at a redemption price (calculated by the Company and expressed as a percentage of principal amount) of 103.000%, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Change of Control. If a Change of Control (as defined in the 2029 Indenture) occurs, the Company will offer a payment in cash equal to 101% of the aggregate principal amount of Secured Notes repurchased, plus accrued and unpaid interest, if any, on the Secured Notes repurchased, to (but not including) the date of purchase, subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date if the Secured Notes have not been redeemed or repurchased prior to such date.

Certain Covenants. The 2029 Indenture contains certain covenants that will limit, among other things, the Company's and its Restricted Subsidiaries' (as defined in the 2029 Indenture) ability to: incur additional indebtedness (including guarantees thereof); incur or create liens, other than Permitted Liens (as defined in the 2029 Indenture); make certain Restricted Payments (as defined in the 2029 Indenture); make certain investments; dispose of certain assets; allow to exist certain restrictions on the ability of the Company's Restricted Subsidiaries to pay any dividend or make any other payment or distribution on account of the Company's or any Restricted Subsidiary's Equity Interests (as defined in the 2029 Indenture); engage in certain transactions with affiliates; and engage in any business other than Permitted Businesses (as defined in the 2029 Indenture). These covenants are subject to a number of important limitations and exceptions.

Events of Default. The 2029 Indenture contains customary events of default which could, subject to certain conditions, cause the Secured Notes to become immediately due and payable.

The Secured Notes are also subject to the terms of the First Lien Intercreditor Agreement (the "First Lien Intercreditor Agreement"), dated April 18, 2024, among GEO, GEOCH, the other grantors from time to time party thereto, Citizens Bank, N.A., as Credit Agreement Collateral Agent and Authorized Representative for the Credit Agreement Secured Parties, and Ankura Trust Company, LLC as Initial Additional Collateral Agent and Initial Additional Authorized Representative. The First Lien Intercreditor Agreement sets forth the relative rights and obligations of the holders of First Lien Secured Obligations (which means (i) all obligations as defined in the Credit Agreement, (ii) all obligations under the Secured Notes, the 2029 Indenture, the Secured Note Guarantees and the Security Documents (as defined in the 2029 Indenture), and (iii) any other indebtedness secured on a first lien *pari passu* basis with such obligations), in each case, with respect to shared Collateral.

Unsecured Notes

Certain terms and conditions of the 2031 Indenture and the Unsecured Notes are as follows:

Maturity. The Unsecured Notes mature on April 15, 2031.

Interest. The Unsecured Notes accrue interest at a rate of 10.250% per year. Interest on the Unsecured Notes is payable semi-annually on each April 15 and October 15, commencing October 15, 2024.

Issue Price. The Unsecured Notes were issued at par.

Guarantees. The Unsecured Notes are fully and unconditionally guaranteed by each of the Initial Guarantors (as defined in the 2031 Indenture) and may be guaranteed by additional subsidiaries of the Company when a subsidiary guarantees debt under the credit facilities (other than debt securities) and debt securities in an aggregate principal amount of at least \$100.0 million.

Mandatory Redemption. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Unsecured Notes.

Optional Redemption. On or after April 15, 2027, the Company may redeem all or a part of the Unsecured Notes (which includes Additional Notes (as defined in the 2031 Indenture), if any), upon not less than 10 nor more than 60 days' notice, at the fixed redemption prices expressed as percentages of the principal amount set forth in the 2031 Indenture, plus accrued and unpaid interest, if any, on the Unsecured Notes redeemed, to, but excluding, the applicable redemption date, subject to the rights of holders of Unsecured Notes on the relevant record date to receive interest due on the relevant interest payment date if the Unsecured Notes have not been redeemed prior to such date. In addition, the Company may redeem up to 35% of the aggregate principal amount of the Unsecured Notes at any time and from time to time before April 15, 2027, with an amount up to the net proceeds of certain equity offerings at a redemption price of 110.250% of the principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date provided, that (1) at least 65% of the aggregate principal amount of Unsecured Notes remains outstanding immediately after the occurrence of that redemption and (2) the redemption occurs within 90 days of the date of the closing of the equity offering. The Company may also redeem the Unsecured Notes, in whole or in part, at any time and from time to time before April 15, 2027, at a redemption price equal to 100% of the principal amount of the Unsecured Notes (which includes Additional Notes, if any), plus the Applicable Premium (as defined in the 2031 Indenture) as of the applicable redemption date, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, subject to the rights of holders of Unsecured Notes on the relevant record date to receive interest due on the relevant interest payment date if the Unsecured Notes have not been redeemed prior to such date.

Change of Control. If a Change of Control (as defined in the 2031 Indenture) occurs, the Company will offer a payment in cash equal to 101% of the aggregate principal amount of Unsecured Notes repurchased, plus accrued and unpaid interest, if any, on the Unsecured Notes repurchased, to (but not including) the date of purchase, subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date if the Unsecured Notes have not been redeemed or repurchased prior to such date.

Certain Covenants. The 2031 Indenture contains certain covenants that will limit, among other things, the Company's and its Restricted Subsidiaries' (as defined in the 2031 Indenture) ability to: incur additional indebtedness (including guarantees thereof); incur or create liens, other than Permitted Liens (as defined in the 2031 Indenture); make certain Restricted Payments (as defined in the 2031 Indenture); make certain investments; dispose of certain assets; allow to exist certain restrictions on the ability of the Company's Restricted Subsidiaries to pay any dividend or make any other payment or distribution on account of the Company's or any Restricted Subsidiary's Equity Interests (as defined in the 2031 Indenture); engage in certain transactions with affiliates; and engage in any business other than Permitted Businesses (as defined in the 2031 Indenture). These covenants are subject to a number of important limitations and exceptions.

Events of Default. The 2031 Indenture contains customary events of default which could, subject to certain conditions, cause the Unsecured Notes to become immediately due and payable.

Registration Rights Agreement

On May 31, 2024, under the terms of the Registration Rights Agreement, dated as of April 18, 2024, among GEO, the Guarantors and Citizens JMP Securities, LLC, as the representative of the initial purchasers (the "Representative") of the Notes (the "Registration Rights Agreement"), the Company filed a registration statement on Form S-4, with respect to an offer (the "Registered Exchange Offer") to issue and deliver, in exchange for the Initial Securities (as defined in the Registration Rights Agreement, which includes the Notes issued on April 18, 2024), an equal aggregate principal amount of debt securities and related guarantees (collectively, the "Exchange Securities") of the Company and the Guarantors, respectively, issued under the applicable Indenture. The registration statement was declared effective on June 13, 2024 and the Registered Exchange Offer was launched on June 14, 2024 and expired on July 23, 2024, as extended, in compliance with the requirements of the Registration Rights Agreement.

Credit Agreement

GEO and GEOCH, as borrowers (collectively, the "Credit Facility Borrowers"), entered into a Credit Agreement, dated April 18, 2024 (the "Credit Agreement") to, among other things, evidence and govern a first-lien senior secured revolving credit facility (the "Revolving Credit Facility"; and the commitments thereunder, the "Revolving Credit Facility Commitments") and a first-lien senior secured term loan facility (the "Term Loan Facility" and, together with the Revolving Credit Facility, the "Credit Facility"). The aggregate principal amount of revolving credit commitments under the Revolving Credit Facility is \$310 million (including a \$175 million letter of credit subfacility) and the aggregate principal amount of the New Term Loan Facility is \$450.0 million.

The loans under the Revolving Credit Facility (the “Revolving Credit Loans”) bear interest at a per annum rate equal to either (i) Alternate Base Rate (as defined below) plus an applicable margin or (ii) Term SOFR (as defined below) (subject to a 0.75% floor) plus an applicable margin, which applicable margin shall, in either case, vary depending on GEO’s total leverage ratio as of the most recent determination date, and the Credit Facility Borrowers will pay a fee in respect of the unused revolving commitments under the Revolving Credit Facility at a per annum rate ranging from 0.25% to 0.50%, in each case depending on GEO’s total leverage ratio as of the most recent determination date, where “Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Rate for such day plus 1/2 of 1% and (c) Term SOFR (as defined below) for a one-month tenor in effect on such day, plus 1%, and “Term SOFR” means the Term Secured Overnight Financing Rate. The loans under the Term Loan Facility (the “Term Loans”) bear interest at a per annum rate equal to either (i) Alternate Base Rate plus an applicable margin for Alternate Base Rate Loans and (ii) Term SOFR (subject to a 0.75% floor) plus an applicable margin for Term SOFR Loans.

The Term Loans amortize at a rate equal to 1.25% of the original principal amount of such Term Loans per quarter. Mandatory prepayments of loans under the Credit Agreement are required in respect of certain casualty and asset sale proceeds and excess cash flow, subject to certain thresholds and exceptions. Voluntary prepayments of the Revolving Credit Loans may be made by the Credit Facility Borrowers at any time without premium or penalty (subject to reimbursement for customary breakage expenses). Voluntary prepayments of the Term Loans and any prepayments of Term Loans required in connection with any acceleration of the maturity thereof (or in connection with a foreclosure or other disposition of or realization upon any Collateral or other satisfaction or compromise of any obligations thereunder in any insolvency or other similar proceeding) will require payment of a premium equal to (i) 2.00% of the principal amount prepaid or required to be prepaid if made prior to the first anniversary of the effective date of the Term Loan Facility and (ii) 1.00% of the principal amount prepaid or required to be prepaid if made on or after the first anniversary of the effective date of the Term Loan Facility but prior to the second anniversary of the effective date of the Term Loan Facility.

The Revolving Credit Facility Commitments under the Revolving Credit Facility will terminate, and the Revolving Credit Loans will mature, on the earliest of (i) April 15, 2029, (ii) in the event that any Term Loans remain outstanding on the date that is ninety-one days prior to the Term Loan Maturity Date (as defined below), the date that is ninety-one days prior to the Term Loan Maturity Date, (iii) in the event that an aggregate principal amount equal to or greater than \$100,000,000 of any Senior Notes remains outstanding on the Senior Notes Springing Maturity Date (as defined below), such Senior Notes Springing Maturity Date, it being understood that Senior Notes shall not be considered to be outstanding for purposes of this clause (iii) to the extent GEO, shall have deposited or caused to be deposited funds into a customary irrevocable escrow in an amount sufficient to pay or redeem such Senior Notes in full on the maturity date thereof (the “Maturity Reserve Condition”), where “Senior Notes” refers to each of the Secured Notes and the Unsecured Notes and any other senior notes issued by GEO or any of its subsidiaries (excluding the 6.50% Exchangeable Senior Notes), and “Senior Notes Springing Maturity Date” means the date that is ninety-one days prior to the stated maturity date of the applicable Senior Notes. The Term Loans will mature on the earliest of (i) April 15, 2029 and (ii) in the event that an aggregate principal amount equal to or greater than \$100,000,000 of any series or class of Senior Notes remains outstanding on the Senior Notes Springing Maturity Date, such Senior Notes Springing Maturity Date, unless the Maturity Reserve Condition is satisfied with respect to such Senior Notes (such earliest date, the “Term Loan Maturity Date”).

The Credit Agreement contains certain customary representations and warranties, affirmative covenants and negative covenants, including restrictions on the ability of GEO and its restricted subsidiaries to, among other things, (i) create, incur or assume any indebtedness, (ii) create, incur, assume or permit liens, (iii) make loans and investments, (iv) engage in mergers, acquisitions and asset sales, (v) make certain restricted payments, (vi) engage in transactions with affiliates, (vii) cancel, forgive, make any voluntary or optional payment or prepayment on, or redeem or acquire for value any subordinated indebtedness, except as permitted under applicable subordination terms, (viii) engage in other businesses, except as permitted, and (ix) materially impair the security interests securing the obligations under the Credit Agreement. The Credit Agreement also contains certain financial covenants, including a maximum total leverage ratio covenant, a maximum first lien leverage ratio covenant and a minimum interest coverage ratio covenant. In addition, the Credit Agreement restricts GEO from electing to be taxed as a real estate investment trust under the Internal Revenue Code. The Credit Agreement also contains certain customary events of default.

The Credit Facility guarantors will guarantee the obligations in respect of the commitments and loans under the Credit Agreement. The obligations of the Credit Facility Borrowers and the Credit Facility guarantors in respect of the Credit Agreement will be secured by first-priority liens on substantially all of their assets, including real property interests with respect to which the Credit Agreement requires the execution and delivery of a mortgage. The rights of the holders of the Secured Notes in the Collateral (including the right to exercise remedies) is subject to the First Lien Intercreditor Agreement.

As of September 30, 2024, the Company had \$40.0 in borrowings under its revolver, and approximately \$62.9 million in letters of credit which left approximately \$207.1 million in additional borrowing capacity under the revolver. The weighted average interest rate on outstanding borrowings under the Credit Agreement as of September 30, 2024 was 10.27%.

Loss on Extinguishment of Debt and Debt Issuance Fees

In connection with the above transactions, as well as mandatory quarterly payments on its Term Loan, the Company incurred a loss on extinguishment of debt of approximately \$85.3 million for the nine months ended September 30, 2024 which consisted of the write-off of existing deferred financing costs and net discount/premiums and the payment of call premiums. In addition, the Company incurred a total of approximately \$35.7 million of debt issuance fees which were allocated to the new Secured Notes, new Unsecured Notes and the new Credit Agreement based on their relative fair values on the date of issuance. These debt issuance fees are being amortized over the terms of the respective agreements using the effective interest method.

6.50% Exchangeable Senior Notes due 2026

On February 24, 2021, the Company's wholly owned subsidiary, GEOCH, completed a private offering of \$230 million aggregate principal amount of Convertible Notes. The Convertible Notes will mature on February 23, 2026, unless earlier repurchased or exchanged. The Convertible Notes bear interest at the rate of 6.50% per year plus an additional amount based on the dividends paid by the Company on its common stock, \$0.01 par value per share. Interest on the Convertible Notes is payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2021.

Subject to certain restrictions on share ownership and transfer, holders may exchange the Convertible Notes at their option prior to the close of business on the business day immediately preceding November 25, 2025, but only under the following circumstances: (1) during the five consecutive business day period after any five consecutive trading day period, or the measurement period, in which the trading price per \$1,000 principal amount of Convertible Notes for each trading day of such measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the exchange rate for the Convertible Notes on each such trading day; or (2) upon the occurrence of certain specified corporate events. On or after November 25, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date of the Convertible Notes, holders may exchange their Convertible Notes at any time, regardless of the foregoing circumstances. Upon exchange of a Convertible Note, GEO will pay or deliver, as the case may be, cash or a combination of cash and shares of the Company's common stock.

Upon conversion, the Company will pay or deliver, as the case may be, cash or a combination of cash and shares of common stock. The initial conversion rate is 108.4011 shares of common stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately \$9.225 per share of common stock). The conversion rate will be subject to adjustment in certain events. If the Company or GEOCH undergoes a fundamental change, holders may require GEOCH to purchase the Convertible Notes in whole or in part for cash at a fundamental change purchase price equal to 100% of the principal amount of the Convertible Notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change purchase date.

During the second and third quarters of 2024, the Company retired \$229.7 million in aggregate principal amount of its outstanding 6.50% Exchangeable Senior Notes as a result of private exchange transactions with an exchange value of approximately \$410 million. The consideration consisted of cash of \$229.7 million, using a combination of the net proceeds from the Senior Notes Offering and cash on hand, and 12,430,285 shares of GEO common stock. Of the total amount of shares issued, the Company issued 4,209,847 shares that were in treasury.

Other

In August of 2019, the Company entered into two identical notes in the aggregate amount of \$38.3 million which are secured by loan agreements and mortgage and security agreements on certain real property and improvements. The terms of the notes are through September 1, 2034 and bear interest at LIBOR plus 200 basis points and are payable in monthly installments plus interest. The Company has entered into interest rate swap agreements to fix the interest rate to 4.22%. Included in the balance at September 30, 2024 is \$0.5 million of deferred loan costs incurred in the transaction. Refer to Note 9 - Derivative Financial Instruments for further information.

The Company was in compliance with its debt covenants at September 30, 2024.

Guarantees

Australia

The Company has entered into a guarantee in connection with the operating performance of a facility in Australia. The obligation amounted to approximately AUD53 million, or \$36.8 million, based on exchange rates as of September 30, 2024.

As of September 30, 2024, the Company also had five other letters of credit outstanding under separate international facilities relating to performance guarantees of its Australian subsidiary totaling AUD13.3 million, or \$9.2 million, based on exchange rates as of September 30, 2024.

Except as discussed above, the Company does not have any off-balance sheet arrangements.

11. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

Litigation, Claims and Assessments

Shareholder and Derivative Litigation

On July 7, 2020, a putative shareholder class action lawsuit was filed against the Company and its officers George C. Zoley and Brian R. Evans in the U.S. District Court for the Southern District of Florida. The parties resolved this matter following mediation for a payment to a settlement class of \$3 million paid by the Company's insurance carrier. On November 17, 2023, the court entered a Final Judgment and Order of Dismissal with Prejudice approving the settlement. After the putative shareholder class action lawsuit was filed, three related putative shareholder derivative actions were also filed. These cases generally allege breaches of fiduciary duties premised on alleged materially false and misleading statements and/or omissions related to pending litigation, as alleged in the shareholder class action. First, on July 1, 2021, a putative shareholder derivative complaint was filed by Anning Fang, a purported stockholder, in Palm Beach County, Florida Circuit Court against the Company, as well as current and former Company directors and officers George C. Zoley, Jose Gordo, Brian R. Evans, Ann M. Schlarb, Richard H. Glanton, Anne N. Foreman, Christopher C. Wheeler, Julie M. Wood, Guido van Hauwermeiren, Scott M. Kernan, and Duane Helkowski (collectively, the "State-Court Defendants"). Second, on November 12, 2021, a putative shareholder derivative complaint was filed by Rui Zhang, a purported stockholder, in the U.S. District Court for the Southern District of Florida against the Company, the State-Court Defendants, as well as then current and former Company officers David Venturella and J. David Donahue (collectively, the "Derivative Defendants"). Third, on August 24, 2022, a putative stockholder derivative complaint was filed by Gerardo Maldonado Jr., a purported stockholder, in the U.S. District Court for the Southern District of Florida against the Company and the Derivative Defendants.

The state-court *Fang* complaint alleges breach of fiduciary duty and unjust enrichment claims against the State-Court Defendants relating to purported healthcare and quality of care deficiencies, an allegedly inadequate response to the COVID-19 pandemic, alleged forced labor by detainees, and alleged exposure to pending litigation, which purportedly led to damage to GEO. The *Zhang* and *Maldonado* federal-court complaints make similar allegations of breach of fiduciary duty as to the Derivative Defendants, assert claims for unjust enrichment and waste of corporate assets, and also allege that the Derivative Defendants violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder and that Mr. Zoley contributed to alleged violations of Sections 10(b) and 21D of the Exchange Act.

Following mediation, the *Zhang* parties reached an agreement to resolve all derivative claims with the Company agreeing to adopt certain corporate governance policies. On September 6, 2024, the *Zhang* court entered an Order Approving Final Settlement and Final Judgment. The approval of the settlement by the *Zhang* court released all of the claims asserted in the *Fang* and *Maldonado* complaints as well. Thus, the *Fang* parties and the *Maldonado* parties have all agreed to dismissals with prejudice of those respective derivative actions. By this filing, the Company hereby provides notice of the respective parties' intent for those derivative actions to be dismissed with prejudice.

Immigration Detainee Litigation

Civil immigration detainees at the Aurora ICE Processing Center filed a class action lawsuit on October 22, 2014, against the Company in the U.S. District Court for the District of Colorado. The complaint alleges that the Company was in violation of the Colorado Minimum Wage Act ("CMWA") and the Federal Trafficking Victims Protection Act ("TVPA"). The complaint also claims that the Company was unjustly enriched based on the level of payment the detainees received for work performed in a Voluntary Work Program ("VWP") the Company is required to implement at the facility under the terms of its contract with the federal government. On July 6, 2015, the court found that detainees were not employees under the CMWA and dismissed this claim. On February 27, 2017, the court granted the plaintiffs' motion for class certification on the TVPA and unjust enrichment claims. The plaintiffs' class seeks actual damages, compensatory damages, exemplary damages, punitive damages, restitution, attorneys' fees and costs, and such other relief as the court may deem proper. On October 18, 2022, the court issued an order granting plaintiffs' motion for summary judgment on the Company's affirmative defenses, denying the Company's motion for summary judgment, motion to dismiss, and motion for decertification of the class, narrowing the class period for plaintiffs' TVPA claims, and otherwise ruling against the Company's motions for relief. All trial dates are currently stayed by court order pending appeal of certain of GEO's defenses to the Tenth Circuit Court of Appeal. Oral argument before the Tenth Circuit was held on September 18, 2023. On October 22, 2024, the Tenth Circuit Court of Appeals issued an Order finding appellate review of GEO's claim of immunity was premature.

and, therefore, the Tenth Circuit Court of Appeals was currently without jurisdiction to consider the merits of GEO's claimed immunity.

Since the Colorado suit was initially filed, four similar lawsuits have been filed - two in the State of Washington and two in California.

The first of the two State of Washington lawsuits was filed on September 26, 2017, by immigration detainees against the Company in the U.S. District Court for the Western District of Washington. The second lawsuit was filed on September 20, 2017, by the State Attorney General against the Company in the Superior Court of the State of Washington for Pierce County, which the Company removed to the U.S. District Court for the Western District of Washington on October 9, 2017. The plaintiffs claimed that State of Washington minimum wage laws should be enforced with respect to detainees who volunteer to participate in a VWP administered by GEO at the Northwest ICE Processing Center (the "Center") as required by the U.S. Department of Homeland Security under the terms of GEO's contract. The Center houses persons in the custody of federal immigration authorities while the federal government is determining their immigration status. In October 2021, an unfavorable jury verdict and court judgment resulting in a combined \$23.2 million judgment entered against the Company in the retrial of the two cases, which judgment amounts were subsequently increased by a further award against the Company of attorney's fees, costs, and pre-judgment interest in the amount of \$14.4 million. Post-judgment interest is accruing on these judgments in accordance with Washington law. The trial court has waived the necessity to post a supersedeas bond for the combined judgments and has stayed enforcement of the verdict and judgments while GEO's appeal to the U.S. Court of Appeals for the Ninth Circuit is pending. Oral argument before the Ninth Circuit was held on October 6, 2022. On March 7, 2023, the Ninth Circuit certified certain state law questions to the Washington Supreme Court. Oral argument before the Washington Supreme Court was held on October 17, 2023. On December 21, 2023, the Washington Supreme Court issued an opinion answering the questions certified by the Ninth Circuit. Under the Ninth Circuit's March 7, 2023 order certifying the above questions to the Washington Supreme Court, the Ninth Circuit has resumed control and jurisdiction over the State of Washington lawsuits. On February 21, 2024, the United States Department of Justice filed its Brief for the United States as Amicus Curiae in Support of GEO, arguing that the State of Washington judgments should be reversed because the Supremacy Clause precludes application of the Washington Minimum Wage Statute to work programs for federal detainees. In its Brief, the Department of Justice asserts that application of the Washington law independently contravenes intergovernmental immunity because it would make federal detainees subject to provisions that do not apply, and never have applied, to persons in state custody, singling out a contractor with the federal government for obligations Washington does not itself bear. The Department of Justice also contends that the immigration statutory structure approved by Congress does not contemplate a role for states or state law in governing the VWP for federal detainees.

In California, a class action lawsuit was filed on December 19, 2017, by immigration detainees against the Company in the U.S. District Court, Eastern Division of the Central District of California. The California lawsuit alleges violations of the state's minimum wage laws, violations of the TVPA and California's equivalent state statute, unjust enrichment, unfair competition and retaliation. The California court has certified a class of individuals who have been civilly detained at the Company's Adelanto Facility from December 19, 2014, until the date of final judgment. On March 31, 2022, the court entered a stay until the Ninth Circuit rules on the State of Washington lawsuits.

Current and former detainees of the Mesa Verde ICE Processing Center and the Golden State Annex ICE Processing Center filed a class action lawsuit on July 13, 2022, against the Company in the U.S. District Court for the Eastern District of California, Fresno Division. This lawsuit is similar to the cases in Colorado, the State of Washington, and California discussed above. The complaint alleges that federal detainees who volunteer to participate in the VWP at GEO's Mesa Verde and Golden State Annex ICE facilities are employees of GEO and entitled to the state's minimum wage. Plaintiffs also make claims for unfair competition, unjust enrichment, human trafficking, forced labor, California's Private Attorneys General Act and retaliation. GEO filed both a motion to stay the action pending the Ninth Circuit's decision in the State of Washington lawsuits and a motion to dismiss the action in its entirety. On July 10, 2023, the court entered a stay until the Ninth Circuit rules on the State of Washington lawsuits.

GEO believes it operates the VWP in full compliance with its contract with ICE and all applicable laws, regulations, and standards. GEO strongly disputes the claims made in these lawsuits, and intends to take all necessary steps to vigorously defend itself from these lawsuits. GEO has not recorded any accruals relating to these lawsuits at this time as losses are not considered probable.

Challenges to State Legislation that Conflict with Federal Contracts

On July 13, 2023, the Company filed a lawsuit in the U.S. District Court for the Western District of Washington against the State of Washington for declaratory and injunctive relief challenging the State of Washington's newly enacted law – House Bill 1470. House Bill 1470 purports to empower state agencies with new rule making, inspection, investigation, and testing powers over the Northwest ICE Processing Center. House Bill 1470 also creates a statutory regime of civil penalties applicable to private detention facilities for violations of House Bill 1470 detention standards, and purports to create a private right of action for detainees aggrieved by violations of the statute. On March 8, 2024, the U.S. District Court for the Western District of Washington entered an order preliminarily

enjoining the enforcement of House Bill 1470 against GEO as the operator of the Northwest ICE Processing Center. On April 29, 2024, the State of Washington filed a Notice of Appeal of the order preliminarily enjoining the enforcement of House Bill 1470.

On April 15, 2024, the Company filed a lawsuit in the U.S. District Court for the District of New Jersey against the State of New Jersey for declaratory and injunctive relief challenging the State of New Jersey's Assembly Bill 5207 – that purports to prohibit the operation of "private detention facilities" in the state, which would prevent the United States from using privately contracted detention facilities to house detainees in the custody of ICE. On April 25, 2024, the U.S. District Court for the District of New Jersey entered an order preliminarily enjoining the State of New Jersey from enforcing Assembly Bill 5207 against a private detention facility-including any owned by Plaintiff GEO until a further Order of the Court.

On October 22, 2024, the Company filed a lawsuit in the U.S. District Court for the Eastern District of California against the State of California and the Kern County Public Health Department for declaratory and injunctive relief challenging the State of California's newly enacted law – Senate Bill 1132. Senate Bill 1132 purports to empower state agencies with new inspection and investigation powers over GEO's California facilities providing contracted services to ICE. Senate Bill 1132 also purports to impose standards prescribed by the Board of State and Community Corrections on GEO's provision of contracted services to ICE in California.

Other Litigation

The nature of the Company's business also exposes it to various other legal claims or litigation, including, but not limited to, civil rights claims relating to conditions of confinement and/or mistreatment, sexual misconduct claims brought by individuals in its care, medical malpractice claims, claims related to deaths in custody, product liability claims, intellectual property infringement claims, claims relating to employment matters (including, but not limited to, employment discrimination claims, union grievances and wage and hour claims), property loss claims, environmental claims, automobile liability claims, indemnification claims by its customers and other third-parties, contractual claims and claims for personal injury or other damages resulting from contact with the Company's facilities, programs, electronic monitoring products, personnel or detainees, including damages arising from the escape of an individual in its care or from a disturbance or riot at a facility. Legal proceedings with respect to our facilities are unpredictable and, where material, can cause adverse effects, such as prompting modification or even termination of the underlying facility management contracts.

Other Assessment

A state non-income tax audit completed in 2016 included tax periods for which the state tax authority had previously processed a substantial tax refund. At the completion of the audit fieldwork, the Company received a notice of audit findings disallowing deductions that were previously claimed by the Company that was approved by the state tax authority and served as the basis for the approved refund claim. In early January 2017, the Company received a formal Notice of Assessment of Taxes and Demand for Payment from the taxing authority disallowing the deductions. The Company appealed the administrative ruling. In February 2024, the Company received notice that the New Mexico Court of Appeals had ruled against its appeal. The Company appealed this ruling to the New Mexico Supreme Court by timely filing a Petition for Writ of Certiorari on April 19, 2024. On July 8, 2024, the New Mexico Supreme Court denied the Company's Petition for Writ of Certiorari. The Company had established an estimated liability (inclusive of both the audit period and the post-audit period) based on its estimate of the most probable loss based on the facts and circumstances known and the advice of outside counsel in connection with this matter. In July 2024, the Company made a payment of approximately \$18.9 million towards the estimated liability related to the assessment for the audited period. Following the submission of an application in September 2024, the Company was accepted to participate in the State's managed audit program and entered into a Managed Audit Agreement (the "Agreement") with the New Mexico Taxation and Revenue Department for the post-audit period. The Agreement provides for a waiver of penalties and interest and as such, the Company recorded a favorable adjustment for penalties and interest related to the post-audit period of approximately \$6.3 million in the third quarter of 2024.

Accruals for Legal Proceedings

The Company establishes accruals for specific legal proceedings when it is considered probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the results of these claims or proceedings cannot be predicted with certainty, and an unfavorable resolution of one or more of these claims or proceedings could have a material adverse effect on the Company's financial condition, results of operations or cash flows, including the modification or loss of one or more facility management contracts, or could result in a material impairment of the Company's assets. The Company's accruals for loss contingencies are reviewed quarterly and adjusted as additional information becomes available. The Company generally does not accrue for anticipated legal fees and costs but expenses those items as incurred.

Commitments

The Company currently has contractual commitments for a number of projects using Company financing. The Company's management estimates that the cost of these existing active capital projects will be approximately \$67.2 million of which \$45.3 million was spent through the first nine months of 2024. The Company estimates the remaining capital requirements related to these capital projects will be \$21.9 million which will be spent through the remainder of 2024.

Inventories

Inventory, which consists primarily of component parts related to electronic monitoring equipment, is measured at average cost and carried at the lower of average cost or net realizable value and is approximately \$36.4 million and \$25.1 million at September 30, 2024 and December 31, 2023, respectively. Inventory is included in Other Non-Current Assets in the accompanying consolidated balance sheets.

Uncertain Tax Positions

A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation, based on the technical merits of the position. As of September 30, 2024, the Company has a total of approximately \$41.2 million of unrecognized tax benefits for uncertain tax positions. Approximately \$38.9 million of this total was generated in the second quarter of 2024, and relates to interest deduction for GEO shares issued to the holders of our 6.5% Exchangeable Senior Notes due 2026. There was not a significant increase during the third quarter of 2024. Approximately all of the unrecognized tax benefits, if recognized, would impact our effective tax rate. The Company does not believe it has any existing tax positions for which it is reasonably possible that it will be required to record significant amounts of unrecognized tax benefits within the next twelve months.

Idle Facilities

As of September 30, 2024, the Company was marketing (or awaiting activation) ten idle facilities to potential customers. One of the facilities, Cheyenne Mountain Recovery Center, is under a contract which has yet to be activated. The carrying values of these idle facilities are included in Property and Equipment in the accompanying consolidated balance sheets. The following table summarizes each of the idled facilities and their respective carrying values, excluding equipment and other assets that can be easily transferred for use at other facilities. There was no indication of impairment related to the Company's idle facilities as of September 30, 2024 other than discussed below.

Facility	Year Idled	Secure Services Design Capacity (beds)	Reentry Services Design Capacity (beds)	Secure Services Net Carrying Value September 30, 2024	Reentry Services Net Carrying Value September 30, 2024	Total Net Carrying Value September 30, 2024
D. Ray James Correctional Facility	2021	1,900	—	\$ 48,548	\$ —	\$ 48,548
Northlake Correctional Facility	2022	1,800	—	72,328	—	72,328
Rivers Correctional Facility	2021	1,450	—	35,017	—	35,017
Big Spring Correctional Facility	2021	1,732	—	28,145	—	28,145
Flightline Correctional Facility	2021	1,800	—	32,400	—	32,400
McFarland Female Community Reentry Facility	2020	—	300	—	9,962	9,962
Hector Garza Center	2020	—	139	—	4,240	4,240
Cheyenne Mountain Recovery Center	2020	750	—	16,977	—	16,977
Delaney Hall	2023	1,054	—	29,152	—	29,152
Coleman Hall	2017	—	350	—	6,080	6,080
Total		<u>10,486</u>	<u>789</u>	<u>\$ 262,567</u>	<u>\$ 20,282</u>	<u>\$ 282,849</u>

Lease Revenue

The Company leases nine of its owned facilities to unrelated parties. Six of which have a month to month term through September 2024. The carrying value of these leased facilities as of September 30, 2024 is \$ 45.7 million, net of accumulated depreciation of \$25.1 million. For the additional three leased facilities, one facility has a term that expires in February 2025. The carrying value of this

leased facility as of September 30, 2024 was \$2.3 million, net of accumulated depreciation of \$0.8 million. One facility has a term of sixty-six months with one-year renewal options which base term expires in October 2028. The carrying value of this leased facility as of September 30, 2024 was \$73.1 million, net of accumulated depreciation of \$35.7 million. The remaining facility has a term of twenty years with renewals and expires in October 2041. The carrying value of this leased facility as of September 30, 2024 was \$21.0 million, net of accumulated depreciation of \$18.0 million. Rental income, included in Revenues, for leased facilities for the three months ended September 30, 2024 and 2023, was approximately \$3.8 million and \$3.7 million, respectively. Rental income, included in Revenues, for leased facilities for the nine months ended September 30, 2024 and 2023, was approximately \$11.4 million and \$7.9 million, respectively. As of September 30, 2024, future minimum rentals to be received on these leases are as follows:

Year	Annual Rental (in thousands)
Remainder of 2024	\$ 4,913
2025	13,293
2026	13,361
2027	13,375
2028	11,911
Thereafter	58,162
Total	\$ 115,015

12. BUSINESS SEGMENTS AND GEOGRAPHIC INFORMATION

Operating and Reporting Segments

The Company conducts its business through four reportable business segments: the U.S. Secure Services segment; the Electronic Monitoring and Supervision Services segment; the Reentry Services segment; and the International Services segment. The Company has identified these four reportable segments to reflect the current view that the Company operates four distinct business lines, each of which constitutes a material part of its overall business.

The U.S. Secure Services segment primarily encompasses U.S.-based secure services business. The Electronic Monitoring and Supervision Services segment, which conducts its services in the United States, represents technology and services provided to adults for monitoring services for community-based parolees, probationers, and pretrial defendants. The Reentry Services segment, which conducts its services in the United States, represents evidence-based supervision and treatment programs provided to adults for residential and non-residential treatment, educational and community-based programs, pre-release and half-way house programs. The International Services segment primarily consists of secure services operations in South Africa and Australia. Segment disclosures below (in thousands) reflect the results of continuing operations. All transactions between segments are eliminated.

The Company's segment revenues from external customers and a measure of segment profit are as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenues:				
U.S. Secure Services	\$ 400,908	\$ 385,007	\$ 1,203,945	\$ 1,123,507
Electronic Monitoring and Supervision Services	80,067	94,489	251,596	335,158
Reentry Services	70,112	71,375	206,902	203,192
International Services	52,038	51,914	153,539	143,028
Total revenues	\$ 603,125	\$ 602,785	\$ 1,815,982	\$ 1,804,885
Operating income from segments:				
U.S. Secure Services	\$ 79,363	\$ 64,187	\$ 238,373	\$ 195,589
Electronic Monitoring and Supervision Services	33,011	46,651	109,468	166,460
Reentry Services	13,748	16,826	38,645	37,198
International Services	3,330	3,281	7,941	8,564
Operating income from segments	\$ 129,452	\$ 130,945	\$ 394,427	\$ 407,811
General and Administrative Expenses	(47,081)	(47,356)	(152,349)	(139,182)
Total Operating Income	\$ 82,371	\$ 83,589	\$ 242,078	\$ 268,629

Pre-Tax Income Reconciliation of Segments

The following is a reconciliation of the Company's total operating income from its reportable segments to the Company's income before income taxes and equity in earnings of affiliates (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Operating income from segments	\$ 129,452	\$ 130,945	\$ 394,427	\$ 407,811
Unallocated amounts:				
General and administrative expenses	(47,081)	(47,356)	(152,349)	(139,182)
Net interest expense	(42,330)	(54,457)	(139,803)	(161,296)
Loss on extinguishment of debt	(2,920)	(91)	(85,298)	(1,845)
Gain (loss) on disposition on asset divestitures/impairment	-	1,274	(2,907)	3,449
Income before income taxes and equity in earnings of affiliates	\$ 37,121	\$ 30,315	\$ 14,070	\$ 108,937

Equity in Earnings of Affiliates

Equity in earnings of affiliates includes the Company's 50% owned joint ventures in South African Custodial Services Pty. Limited ("SACS"), located in South Africa, and GEOAmeY located in the United Kingdom. The Company's investments in these entities are accounted for under the equity method of accounting. The Company's investments in these entities are presented as a component of Other Non-Current Assets in the accompanying consolidated balance sheets.

The Company has recorded \$0.1 million in earnings, net of tax, for SACS operations during the nine months ended September 30, 2024, and \$1.0 million in earnings, net of tax, for SACS operations during the nine months ended September 30, 2023, which are included in equity in earnings of affiliates, net of income tax provision in the accompanying consolidated statements of operations. As of September 30, 2024 and December 31, 2023, the Company's investment in SACS was \$8.3 million and \$9.1 million, respectively, and represents its share of cumulative reported earnings.

The Company has recorded \$1.5 million in earnings, net of tax, for GEOAmeY's operations during the nine months ended September 30, 2024, and \$1.4 million in earnings, net of tax, for GEOAmeY's operations during the nine months ended September 30, 2023, which are included in equity in earnings of affiliates, net of income tax provision in the accompanying consolidated statements of operations. As of September 30, 2024 and December 31, 2023, the Company's investment in GEOAmeY was \$10.1 million and \$11.2 million, respectively, and represents its share of cumulative reported earnings.

13. BENEFIT PLANS

The following table summarizes key information related to the Company's pension plans and retirement agreements (in thousands):

	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Change in Projected Benefit Obligation		
Projected benefit obligation, beginning of period	\$ 27,790	\$ 26,207
Service cost	489	745
Interest cost	1,023	1,345
Actuarial gain	—	421
Benefits paid	(600)	(928)
Projected benefit obligation, end of period	\$ 28,702	\$ 27,790
Change in Plan Assets		
Plan assets at fair value, beginning of period	\$ —	\$ —
Company contributions	600	928
Benefits paid	(600)	(928)
Plan assets at fair value, end of period	\$ —	\$ —
Unfunded Status of the Plan	\$ 28,702	\$ 27,790

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Components of Net Periodic Benefit Cost				
Service cost	\$ 163	\$ 186	\$ 489	\$ 559
Interest cost	341	336	1,023	1,009
Net loss	15	-	45	-
Net periodic benefit cost	<u>\$ 519</u>	<u>\$ 522</u>	<u>\$ 1,557</u>	<u>\$ 1,568</u>

The service cost and other components of net periodic benefit cost are included in General and Administrative Expenses in the accompanying consolidated statements of operations.

The long-term portion of the pension liability as of September 30, 2024 and December 31, 2023 was \$27.9 million and \$27.0 million, respectively, and is included in Other Non-Current Liabilities in the accompanying consolidated balance sheets.

Amended and Restated Executive Retirement Agreement

The Company also has a non-qualified deferred compensation agreement with its former CEO. The agreement provides for a lump sum cash payment upon retirement, no sooner than age 55. As of September 30, 2024, the former CEO had reached age 55 and was eligible to receive the payment upon retirement.

On May 27, 2021, the Company and its former CEO entered into an Amended and Restated Executive Retirement Agreement which replaced the former CEO's previous agreement, effective July 1, 2021. Pursuant to the terms of the Amended and Restated Executive Retirement Agreement, upon the date that the former CEO ceases to provide services to the Company, the Company will pay to the former CEO an amount equal to \$3.6 million which shall be paid in cash. The payment shall be credited with interest at a rate of 5% compounded quarterly. Additionally, at the end of each calendar year provided that the former CEO is still providing services to GEO pursuant to the Executive Chairman Agreement, GEO will credit an amount equal to \$1.0 million at the end of each calendar year (the "Employment Contributions Account"). The Employment Contributions Account will be credited with interest at the rate of 5% compounded quarterly. The balance of the Amended and Restated Executive Retirement Agreement was approximately \$11.1 million at September 30, 2024 and is included in Other Non-Current Liabilities in the accompanying consolidated balance sheets.

The Company has established several trusts for the purpose of paying the retirement benefit pursuant to the Amended and Restated Executive Retirement Agreement. The trusts are revocable "rabbi trusts" and the assets of the trusts are subject to the claims of the Company's creditors in the event of the Company's insolvency.

14. RECENT ACCOUNTING PRONOUNCEMENTS

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. This ASU will likely result in the Company including the additional required disclosures when adopted. The Company is currently evaluating the provisions of this ASU and expects to adopt them for the year ending December 31, 2024.

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU will result in the required additional disclosures being included in the Company's consolidated financial statements, once adopted during the year ended December 31, 2025.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants and the SEC did not, or are not expected to, have a material effect on the Company's results of operations or financial position.

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

Forward-Looking Information

This Quarterly Report on Form 10-Q and the documents incorporated by reference herein contain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. "Forward-looking" statements are any statements that are not based on historical information. Statements other than statements of historical facts included in this report, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, legal proceedings and potential steps to address our future debt maturities are "forward-looking" statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate" or "continue" or the negative of such words or variations of such words and similar expressions. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements and we can give no assurance that such forward-looking statements will prove to be correct. Important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements, or "cautionary statements," include, but are not limited to:

- our ability to timely build and/or open facilities as planned, successfully manage such facilities and successfully integrate such facilities into our operations without substantial additional costs;
- our ability to estimate the government's level of utilization of public-private partnerships for secure services and the impact of any modifications or reductions by our government customers of their utilization of public-private partnerships;
- our ability to accurately project the size and growth of public-private partnerships for secure services in the U.S. and internationally and our ability to capitalize on opportunities for public-private partnerships;
- our ability to successfully respond to any challenges or concerns that our government customers may raise regarding their use of public-private partnerships for secure services, including finding other government customers or alternative uses for facilities where a government customer has discontinued or announced that a contract with us will be discontinued;
- the impact of adopted or proposed executive action or legislation under the existing or a new administration aimed at limiting public-private partnerships for secure facilities, processing centers and community reentry centers or limiting or restricting the business and operations of financial institutions or others who do business with us;
- our ability to successfully respond to delays encountered by states pursuing public-private partnerships for secure services and cost savings initiatives implemented by a number of states;
- our ability to activate the inactive beds at our idle facilities;
- our ability to maintain or increase occupancy rates at our facilities and the impact of fluctuations in occupancy levels on our revenues and profitability;
- the impact of our termination of our REIT election and the discontinuation of quarterly dividend payments and our ability to maximize the use of cash flows to repay debt, deleverage and internally fund growth;
- we may fail to realize the anticipated benefits of terminating our REIT election or those benefits may take longer to realize than expected, if at all, or may not offset the costs of terminating our REIT election and becoming a taxable C Corporation;
- if we failed to remain qualified as a REIT for those years we elected REIT status, we would be subject to additional corporate income taxes and would not be able to deduct distributions to shareholders when computing our taxable income for those years;
- our ability to expand, diversify and grow our secure services, reentry, community-based services, monitoring services, evidence-based supervision and treatment programs and secure transportation services businesses;
- our ability to win management contracts for which we have submitted proposals, retain existing management contracts, prevail in any challenge or protest involving the award of a management contract and meet any performance standards required by such management contracts;

- our ability to raise new project development capital given the often short-term nature of the customers' commitment to use newly developed facilities;
- our ability to develop long-term earnings visibility;
- our ability to successfully conduct our operations in the United Kingdom and South Africa through joint ventures;
- the instability of foreign exchange rates, exposing us to currency risks in Australia, the United Kingdom, and South Africa, or other countries in which we may choose to conduct our business;
- an increase in unreimbursed labor rates;
- our exposure to rising medical costs;
- our ability to manage costs and expenses relating to ongoing litigation arising from our operations;
- our ability to successfully pursue an appeal to reverse the unfavorable verdict and judgments in the retrial of the lawsuits in the State of Washington, our company being required to record an accrual for the judgments in the future, and our ability to defend similar other pending litigation and the effect such litigation may have on our company;
- our ability to accurately estimate on an annual basis, loss reserves related to general liability, workers' compensation and automobile liability claims;
- our ability to fulfill our debt service obligations and its impact on our liquidity;
- our ability to deleverage and repay, refinance or otherwise address our debt maturities in an amount or on the timeline we expect, or at all;
- despite current indebtedness levels, we may still incur more indebtedness, which could further exacerbate the risks relating to our indebtedness;
- the covenants in the indentures governing the Convertible Notes, the Secured Notes and the Unsecured Notes and the Credit Agreement impose significant operating and financial restrictions which may adversely affect our ability to operate our business;
- servicing our indebtedness will require a significant amount of cash and our ability to generate cash depends on many factors beyond our control and we may not be able to generate the cash required to service our indebtedness;
- because portions of our senior indebtedness have floating interest rates, an increase in interest rates would adversely affect cash flows;
- we depend on distributions from our subsidiaries to make payments on our indebtedness and these distributions may not be made;
- we may not be able to satisfy our repurchase obligations in the event of a change of control because the terms of our indebtedness or lack of funds may prevent us from doing so;
- our ability to identify and successfully complete any potential sales of Company-owned assets and businesses or potential acquisitions of assets or businesses on commercially advantageous terms on a timely basis, or at all;
- from time to time, we may not have a management contract with a client to operate existing beds at a facility or new beds at a facility that we are expanding, and we cannot assure you that such a contract will be obtained. Failure to obtain a management contract for these beds will subject us to carrying costs with no corresponding management revenue;
- negative conditions in the capital markets could prevent us from obtaining future financing on desirable terms, which could materially harm our business;
- we are subject to the loss of our facility management contracts, due to executive orders, terminations, non-renewals or competitive re-bids or legal proceedings, which could adversely affect our results of operations and liquidity, including our ability to secure new facility management contracts from other government customers;
- our growth depends on our ability to secure contracts to develop and manage new secure facilities, processing centers and community-based facilities and to secure contracts to provide electronic monitoring services, community-based reentry services and monitoring and supervision services, the demand for which is outside our control;
- we may not be able to meet state requirements for capital investment or locate land for the development of new facilities, which could adversely affect our results of operations and future growth;

- we partner with a limited number of governmental customers who account for a significant portion of our revenues. The loss of, or a significant decrease in revenues from, these customers could seriously harm our financial condition and results of operations;
- State budgetary constraints may have a material adverse impact on us;
- competition for contracts may adversely affect the profitability of our business;
- we are dependent on government appropriations, which may not be made on a timely basis or at all and may be adversely impacted by budgetary constraints at the federal, state, local and foreign government levels;
- public and political resistance to the use of public-private partnerships for secure facilities, electronic monitoring and supervision as alternatives to detention, processing centers and community reentry centers could result in our inability to obtain new contracts or the loss of existing contracts, impact our ability to obtain or refinance debt financing or enter into commercial arrangements, which could have a material adverse effect on our business, financial condition, results of operations and the market price of our securities;
- adverse publicity may negatively impact our ability to retain existing contracts and obtain new contracts;
- we may incur significant start-up and operating costs on new contracts before receiving related revenues, which may impact our cash flows and may not be recouped;
- failure to comply with extensive government regulation and applicable contractual requirements could have a material adverse effect on our business, financial condition or results of operations;
- we may face community opposition to facility locations, which may adversely affect our ability to obtain new contracts;
- our business operations expose us to various liabilities for which we may not have adequate insurance, including legal claims and proceedings, and may have a material adverse effect on our business, financial condition or results of operations;
- we may not be able to obtain or maintain the insurance levels required by our government contracts;
- our exposure to rising general insurance costs;
- natural disasters, pandemic outbreaks, global political events and other serious catastrophic events could disrupt operations and otherwise materially adversely affect our business and financial condition;
- our international operations expose us to risks that could materially adversely affect our financial condition and results of operations;
- we conduct certain of our operations through joint ventures or consortiums, which may lead to disagreements with our joint venture partners or business partners and adversely affect our interest in the joint ventures or consortiums;
- we are dependent upon our senior management and our ability to attract and retain sufficient qualified personnel;
- our profitability may be materially adversely affected by inflation;
- various risks associated with the ownership of real estate may increase costs, expose us to uninsured losses and adversely affect our financial condition and results of operations;
- risks related to facility construction and development activities may increase our costs related to such activities;
- the rising cost and increasing difficulty of obtaining adequate levels of surety credit on favorable terms could adversely affect our operating results;
- adverse developments in our relationship with our employees could adversely affect our business, financial condition or results of operations;
- technological changes could cause our electronic monitoring products and technology, including our recently launched BI VeriWatch™ wrist-worn device, to become obsolete or require the redesign of our electronic monitoring products, which could have a material adverse effect on our business;
- any negative changes in the level of acceptance of or resistance to the use of electronic monitoring products, including our recently launched BI VeriWatch™ wrist-worn device, and services by governmental customers could have a material adverse effect on our business, financial condition and results of operations;
- we depend on a limited number of third parties to manufacture and supply quality infrastructure components for our electronic monitoring products. If our suppliers cannot provide the components or services we require in a timely manner

and/or with such quality as we expect, our ability to market and sell our electronic monitoring products and services could be harmed;

- the interruption, delay or failure of the provision of our services or information systems could adversely affect our business;
- an inability to acquire, protect or maintain our intellectual property and patents in the electronic monitoring space could harm our ability to compete or grow;
- our electronic monitoring products could infringe on the intellectual property rights of others, which may lead to litigation that could itself be costly, could result in the payment of substantial damages or royalties, and/or prevent us from using technology that is essential to our products;
- we license intellectual property rights in the electronic monitoring space, including patents, from third party owners. If such owners do not properly maintain or enforce the intellectual property underlying such licenses, our competitive position and business prospects could be harmed. Our licensors may also seek to terminate our license;
- we may be subject to costly product liability claims from the use of our electronic monitoring products, which could damage our reputation, impair the marketability of our products and services and force us to pay costs and damages that may not be covered by adequate insurance;
- any continuing impact of the COVID-19 global pandemic on GEO and GEO's ability to mitigate the risks associated with COVID-19;
- as a result of our acquisitions, we have recorded and will continue to record a significant amount of goodwill and other intangible assets. In the future, our goodwill or other intangible assets may become impaired, which could result in material non-cash charges to our results of operations;
- we are subject to risks related to corporate social responsibility;
- the market price of our common stock may vary substantially;
- future sales of shares of our common stock or securities convertible into common stock could adversely affect the market price of our common stock and may be dilutive to current shareholders;
- various anti-takeover protections applicable to us may make an acquisition of us more difficult and reduce the market value of our common stock;
- failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have an adverse effect on our business and the trading price of our common stock;
- we may issue additional debt securities that could limit our operating flexibility and negatively affect the value of our common stock;
- failure to comply with anti-bribery and anti-corruption laws could subject us to penalties and other adverse consequences; and
- other factors contained in our filings with the SEC, including, but not limited to, those detailed in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K filed with the SEC.

We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report on Form 10-Q.

Introduction

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of numerous factors including, but not limited to, those described above under "Forward-Looking Information", and under "Part I - Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. This discussion should be read in conjunction with our unaudited consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q.

We specialize in the ownership, leasing and management of secure facilities, processing centers and reentry facilities and the provision of community-based services in the United States, Australia and South Africa. We own, lease and operate a broad range of secure facilities including maximum, medium and minimum-security facilities, processing centers, as well as community-based reentry facilities. We develop new facilities based on contract awards, using our project development expertise and experience to design, construct and finance what we believe are state-of-the-art facilities. We provide innovative technologies, industry-leading monitoring services, and evidence-based supervision and treatment programs for community based programs. We also provide secure transportation services domestically and in the United Kingdom through our joint venture GEOAmev.

At September 30, 2024, our worldwide operations include the management and/or ownership of approximately 80,000 beds at 99 secure services and community based facilities, including idle facilities, and also include the provision of community supervision services for individuals through an array of technology products including radio frequency, GPS, and alcohol monitoring devices.

We provide a diversified scope of services on behalf of our government agency partners:

- our secure facility management services involve the provision of security, administrative, rehabilitation, education, and food services at secure services facilities;
- our reentry services involve supervision of individuals in community-based programs and re-entry centers and the provision of temporary housing, programming, employment assistance and other services with the intention of the successful reintegration of residents into the community;
- we provide comprehensive electronic monitoring and supervision services;
- we develop new facilities, using our project development experience to design, construct and finance what we believe are state-of-the-art facilities;
- we provide secure transportation services; and
- our services are provided at facilities which we either own, lease or are owned by the government.

For the nine months ended September 30, 2024 and 2023, we had consolidated revenues of \$1,816.0 million and \$1,804.9 million, respectively. We maintained an average company-wide facility occupancy rate of approximately 88% including 68,004 active beds and excluding 11,275 idle beds, which includes those being marketed to potential customers, for the nine months ended September 30, 2024, and approximately 86% including 71,034 active beds and excluding 10,221 idle beds, which includes those being marketed to potential customers, for the nine months ended September 30, 2023.

Reference is made to Part II, Item 7 of our Annual Report on Form 10-K filed with the SEC on February 29, 2024, for further discussion and analysis of information pertaining to our financial condition and results of operations as of and for the year ended December 31, 2023.

Contract Developments

During the second quarter of 2024, ICE issued a task order for our company-owned 1,940-bed Adelanto ICE Processing Center in California which provides for continued funding through October 19, 2024, allowing additional time for ICE to obtain relief from previously disclosed COVID-related litigation that currently prevents full use of the Adelanto Center. On October 4, 2024, we announced that ICE has exercised a five-year option period extending the contract for our Adelanto Center through December 19, 2029.

Additionally, our 700-bed Broward Transitional Center; 1,314-bed Montgomery Processing Center; and 1,904-bed South Texas ICE Processing Center were renewed for one-year terms through August of 2025, and our Karnes County ICE Processing Center was renewed for a five-year term through August of 2029. Our 1,532-bed Aurora ICE Processing Center was also renewed for a one-year term through October of 2025.

On July 31, 2024 we successfully completed the previously disclosed transition of operations at the state-owned 1,536-bed Lawrenceville Correctional Center in Virginia, which is now managed by the Virginia Department of Corrections.

Business Segments

We conduct our business through four reportable business segments: our U.S. Secure Services segment; our Electronic Monitoring and Supervision Services segment; our Reentry Services segment and our International Services segment. We have identified these

four reportable segments to reflect our current view that we operate four distinct business lines, each of which constitutes a material part of our overall business.

Our U.S. Secure Services segment primarily encompasses our U.S.-based public-private partnership secure services business. Our Electronic Monitoring and Supervision Services segment, which conducts its services in the U.S., consists of our electronic monitoring and supervision services. Our Reentry Services segment consists of various community-based and reentry services. Our International Services segment primarily consists of our public-private partnership secure services operations in Australia and South Africa.

Idle Facilities

We are currently marketing (or awaiting activation) 11,275 vacant beds at nine of our ten idle facilities to potential customers, with the exception of our company-owned 750-bed Cheyenne Mountain Recovery Center, which is under a contract that has not yet been activated. The carrying values of these idle facilities totaled \$282.8 million as of September 30, 2024, excluding equipment and other assets that can be easily transferred for use at other facilities. Refer to Note 11 - Commitments, Contingencies and Other Matters of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion.

Critical Accounting Policies

The accompanying unaudited consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States. As such, we are required to make certain estimates, judgments and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We routinely evaluate our estimates based on historical experience and on various other assumptions that management believes are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. During the nine months ended September 30, 2024, we did not experience any significant changes in estimates or judgments inherent in the preparation of our consolidated financial statements. A summary of our significant accounting policies is contained in Note 1 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.

RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements and the notes to our unaudited consolidated financial statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Comparison of Third Quarter 2024 and Third Quarter 2023

Revenues

	2024	% of Revenue	2023	% of Revenue	\$ Change	% Change
	(Dollars in thousands)					
U.S. Secure Services	\$ 400,908	66.5%	\$ 385,007	63.9%	\$ 15,901	4.1%
Electronic Monitoring and Supervision Services	80,067	13.3%	94,489	15.7%	(14,422)	(15.3)%
Reentry Services	70,112	11.6%	71,375	11.8%	(1,263)	(1.8)%
International Services	52,038	8.6%	51,914	8.6%	124	0.2%
Total	<u>\$ 603,125</u>	100.0%	<u>\$ 602,785</u>	100.0%	<u>\$ 340</u>	0.1%

U.S. Secure Services

Revenues for U.S. Secure Services increased by \$15.9 million in the third quarter ended September 30, 2024 (the "Third Quarter 2024") compared to the third quarter ended September 30, 2023 (the "Third Quarter 2023") due to aggregate net increases of \$20.8 million primarily due to increases in occupancies, rates and/or per diem amounts in connection with contract modifications. Partially offsetting this increase were decreases of approximately \$4.9 million related to the transition of operations at the state-owned 1,536-bed Lawrenceville Correctional Center in Virginia to the Virginia Department of Corrections.

The number of compensated mandays in U.S. Secure Services facilities was relatively consistent at approximately 4.2 million in Third Quarter 2024 and Third Quarter 2023. We look at the average occupancy in our facilities to determine how we are managing our available beds. The average occupancy is calculated by taking compensated mandays as a percentage of capacity. The average occupancy in our U.S. Secure Services facilities was 87.2% and 86.6% of capacity in the Third Quarter 2024 and Third Quarter 2023, respectively, excluding idle facilities.

Depreciation and Amortization

	2024	% of Segment Revenue	2023	% of Segment Revenue	\$ Change	% Change
	(Dollars in thousands)					
U.S. Secure Services	\$ 21,989	5.5%	\$ 19,619	5.1%	\$ 2,370	12.1%
Electronic Monitoring and Supervision Services	5,940	7.4%	6,693	7.1%	(753)	(11.3)%
Reentry Services	3,237	4.6%	4,293	6.0%	(1,056)	(24.6)%
International Services	590	1.1%	568	1.1%	22	3.9%
Total	<u>\$ 31,756</u>	<u>5.3%</u>	<u>\$ 31,173</u>	<u>5.2%</u>	<u>\$ 583</u>	<u>1.9%</u>

U.S. Secure Services

U.S. Secure Services depreciation and amortization expense increased in Third Quarter 2024 compared to Third Quarter 2023 primarily due to renovations at certain of our company-owned and leased facilities.

Electronic Monitoring and Supervision Services

Electronic Monitoring and Supervision Services depreciation and amortization expense decreased in Third Quarter 2024 compared to Third Quarter 2023 primarily due to certain assets becoming fully depreciated and/or amortized as well as the closing of certain ISAP locations.

Reentry Services

Reentry Services depreciation and amortization expense decreased in Third Quarter 2024 compared to Third Quarter 2023 primarily due to certain assets becoming fully depreciated and/or amortized as well as certain asset dispositions at our company-owned centers.

International Services

International Services depreciation and amortization expense was relatively consistent in Third Quarter 2024 compared to Third Quarter 2023.

General and Administrative Expenses

	2024	% of Revenue	2023	% of Revenue	\$ Change	% Change
	(Dollars in thousands)					
General and Administrative Expenses	\$ 47,081	7.8%	\$ 47,356	7.9%	\$ (275)	(0.6)%

General and administrative expenses comprise substantially all of our other unallocated operating expenses which primarily includes, corporate management salaries and benefits, professional fees and other administrative expenses. General and administrative expenses were relatively consistent in Third Quarter 2024 compared to Third Quarter 2023.

Non-Operating Expenses

Interest Income and Interest Expense

	2024	% of Revenue	2023	% of Revenue	\$ Change	% Change
	(Dollars in thousands)					
Interest Income	\$ 3,168	0.5%	\$ 1,320	0.2%	\$ 1,848	140.0%
Interest Expense	\$ 45,498	7.5%	\$ 55,777	9.3%	\$ (10,279)	(18.4)%

Interest income increased by \$1.8 million in Third Quarter 2024 compared to Third Quarter 2023 primarily due to higher cash balances on hand domestically and internationally.

Interest expense decreased by \$10.3 million in Third Quarter 2024 compared to Third Quarter 2023 primarily due to our Senior Notes Offering and new Term Loan under our new credit agreement that closed on April 18, 2024 which resulted in overall lower interest rates. We also retired the majority of our 6.50% Exchangeable Senior Notes due 2026 during the second quarter of 2024. Refer to

Note 10 - Debt of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion.

Loss on Extinguishment of Debt

	<u>2024</u>	<u>% of Revenue</u>	<u>2023</u>	<u>% of Revenue</u>	<u>\$ Change</u>	<u>% Change</u>
	(Dollars in thousands)					
Loss on Extinguishment of Debt	\$ 2,920	0.5%	\$ 91	0.0%	\$ 2,829	3,108.8%

During Third Quarter 2024, we experienced a loss on extinguishment of debt of approximately \$2.9 million which consisted of the write-off of existing deferred financing costs and the payment of call premiums in connection with mandatory payments made on our Term Loan. Refer to Note 10 - Debt of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion.

During Third Quarter 2023, we made a mandatory quarterly prepayment on our Tranche 1 and Tranche 2 loans under our prior senior credit facility. In connection with the prepayment, we wrote off a proportionate amount of related deferred loan costs and discount/premium.

Gain on Asset Divestitures/Impairment

	<u>2024</u>	<u>% of Revenue</u>	<u>2023</u>	<u>% of Revenue</u>	<u>\$ Change</u>	<u>% Change</u>
	(Dollars in thousands)					
Gain on Asset Divestitures/Impairment	\$ —	(—)%	\$ 1,274	0.2%	\$ (1,274)	(100.0)%

During Third Quarter 2023, we experienced a gain on asset divestiture primarily due to the sale of our company-owned 900-bed Albert Bo Robinson Assessment and Treatment Center.

Income Tax Provision

	<u>2024</u>	<u>Effective Rate</u>	<u>2023</u>	<u>Effective Rate</u>	<u>\$ Change</u>	<u>% Change</u>
	(Dollars in thousands)					
Provision for Income Taxes	\$ 11,664	31.4%	\$ 6,521	21.5%	\$ 5,143	78.9%

The provision for income taxes and the effective tax rate both increased in Third Quarter 2024 compared to the Third Quarter 2023. The increase in the effective tax rate is primarily due to the lower pre-tax income level for the Nine Months 2024 compared to 2023, while the higher provision is due to the higher effective tax rate and increased pre-tax income in Third Quarter 2024 compared to Third Quarter 2023. In Third Quarter 2024 and Third Quarter 2023, there was a \$0.3 million and \$2.1 million net discrete tax benefit, respectively. In Third Quarter 2024 and Third Quarter 2023 there was no discrete tax expense or benefit related to stock compensation that vested during the respective quarters. We estimate our 2024 annual effective tax rate to be in the range of approximately 31% to 33%, exclusive of any discrete items.

Equity in Earnings of Affiliates, net of Income Tax Provision

	<u>2024</u>	<u>% of Revenue</u>	<u>2023</u>	<u>% of Revenue</u>	<u>\$ Change</u>	<u>% Change</u>
	(Dollars in thousands)					
Equity in Earnings of Affiliates, net of Income Tax Provision	\$ 832	0.1%	\$ 709	0.1%	\$ 123	17.3%

Equity in earnings of affiliates, presented net of income tax provision, represents the earnings of SACS and GEOAmeY in the aggregate. Equity in earnings of affiliates was relatively consistent during Third Quarter 2024 compared to Third Quarter 2023.

Comparison of Nine Months 2024 and Nine Months 2023

Revenues

	2024	% of Revenue	2023	% of Revenue	\$ Change	% Change
	(Dollars in thousands)					
U.S. Secure Services	\$ 1,203,945	66.3 %	\$ 1,123,507	62.2 %	\$ 80,438	7.2 %
Electronic Monitoring and Supervision Services	251,596	13.9 %	335,158	18.6 %	(83,562)	(24.9) %
Reentry Services	206,902	11.4 %	203,192	11.3 %	3,710	1.8 %
International Services	153,539	8.5 %	143,028	7.9 %	10,511	7.3 %
Total	<u>\$ 1,815,982</u>	100 %	<u>\$ 1,804,885</u>	100.0 %	<u>\$ 11,097</u>	0.6 %

U.S. Secure Services

Revenues for U.S. Secure Services increased by \$80.4 million in the nine months ended September 30, 2024 (the "Nine Months 2024") compared to the nine months ended September 30, 2023 (the "Nine Months 2023") due to aggregate increases of \$14.6 million primarily due to the activation of new transportation contracts as well as our lease with the Oklahoma Department of Corrections for our company-owned Great Plains Correctional Facility which commenced on May 1, 2023. In addition, we experienced aggregate net increases in rates and/or per diem amounts in connection with contract modifications, transportation services and increased occupancies of \$70.7 million. Partially offsetting these increases were decreases of approximately \$4.9 million related to the transition of operations at the state-owned 1,536-bed Lawrenceville Correctional Center in Virginia to the Virginia Department of Corrections.

The number of compensated mandays in U.S. Secure Services facilities was approximately 12.7 million in Nine Months 2024 and 12.5 million in Nine Months 2023. We experienced an aggregate net increase of approximately 200,000 mandays primarily due to increased occupancies as discussed above. We look at the average occupancy in our facilities to determine how we are managing our available beds. The average occupancy is calculated by taking compensated mandays as a percentage of capacity. The average occupancy in our U.S. Secure Services facilities was 87.7% and 86.2% of capacity in the Nine Months 2024 and Nine Months 2023, respectively, excluding idle facilities.

Electronic Monitoring and Supervision Services

Revenues for Electronic Monitoring and Supervision Services decreased by \$83.6 million in Nine Months 2024 compared to Nine Months 2023 primarily due to decreases in average participant counts under ISAP.

Reentry Services

Revenues for Reentry Services increased by \$3.7 million in Nine Months 2024 compared to Nine Months 2023 primarily due to increases of \$3.9 million due to new day reporting center contracts. We also experienced a net aggregate increase of \$10.3 million primarily related to increased census levels at certain of our community-based and reentry centers due to increased programming needs and referrals. These increases were partially offset by decreases of \$10.5 million due to contract terminations.

International Services

Revenues for International Services increased by \$10.5 million in Nine Months 2024 compared to Nine Months 2023 primarily due to a net increase of \$22.1 million due to increased populations at our Australian subsidiary and our new health care contract in Australia. Partially offsetting this increase was a decrease due to foreign exchange rate fluctuations of \$11.6 million.

Operating Expenses

	2024	% of Segment Revenues	2023	% of Segment Revenues	\$ Change	% Change
	(Dollars in thousands)					
U.S. Secure Services	\$ 901,841	74.9 %	\$ 869,233	77.4 %	\$ 32,608	3.8 %
Electronic Monitoring and Supervision Services	123,419	49.1 %	147,144	43.9 %	(23,725)	(16.1) %
Reentry Services	158,080	76.4 %	153,078	75.3 %	5,002	3.3 %
International Services	143,781	93.6 %	132,832	92.9 %	10,949	8.2 %
Total	<u>1,327,121</u>		<u>1,302,287</u>		<u>24,834</u>	1.9 %

U.S. Secure Services

Operating expenses for U.S. Secure Services increased by \$32.6 million in Nine Months 2024 compared to Nine Months 2023 primarily due to aggregate net increases in connection with labor and medical costs, transportation services, increased occupancies and

the variable costs associated with those services of \$35.1 million. We also experienced an increase of \$7.3 million primarily related to new transportation contracts. Partially offsetting these increases were decreases of approximately \$3.5 million related to the transition of operations at the state-owned 1,536-bed Lawrenceville Correctional Center in Virginia to the Virginia Department of Corrections. We also experienced a favorable adjustment for penalties and interest upon entering into a managed audit program with the state of New Mexico taxing authorities of approximately \$6.3 million. Refer to Note 11 - Commitments, Contingencies and Other Matters of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion. Operating expenses as a percentage of segment revenue have decreased due to favorable operating margins on our new transportation contracts.

Electronic Monitoring and Supervision Services

Operating expenses for Electronic Monitoring and Supervision Services decreased by \$23.7 million in Nine Months 2024 compared to Nine Months 2023 primarily due to decreases in variable costs related to decreases in average participant counts under ISAP.

Reentry Services

Operating expenses for Reentry Services increased by \$5.0 million during Nine Months 2024 compared to Nine Months 2023 primarily due to aggregate net increases of \$8.8 million related to increased census levels at certain of our community-based and reentry centers due to increased programming needs and referrals and the associated variable costs. We also experienced an increase of \$2.8 million primarily due to new day reporting center contracts. Partially offsetting these increases was an aggregate net decrease of \$6.6 million due to contract terminations.

International Services

Operating expenses for International Services increased by \$10.9 million in Nine Months 2024 compared to Nine Months 2023 primarily due to a net increase of approximately \$9.3 million primarily due to expenses associated with increased populations and our new health care contract in Australia. We also experienced an increase related to foreign exchange rate fluctuations of \$1.6 million.

Depreciation and Amortization

	<u>2024</u>	<u>% of Segment Revenue</u>	<u>2023</u>	<u>% of Segment Revenue</u>	<u>\$ Change</u>	<u>% Change</u>
	(Dollars in thousands)					
U.S. Secure Services	\$ 63,731	5.3%	\$ 58,685	5.2%	\$ 5,046	8.6%
Electronic Monitoring and Supervision Services	18,709	7.4%	21,554	6.4%	(2,845)	(13.2)%
Reentry Services	10,177	4.9%	12,916	6.4%	(2,739)	(21.2)%
International Services	1,817	1.2%	1,632	1.1%	185	11.3%
Total	<u>\$ 94,434</u>	5.2%	<u>\$ 94,787</u>	5.3%	<u>\$ (353)</u>	(0.4)%

U.S. Secure Services

U.S. Secure Services depreciation and amortization expense increased in Nine Months 2024 compared to Nine Months 2023 primarily due to renovations at certain of our company-owned and leased facilities.

Electronic Monitoring and Supervision Services

Electronic Monitoring and Supervision Services depreciation and amortization expense decreased in Nine Months 2024 compared to Nine Months 2023 primarily due to certain assets becoming fully depreciated and/or amortized as well as the closing of certain ISAP locations.

Reentry Services

Reentry Services depreciation and amortization expense decreased in Nine Months 2024 compared to Nine Months 2023 primarily due to certain assets becoming fully depreciated and/or amortized as well as certain asset dispositions at our company-owned centers.

International Services

International Services depreciation and amortization expense was relatively consistent in Nine Months 2024 compared to Nine Months 2023.

	<u>2024</u>	<u>% of Revenue</u>	<u>2023</u>	<u>% of Revenue</u>	<u>\$ Change</u>	<u>% Change</u>
--	-------------	---------------------	-------------	---------------------	------------------	-----------------

(Dollars in thousands)

General and Administrative Expenses	\$ 152,349	8.4%	\$ 139,182	7.7%	\$ 13,167	9.5%
--	------------	------	------------	------	-----------	------

General and administrative expenses comprise substantially all of our other unallocated operating expenses which primarily includes, corporate management salaries and benefits, professional fees and other administrative expenses. General and administrative expenses increased by \$13.2 million in Nine Months 2024 compared to Nine Months 2023 primarily due to increases in certain transaction fees related to our private exchange transactions involving our convertible notes of \$3.5 million, certain compensation adjustment decreases during Nine Months 2023 of \$4.1 million, with the remaining increase due to increases in business development, consulting and other administrative expenses.

Non-Operating Expenses

Interest Income and Interest Expense

	<u>2024</u>	<u>% of Revenue</u>	<u>2023</u>	<u>% of Revenue</u>	<u>\$ Change</u>	<u>% Change</u>
Interest Income	\$ 7,634	0.4%	\$ 3,785	0.2%	\$ 3,849	101.7%
Interest Expense	\$ 147,437	8.1%	\$ 165,081	9.1%	\$ (17,644)	(10.7)%

Interest income increased by \$3.8 million in Nine Months 2024 compared to Nine Months 2023 primarily due to higher cash balances on hand domestically and internationally.

Interest expense decreased by \$17.6 million in Nine Months 2024 compared to Nine Months 2023 primarily due to our Senior Notes Offering and new Term Loan under our new credit agreement that closed on April 18, 2024 which resulted in overall lower interest rates. We also retired the majority of our 6.50% Exchangeable Senior Notes due 2026 during Nine Months 2024. Refer to Note 10 - Debt of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion.

Loss on Extinguishment of Debt

	<u>2024</u>	<u>% of Revenue</u>	<u>2023</u>	<u>% of Revenue</u>	<u>\$ Change</u>	<u>% Change</u>
Loss on Extinguishment of Debt	\$ 85,298	4.7%	\$ 1,845	0.1%	\$ 83,453	4523.2%

During Nine Months 2024, we completed a Senior Note Offering and also made mandatory prepayments on our Term Loan which resulted in a loss on extinguishment of debt of approximately \$85.3 million which consisted of the write-off of existing deferred financing costs and net discount/premiums and the payment of call premiums. Refer to Note 10 - Debt of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion.

During Nine Months 2023, we made a mandatory quarterly prepayment on our Tranche 1 and Tranche 2 loans under our prior senior credit facility. In connection with the prepayment, we wrote off a proportionate amount of related deferred loan costs and discount/premium.

(Loss) Gain on Asset Divestitures/Impairment

	<u>2024</u>	<u>% of Revenue</u>	<u>2023</u>	<u>% of Revenue</u>	<u>\$ Change</u>	<u>% Change</u>
(Loss) Gain on Asset Divestitures/Impairment	\$ (2,907)	(0.2)%	\$ 3,449	0.2%	\$ (6,356)	(184.3)%

During Nine Months 2024, we experienced an impairment loss of approximately \$2.3 million related to two of our Company-owned facilities. We also donated a parcel of undeveloped land in Kern County, California which resulted in a loss on asset divestiture of approximately \$0.6 million.

During Nine Months 2023, we experienced a gain on asset divestitures primarily due to the sale of vacant land located in South Dallas County, Texas and the sale of our company-owned 900-bed Albert Bo Robinson Assessment and Treatment Center.

Income Tax (Benefit) Provision

	<u>2024</u>	<u>Effective Rate</u>	<u>2023</u>	<u>Effective Rate</u>	<u>\$ Change</u>	<u>% Change</u>
(Benefit from) provision for Income Taxes	\$ (644)	(4.6)%	\$ 30,036	27.6%	\$ (30,680)	(102.1)%

The provision for income taxes and the effective tax rate decreased in the Nine Months 2024 compared to Nine Months 2023. The decrease in the provision for income taxes is primarily due to the lower pre-tax income level for Nine Months 2024 compared to Nine Months 2023. In Nine Months 2024 and Nine Months 2023, there was a \$5.4 million and \$2.0 million net discrete tax benefit, respectively. Included in the net discrete tax benefit from income taxes in Nine Months 2024 and Nine Months 2023 was a \$1.0 million discrete tax benefit and a \$0.9 million discrete tax expense related to stock compensation that vested during the respective periods. Also included in the net discrete tax benefit from income taxes in the Nine Months 2024 was a \$3.5 million discrete tax benefit from the interest deduction related to GEO shares issued to the holders of our 6.5% Exchangeable Senior Notes due 2026 that participated in private exchange transactions. We estimate our 2024 annual effective tax rate to be in the range of approximately 31% to 33%, exclusive of any discrete items.

Equity in Earnings of Affiliates, net of Income Tax Provision

	<u>2024</u>	<u>% of Revenue</u>	<u>2023</u>	<u>% of Revenue</u>	<u>\$ Change</u>	<u>% Change</u>
	(Dollars in thousands)					
Equity in Earnings of Affiliates, net of Income Tax Provision	\$ 1,671	0.1%	\$ 3,121	0.2%	\$ (1,450)	(46.5)%

Equity in earnings of affiliates, presented net of income tax provision, represents the earnings of SACS and GEOAmeiy in the aggregate. Equity in earnings of affiliates decreased during Nine Months 2024 compared to Nine Months 2023 due to unfavorable insurance adjustments at SACS.

Financial Condition

Capital Requirements

Our current cash requirements consist of amounts needed for working capital, debt service, supply purchases, research and development costs related to new electronic monitoring products, investments in joint ventures, and capital expenditures related to either the development of new secure, processing and reentry facilities, or the maintenance of existing facilities. In addition, some of our management contracts require us to make substantial initial expenditures of cash in connection with opening or renovating a facility. Generally, these initial expenditures are subsequently fully or partially recoverable as pass-through costs or are billable as a component of the per diem rates or monthly fixed fees to the contracting agency over the original term of the contract. Additional capital needs may also arise in the future with respect to possible acquisitions, other corporate transactions or other corporate purposes.

We currently have contractual commitments for a number of projects using Company financing. We estimate that the cost of these existing active capital projects will be approximately \$67.2 million of which \$45.3 million was spent through September 30, 2024. We estimate that the remaining capital requirements related to these capital projects will be \$21.9 million which will be spent through the remainder of 2024.

We plan to fund all of our capital needs, including capital expenditures, from cash on hand, cash from operations, borrowings under our Credit Agreement (as defined below) and any other financings which our management and Board, in their discretion, may consummate. Currently, our primary source of liquidity to meet these requirements is cash flow from operations and borrowings under our Credit Agreement. Our management believes that our financial resources and sources of liquidity will allow us to manage our business, financial condition, results of operations and cash flows. We completed our annual budgeting process, and for 2024, we will continue to strategically manage our capital expenditures to maintain both short and long term financial objectives. Additionally, we may from time to time pursue transactions for the potential sale or acquisition of assets and businesses and/or other strategic transactions. Our management believes that cash on hand, cash flows from operations and availability under our Credit Agreement will be adequate to support our capital requirements for 2024 as disclosed under "Capital Requirements" above and the next twelve months.

Liquidity and Capital Resources

Indebtedness

Senior Notes Offering and Credit Agreement

On April 18, 2024, we announced the closing of our previously announced private offering of \$1.275 billion aggregate principal amount of senior notes, comprised of \$650.0 million aggregate principal amount of 8.625% senior secured notes due 2029 and \$625.0 million aggregate principal amount of 10.250% senior notes due 2031.

We also entered into a credit agreement, dated April 18, 2024 (the "Credit Agreement") to, among other things, evidence and govern a first-lien senior secured revolving credit facility and the commitments thereunder, and a first-lien senior secured term loan facility. The aggregate principal amount of revolving credit commitments under the senior revolving credit facility is \$310 million (including a \$175 million letter of credit subfacility) and the aggregate principal amount of the senior secured term loan facility is \$450.0 million.

We used the net proceeds of the senior notes offering, borrowings under the new term loan, and cash on hand to refinance approximately \$1.5 billion of existing indebtedness, including to fund the repurchase, redemption or other discharge of our existing Tranche 1 Term Loan and Tranche 2 Term Loan under our prior senior credit facility, the 9.50% senior second lien secured notes due 2028, the 10.50% senior second lien secured notes due 2028, and the 6.00% senior notes due 2026, to pay related premiums, transaction fees and expenses, and for general corporate purposes of the Company.

With these transactions, as well as the private exchange transactions involving our 6.50% Exchangeable Notes due 2026 discussed below, we have been able to push out substantially all of our debt maturities out to 2029 and 2031.

Refer to Note 10 - Debt of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

6.50% Exchangeable Senior Notes due 2026

On February 24, 2021, our wholly owned subsidiary, GEOCH, completed a private offering of \$230 million aggregate principal amount of 6.50% Exchangeable Senior Notes due 2026, which included the full exercise of the initial purchasers' over-allotment option to purchase an additional \$30 million aggregate principal amount of Convertible Notes. The Convertible Notes will mature on February 23, 2026, unless earlier repurchased or exchanged. The Convertible Notes bear interest at the rate of 6.50% per year plus an additional amount based on the dividends paid by GEO on its common stock. Interest on the Convertible Notes is payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2021.

Upon conversion, we will pay or deliver, as the case may be, cash or a combination of cash and shares of common stock. The initial conversion rate is 108.4011 shares of common stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately \$9.225 per share of common stock). The conversion rate will be subject to adjustment in certain events. If GEO or GEOCH undergoes a fundamental change, holders may require GEOCH to purchase the Convertible Notes in whole or in part for cash at a fundamental change purchase price equal to 100% of the principal amount of the Convertible Notes to be purchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change purchase date.

During the second and third quarters of 2024, the Company exchanged approximately \$229.7 million of aggregate principal amount of its outstanding 6.50% Exchangeable Senior Notes in private exchange transactions for an exchange value of approximately \$410 million. The consideration consisted of cash and shares of GEO common stock. Refer to Note 10 - Debt of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

Our debt outstanding under the Credit Agreement, the Secured Notes, the Unsecured Notes and the 6.50% Exchangeable Senior Notes require cash expenditures for debt service. Our significant debt obligations could have material consequences. See "Risk Factors-Risks Related to Our High Level of Indebtedness" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023. We are exposed to various commitments and contingencies which may have a material adverse effect on our liquidity. We also have guaranteed certain obligations for certain of our international subsidiaries. These commitments, contingencies and guarantees are further discussed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Refer to Note 10 - Debt of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information on our indebtedness.

We consider opportunities for future business and/or asset acquisitions or dispositions as we deem appropriate when market conditions present opportunities. If we are successful in our pursuit of any new projects, our cash on hand, cash flows from operations and borrowings under the new Credit Agreement may not provide sufficient liquidity to meet our capital needs and we could be forced to seek additional financing or refinance our existing indebtedness. There can be no assurance that any such financing or refinancing would be available to us on terms equal to or more favorable than our current financing terms, or at all. In the future, our access to capital and ability to compete for future capital-intensive projects will also be dependent upon, among other things, our ability to meet certain financial covenants in the indenture governing the Secured Notes, the indenture governing the Unsecured Notes, the indenture governing our Convertible Notes and our Credit Agreement. A substantial decline in our financial performance could limit our access to capital pursuant to these covenants and have a material adverse effect on our liquidity and capital resources and, as a result, on our financial condition and results of operations. In addition to these foregoing potential constraints on our capital, a number of state government agencies have been suffering from budget deficits and liquidity issues. While we were in compliance with our debt covenants as of September 30, 2024 and we expect to continue to be in compliance with our debt covenants, if these constraints were

to intensify, our liquidity could be materially adversely impacted as could our ability to remain in compliance with these debt covenants.

Guarantor Financial Information

GEO's Secured Notes, Unsecured Notes and Convertible Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis (except on a senior secured basis in the case of the Secured Notes) by certain of our wholly owned domestic subsidiaries (the "Subsidiary Guarantors").

Summarized financial information is provided for GEO and the Subsidiary Guarantors on a combined basis in accordance with SEC Regulation S-X Rules 3-10 and 13-01. The accounting policies used in the preparation of this summarized financial information are consistent with those elsewhere in the consolidated financial statements of the Company, except that intercompany transactions and balances of GEO and the Subsidiary Guarantor entities with non-guarantor entities have not been eliminated. Intercompany transactions between GEO and the Subsidiary Guarantors have been eliminated and equity in earnings from and investments in non-guarantor subsidiaries have not been presented.

Summarized statement of operations (in thousands):

	<u>Nine Months Ended September 30, 2024</u>	<u>Nine Months Ended September 30, 2023</u>
Net operating revenues	\$ 1,653,091	\$ 1,652,780
Income from operations	219,260	254,779
Net (loss) income	(4,113)	65,343
Net (loss) income attributable to The GEO Group, Inc.	(4,113)	65,343

Summarized balance sheets (in thousands):

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 416,735	\$ 455,746
Noncurrent assets (a)	3,012,593	3,028,140
Current liabilities	346,442	354,503
Noncurrent liabilities (b)	1,922,780	1,997,130

- (a) Includes amounts due from non-guarantor subsidiaries of \$59.3 million and \$50.0 million as of September 30, 2024 and December 31, 2023, respectively.
- (b) Includes amounts due to non-guarantor subsidiaries of \$47.8 million and \$31.5 million as of September 30, 2024 and December 31, 2023, respectively.

Off-Balance Sheet Arrangements

Except as discussed in the notes to our Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, we do not have any off-balance sheet arrangements.

Cash Flow

Cash, cash equivalents and restricted cash and cash equivalents as of September 30, 2024 was \$118.4 million compared to \$206.2 million as of September 30, 2023.

Operating Activities

Net cash provided by operating activities amounted to \$223.8 million for the nine months ended September 30, 2024 versus net cash provided by operating activities of \$230.1 million for the nine months ended September 30, 2023. Cash provided by operating activities during the nine months ended September 30, 2024 was positively impacted by non-cash expenses such as depreciation and amortization, loss on asset divestitures/impairment, loss on extinguishment of debt, amortization of debt issuance costs, discount and/or premium and other non-cash interest, dividends received from unconsolidated joint ventures and stock-based compensation expense. Equity in earnings of affiliates, net of tax and realized/unrealized gain on investments negatively impacted cash. Accounts receivable, prepaid expenses and other assets decreased in total by \$7.3 million, representing a positive impact on cash. The decrease was primarily driven by the timing of billings and collections. Accounts payable, accrued expenses and other liabilities increased by \$3.6 million which positively impacted cash. The increase was primarily driven by the timing of payments.

Net cash provided by operating activities for the nine months ended September 30, 2023 was positively impacted by net income attributable to GEO, non-cash expenses such as depreciation and amortization, loss on extinguishment of debt, amortization of debt issuance costs, discount and/or premium and other non-cash interest, dividends received from unconsolidated joint ventures and stock-based compensation expense. Equity in earnings of affiliates, net of tax, gain on assets held for sale and realized/unrealized gain on investments negatively impacted cash. Accounts receivable, prepaid expenses and other assets decreased in total by \$45.1 million, representing a positive impact on cash. The decrease was primarily driven by the favorable timing of billings and collections. Accounts payable, accrued expenses and other liabilities decreased by \$9.7 million which negatively impacted cash. The decrease was primarily driven by the timing of payments.

Investing Activities

Net cash used in investing activities of \$80.3 million during the nine months ended September 30, 2024 was primarily the result of capital expenditures of \$57.9 million, proceeds from sale of marketable securities of \$9.4 million and purchases of marketable securities of \$31.7 million. Net cash used in investing activities of \$35.8 million during the nine months ended September 30, 2023 was primarily the result of capital expenditures of \$53.6 million, proceeds from sale of real estate and other assets of \$15.1 million and proceeds from sale of property and equipment of \$2.7 million.

Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2024 was approximately \$186.1 million compared to net cash used in financing activities of \$128.8 million during the nine months ended September 30, 2023. Net cash used in financing activities during the nine months ended September 30, 2024 was primarily the result of proceeds from long-term debt of \$1,720.5 million, proceeds from borrowings on revolver of \$40.0 million, payments on long-term debt of \$1,873.9 million, payments for call premiums of \$35.6 million, debt issuance costs of \$30.6 million and taxes paid related to net share settlement of equity awards of \$7.5 million. Net cash used in financing activities during the nine months ended September 30, 2023 was primarily the result of payments on long-term debt of \$131.4 million, taxes paid related to net share settlement of equity awards of \$3.4 million partially offset by proceeds from sale of treasury shares of \$5.8 million.

Non-GAAP Measures

EBITDA is defined as net income adjusted by adding provision for (benefit from) income tax, interest expense, net of interest income and depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for (gain) loss on asset divestitures/impairment, pre-tax, net loss attributable to non-controlling interests, stock-based compensation expenses, pre-tax, start-up expenses, pre-tax, transaction fees, pre-tax, close-out expenses, pre-tax, ATM equity program expenses, pre-tax and other non-cash revenues and expenses, pre-tax, and certain other adjustments as defined from time to time.

Given the nature of our business as a real estate owner and operator, we believe that EBITDA and Adjusted EBITDA are helpful to investors as measures of our operational performance because they provide an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures, and to fund other cash needs or reinvest cash into our business.

We believe that by removing the impact of our asset base (primarily depreciation and amortization) and excluding certain non-cash charges, amounts spent on interest and taxes, and certain other charges that are highly variable from year to year, EBITDA and Adjusted EBITDA provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates and operating costs, providing a perspective not immediately apparent from net income.

The adjustments we make to derive the non-GAAP measures of EBITDA and Adjusted EBITDA exclude items which may cause short-term fluctuations in income from continuing operations and which we do not consider to be the fundamental attributes or primary drivers of our business plan and they do not affect our overall long-term operating performance.

EBITDA and Adjusted EBITDA provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes.

Our reconciliation of net income to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2024 and 2023 is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net income	\$ 26,289	\$ 24,503	\$ 16,385	\$ 82,022
Add:				
Income tax (benefit) provision *	11,861	6,588	(132)	30,617
Interest expense, net of interest income **	45,250	54,548	225,101	163,141
Depreciation and amortization	31,756	31,173	94,434	94,787
EBITDA	\$ 115,156	\$ 116,812	\$ 335,788	\$ 370,567
Add (Subtract):				
(Gain) loss on asset divestitures/impairment, pre-tax	—	(1,274)	2,907	(3,449)
Net loss attributable to noncontrolling interests	31	16	90	71
Stock-based compensation expenses, pre-tax	3,534	3,116	12,322	12,052
ATM equity program expenses, pre-tax	—	—	264	—
Transaction expenses, pre-tax	371	—	3,468	—
Start-up expenses, pre-tax	—	—	507	—
Close-out expenses, pre-tax	472	—	2,345	—
Other non-cash revenues and expenses, pre-tax	(928)	—	(2,161)	(687)
Adjusted EBITDA	\$ 118,636	\$ 118,670	\$ 355,530	\$ 378,554

* includes income tax provision on equity in earnings of affiliate

** includes loss on extinguishment of debt

Outlook

The following discussion contains statements that are not limited to historical statements and, therefore, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those stated or implied in the forward-looking statements. Please refer to “Part I - Item 1A. Risk Factors” and the “Forward Looking Statements - Safe Harbor” sections in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 for further discussion on forward-looking statements and the risks and other factors that could prevent us from achieving our goals and cause the assumptions underlying the forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements.

We continue to be encouraged by the current landscape of growth opportunities; however, any positive trends may, to some extent, be adversely impacted by government budgetary constraints or any changes to a government's willingness to maintain or grow public-private partnerships in the future. While state finances overall are stable, future budgetary pressures may cause state agencies to pursue a number of cost savings initiatives which may include reductions in per diem rates and/or the scope of services provided by private operators or the decision to not re-bid a contract after expiration of the contract term. These potential cost savings initiatives could have a material adverse impact on our current operations and/or our ability to pursue new business opportunities. Additionally, if state budgetary constraints, as discussed above, develop, persist or intensify, our state customers' ability to pay us may be impaired and/or we may be forced to renegotiate our management contracts on less favorable terms and our financial condition, results of operations or cash flows could be materially adversely impacted. We plan to actively bid on any new projects that fit our target profile for profitability and operational risk. Any positive trends in the industry may be offset by several factors, including budgetary constraints, contract modifications, contract terminations, contract non-renewals, contract re-bids and/or the decision to not re-bid a contract after expiration of the contract term and the impact of any other potential changes to the willingness or ability to maintain or grow public-private partnerships on the part of other government agencies. We believe we have a strong relationship with our government agency partners and we believe that we operate facilities that maximize security, safety and efficiency while offering our suite of GEO Continuum of Care programs, services and resources. In our Secure Services segment, we have over 18,000 available beds across contracted and idle facilities to support any future federal government capacity needs.

Internationally, we are exploring opportunities in our current markets and will continue to actively bid on any opportunities that fit our target profile for profitability and operational risk.

With respect to our reentry services, electronic monitoring services, and community-based services business, we are currently pursuing a number of business development opportunities. Related to opportunities for community-based reentry services, we are working with our existing federal, state, and local clients to leverage new opportunities for both residential reentry facilities as well as non-residential day reporting centers. With respect to the Department of Homeland Security's ISAP, since 2023 and into 2024, there has been a decline in ISAP participants as a result of recent changes in immigration and budgetary pressures. However, in the fourth quarter of 2024, the daily ISAP participant counts have been increasing. We are focused on delivering high quality services and developing new and innovative technology solutions. To this end, we launched VeriWatch, a new wrist-worn GPS tracking device that allows for real-time and discrete monitoring of individuals under community supervision. We continue to expend resources on informing federal, state and local governments about the benefits of public-private partnerships, and we anticipate that there will be new opportunities in the future as those efforts continue to yield results. We believe we are well positioned to capitalize on any suitable opportunities that become available in this area.

Operating Expenses

Operating expenses consist of those expenses incurred in the operation and management of our contracts to provide services to our governmental clients. Labor and related costs represented approximately 69% and 66% of our operating expenses during the nine months ended September 30, 2024 and 2023, respectively. Additional significant operating expenses include food, utilities and medical costs. During the nine months ended September 30, 2024 and 2023, operating expenses totaled approximately 73% and 72%, respectively, of our consolidated revenues. We expect our operating expenses as a percentage of revenues in 2024 will be impacted by the opening of any new or existing idle facilities as a result of the cost of transitioning and/or start-up operations related to a facility opening. We also expect that our operating expenses will be impacted by the effect of inflation on costs related to personnel, utilities, insurance, and medical and food, among other operational costs. During 2024, we will incur carrying costs for facilities that are currently vacant.

General and Administrative Expenses

General and administrative expenses consist primarily of corporate management salaries and benefits, professional fees and other administrative expenses. During each of the nine months ended September 30, 2024 and 2023, general and administrative expenses totaled approximately 8%, of our consolidated revenues. We expect general and administrative expenses as a percentage of revenues in 2024 to remain consistent or decrease as a result of cost savings initiatives.

Idle Facilities

We are currently marketing (or awaiting activation) 11,275 vacant beds at seven U.S. Secure Services and at three of our Reentry Services idle facilities to potential customers. One of our U.S. Secure Services idle facilities, the 750-bed Cheyenne Mountain Recovery Center, is currently under a contract that has not yet been activated. The annual net carrying cost of our idle facilities in 2024 is estimated to be \$28.5 million, including depreciation expense of \$13.7 million. As of September 30, 2024, these ten facilities had a combined net book value of \$282.8 million. We currently do not have any firm commitment or agreement in place to activate the idle facilities (except for the Cheyenne Mountain Recovery Center). Historically, some facilities have been idle for multiple years before they received a new contract award. These idle facilities are included in the U.S. Secure Services and Reentry Services segments. The per diem rates that we charge our clients often vary by contract across our portfolio. However, if the remaining idle facilities were to be activated using our U.S. Secure Services and Reentry Services average per diem rates in 2024 (calculated as the U.S. Secure Services and Reentry Services revenue divided by the number of U.S. Secure Services and Reentry Services mandays) and based on the average occupancy rate in our facilities through September 30, 2024, we would expect to receive incremental annualized revenue of approximately \$357 million and an annualized increase in earnings per share of approximately \$0.36 to \$0.40 per share based on our average operating margins.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk

We are exposed to market risks related to changes in interest rates with respect to our Credit Agreement. Payments under the Credit Agreement are indexed to a variable interest rate. Based on borrowings outstanding under the Credit Agreement of approximately \$413.8 million and approximately \$63 million in outstanding letters of credit, as of September 30, 2024, for every one percent increase in the average interest rate applicable to the Credit Agreement, our total annual interest expense would have increased by approximately \$4 million.

Additionally, we invest our cash in a variety of short-term financial instruments to provide a return. These instruments generally consist of highly liquid investments with original maturities at the date of purchase of three months or less. While these instruments are subject to interest rate risk, a hypothetical 100 basis point increase or decrease in market interest rates would not have a material impact on our financial condition or results of operations.

Foreign Currency Exchange Rate Risk

We are also exposed to market risks related to fluctuations in foreign currency exchange rates between the U.S. dollar, and the Australian dollar, the South African Rand and the British Pound currency exchange rates. Based upon our foreign currency exchange rate exposure as of September 30, 2024, every 10 percent change in historical currency rates would have approximately a \$8.2 million effect on our financial position and approximately a \$0.4 million impact on our results of operations during the nine months ended September 30, 2024.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act), as of the end of the period covered by this report. On the basis of this review, our management, including our Chief Executive Officer and our Chief Financial Officer, has concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed in our reports filed with the SEC, under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and to ensure that the information required to be disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

It should be noted that the effectiveness of our system of disclosure controls and procedures is subject to certain limitations inherent in any system of disclosure controls and procedures, including the exercise of judgment in designing, implementing and evaluating the controls and procedures, the assumptions used in identifying the likelihood of future events, and the inability to eliminate misconduct completely. Accordingly, there can be no assurance that our disclosure controls and procedures will detect all errors or fraud. As a result, by its nature, our system of disclosure controls and procedures can provide only reasonable assurance regarding management's control objectives.

Changes in Internal Control Over Financial Reporting.

Our management is responsible to report any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Management believes that there have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. There were no significant changes to our internal control over financial reporting during the quarter ended September 30, 2024.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Litigation, Claims and Assessments

Shareholder and Derivative Litigation

On July 7, 2020, a putative shareholder class action lawsuit was filed against the Company and its officers George C. Zoley and Brian R. Evans in the U.S. District Court for the Southern District of Florida. The parties resolved this matter following mediation for a payment to a settlement class of \$3 million paid by the Company's insurance carrier. On November 17, 2023, the court entered a Final Judgment and Order of Dismissal with Prejudice approving the settlement. After the putative shareholder class action lawsuit was filed, three related putative shareholder derivative actions were also filed. These cases generally allege breaches of fiduciary duties premised on alleged materially false and misleading statements and/or omissions related to pending litigation, as alleged in the shareholder class action. First, on July 1, 2021, a putative shareholder derivative complaint was filed by Anning Fang, a purported stockholder, in Palm Beach County, Florida Circuit Court against the Company, as well as current and former Company directors and officers George C. Zoley, Jose Gordo, Brian R. Evans, Ann M. Schlarb, Richard H. Glanton, Anne N. Foreman, Christopher C. Wheeler, Julie M. Wood, Guido van Hauwermeiren, Scott M. Kernan, and Duane Helkowski (collectively, the "State-Court Defendants"). Second, on November 12, 2021, a putative shareholder derivative complaint was filed by Rui Zhang, a purported stockholder, in the U.S. District Court for the Southern District of Florida against the Company, the State-Court Defendants, as well as then current and former Company officers David Venturella and J. David Donahue (collectively, the "Derivative Defendants"). Third, on August 24, 2022, a putative stockholder derivative complaint was filed by Gerardo Maldonado Jr., a purported stockholder, in the U.S. District Court for the Southern District of Florida against the Company and the Derivative Defendants.

The state-court *Fang* complaint alleges breach of fiduciary duty and unjust enrichment claims against the State-Court Defendants relating to purported healthcare and quality of care deficiencies, an allegedly inadequate response to the COVID-19 pandemic, alleged forced labor by detainees, and alleged exposure to pending litigation, which purportedly led to damage to GEO. The *Zhang* and *Maldonado* federal-court complaints make similar allegations of breach of fiduciary duty as to the Derivative Defendants, assert claims for unjust enrichment and waste of corporate assets, and also allege that the Derivative Defendants violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder and that Mr. Zoley contributed to alleged violations of Sections 10(b) and 21D of the Exchange Act.

Following mediation, the *Zhang* parties reached an agreement to resolve all derivative claims with the Company agreeing to adopt certain corporate governance policies. On September 6, 2024, the *Zhang* court entered an Order Approving Final Settlement and Final Judgment. The approval of the settlement by the *Zhang* court released all of the claims asserted in the *Fang* and *Maldonado* complaints as well. Thus, the *Fang* parties and the *Maldonado* parties have all agreed to dismissals with prejudice of those respective derivative actions. By this filing, the Company hereby provides notice of the respective parties' intent for those derivative actions to be dismissed with prejudice.

Immigration Detainee Litigation

Civil immigration detainees at the Aurora ICE Processing Center filed a class action lawsuit on October 22, 2014, against the Company in the U.S. District Court for the District of Colorado. The complaint alleges that the Company was in violation of the Colorado Minimum Wage Act ("CMWA") and the Federal Trafficking Victims Protection Act ("TVPA"). The complaint also claims that the Company was unjustly enriched based on the level of payment the detainees received for work performed in a Voluntary Work Program ("VWP") the Company is required to implement at the facility under the terms of its contract with the federal government. On July 6, 2015, the court found that detainees were not employees under the CMWA and dismissed this claim. On February 27, 2017, the court granted the plaintiffs' motion for class certification on the TVPA and unjust enrichment claims. The plaintiffs' class seeks actual damages, compensatory damages, exemplary damages, punitive damages, restitution, attorneys' fees and costs, and such other relief as the court may deem proper. On October 18, 2022, the court issued an order granting plaintiffs' motion for summary judgment on the Company's affirmative defenses, denying the Company's motion for summary judgment, motion to dismiss, and motion for decertification of the class, narrowing the class period for plaintiffs' TVPA claims, and otherwise ruling against the Company's motions for relief. All trial dates are currently stayed by court order pending appeal of certain of GEO's defenses to the Tenth Circuit Court of Appeal. Oral argument before the Tenth Circuit was held on September 18, 2023. On October 22, 2024, the Tenth Circuit Court of Appeals issued an Order finding appellate review of GEO's claim of immunity was premature and, therefore, the Tenth Circuit Court of Appeals was currently without jurisdiction to consider the merits of GEO's claimed immunity.

Since the Colorado suit was initially filed, four similar lawsuits have been filed - two in the State of Washington and two in California.

The first of the two State of Washington lawsuits was filed on September 26, 2017, by immigration detainees against the Company in the U.S. District Court for the Western District of Washington. The second lawsuit was filed on September 20, 2017, by the State Attorney General against the Company in the Superior Court of the State of Washington for Pierce County, which the Company removed to the U.S. District Court for the Western District of Washington on October 9, 2017. The plaintiffs claimed that State of Washington minimum wage laws should be enforced with respect to detainees who volunteer to participate in a VWP administered by GEO at the Northwest ICE Processing Center (the "Center") as required by the U.S. Department of Homeland Security under the terms of GEO's contract. The Center houses persons in the custody of federal immigration authorities while the federal government is determining their immigration status. In October 2021, an unfavorable jury verdict and court judgment resulting in a combined \$23.2 million judgment entered against the Company in the retrial of the two cases, which judgment amounts were subsequently increased by a further award against the Company of attorney's fees, costs, and pre-judgment interest in the amount of \$14.4 million. Post-judgment interest is accruing on these judgments in accordance with Washington law. The trial court has waived the necessity to post a supersedeas bond for the combined judgments and has stayed enforcement of the verdict and judgments while GEO's appeal to the U.S. Court of Appeals for the Ninth Circuit is pending. Oral argument before the Ninth Circuit was held on October 6, 2022. On March 7, 2023, the Ninth Circuit certified certain state law questions to the Washington Supreme Court. Oral argument before the Washington Supreme Court was held on October 17, 2023. On December 21, 2023, the Washington Supreme Court issued an opinion answering the questions certified by the Ninth Circuit. Under the Ninth Circuit's March 7, 2023 order certifying the above questions to the Washington Supreme Court, the Ninth Circuit has resumed control and jurisdiction over the State of Washington lawsuits. On February 21, 2024, the United States Department of Justice filed its Brief for the United States as Amicus Curiae in Support of GEO, arguing that the State of Washington judgments should be reversed because the Supremacy Clause precludes application of the Washington Minimum Wage Statute to work programs for federal detainees. In its Brief, the Department of Justice asserts that application of the Washington law independently contravenes intergovernmental immunity because it would make federal detainees subject to provisions that do not apply, and never have applied, to persons in state custody, singling out a contractor with the federal government for obligations Washington does not itself bear. The Department of Justice also contends that the immigration statutory structure approved by Congress does not contemplate a role for states or state law in governing the VWP for federal detainees.

In California, a class action lawsuit was filed on December 19, 2017, by immigration detainees against the Company in the U.S. District Court, Eastern Division of the Central District of California. The California lawsuit alleges violations of the state's minimum wage laws, violations of the TVPA and California's equivalent state statute, unjust enrichment, unfair competition and retaliation. The California court has certified a class of individuals who have been civilly detained at the Company's Adelanto Facility from December 19, 2014, until the date of final judgment. On March 31, 2022, the court entered a stay until the Ninth Circuit rules on the State of Washington lawsuits.

Current and former detainees of the Mesa Verde ICE Processing Center and the Golden State Annex ICE Processing Center filed a class action lawsuit on July 13, 2022, against the Company in the U.S. District Court for the Eastern District of California, Fresno Division. This lawsuit is similar to the cases in Colorado, the State of Washington, and California discussed above. The complaint alleges that federal detainees who volunteer to participate in the VWP at GEO's Mesa Verde and Golden State Annex ICE facilities are employees of GEO and entitled to the state's minimum wage. Plaintiffs also make claims for unfair competition, unjust enrichment, human trafficking, forced labor, California's Private Attorneys General Act and retaliation. GEO filed both a motion to stay the action pending the Ninth Circuit's decision in the State of Washington lawsuits and a motion to dismiss the action in its entirety. On July 10, 2023, the court entered a stay until the Ninth Circuit rules on the State of Washington lawsuits.

GEO believes it operates the VWP in full compliance with its contract with ICE and all applicable laws, regulations, and standards. GEO strongly disputes the claims made in these lawsuits, and intends to take all necessary steps to vigorously defend itself from these lawsuits. GEO has not recorded any accruals relating to these lawsuits at this time as losses are not considered probable.

Challenges to State Legislation that Conflict with Federal Contracts

On July 13, 2023, the Company filed a lawsuit in the U.S. District Court for the Western District of Washington against the State of Washington for declaratory and injunctive relief challenging the State of Washington's newly enacted law – House Bill 1470. House Bill 1470 purports to empower state agencies with new rule making, inspection, investigation, and testing powers over the Northwest ICE Processing Center. House Bill 1470 also creates a statutory regime of civil penalties applicable to private detention facilities for violations of House Bill 1470 detention standards, and purports to create a private right of action for detainees aggrieved by violations of the statute. On March 8, 2024, the U.S. District Court for the Western District of Washington entered an order preliminarily enjoining the enforcement of House Bill 1470 against GEO as the operator of the Northwest ICE Processing Center. On April 29, 2024, the State of Washington filed a Notice of Appeal of the order preliminarily enjoining the enforcement of House Bill 1470.

On April 15, 2024, the Company filed a lawsuit in the U.S. District Court for the District of New Jersey against the State of New Jersey for declaratory and injunctive relief challenging the State of New Jersey's Assembly Bill 5207 – that purports to prohibit the

operation of "private detention facilities" in the state, which would prevent the United States from using privately contracted detention facilities to house detainees in the custody of ICE. On April 25, 2024, the U.S. District Court for the District of New Jersey entered an order preliminarily enjoining the State of New Jersey from enforcing Assembly Bill 5207 against a private detention facility-including any owned by Plaintiff GEO until a further Order of the Court.

On October 22, 2024, the Company filed a lawsuit in the U.S. District Court for the Eastern District of California against the State of California and the Kern County Public Health Department for declaratory and injunctive relief challenging the State of California's newly enacted law – Senate Bill 1132. Senate Bill 1132 purports to empower state agencies with new inspection and investigation powers over GEO's California facilities providing contracted services to ICE. Senate Bill 1132 also purports to impose standards prescribed by the Board of State and Community Corrections on GEO's provision of contracted services to ICE in California.

Other Litigation

The nature of the Company's business also exposes it to various other legal claims or litigation, including, but not limited to, civil rights claims relating to conditions of confinement and/or mistreatment, sexual misconduct claims brought by individuals in its care, medical malpractice claims, claims related to deaths in custody, product liability claims, intellectual property infringement claims, claims relating to employment matters (including, but not limited to, employment discrimination claims, union grievances and wage and hour claims), property loss claims, environmental claims, automobile liability claims, indemnification claims by its customers and other third-parties, contractual claims and claims for personal injury or other damages resulting from contact with the Company's facilities, programs, electronic monitoring products, personnel or detainees, including damages arising from the escape of an individual in its care or from a disturbance or riot at a facility. Legal proceedings with respect to our facilities are unpredictable and, where material, can cause adverse effects, such as prompting modification or even termination of the underlying facility management contracts.

Other Assessment

A state non-income tax audit completed in 2016 included tax periods for which the state tax authority had previously processed a substantial tax refund. At the completion of the audit fieldwork, the Company received a notice of audit findings disallowing deductions that were previously claimed by the Company that was approved by the state tax authority and served as the basis for the approved refund claim. In early January 2017, the Company received a formal Notice of Assessment of Taxes and Demand for Payment from the taxing authority disallowing the deductions. The Company appealed the administrative ruling. In February 2024, the Company received notice that the New Mexico Court of Appeals had ruled against its appeal. The Company appealed this ruling to the New Mexico Supreme Court by timely filing a Petition for Writ of Certiorari on April 19, 2024. On July 8, 2024, the New Mexico Supreme Court denied the Company's Petition for Writ of Certiorari. The Company had established an estimated liability (inclusive of both the audit period and the post-audit period) based on its estimate of the most probable loss based on the facts and circumstances known and the advice of outside counsel in connection with this matter. In July 2024, the Company made a payment of approximately \$18.9 million towards the estimated liability related to the assessment for the audited period. Following the submission of an application in September 2024, the Company was accepted to participate in the State's managed audit program and entered into a Managed Audit Agreement (the "Agreement") with the New Mexico Taxation and Revenue Department for the post-audit period. The Agreement provides for a waiver of penalties and interest and as such, the Company recorded a favorable adjustment for penalties and interest related to the post-audit period of approximately \$6.3 million in the third quarter of 2024.

Accruals for Legal Proceedings

The Company establishes accruals for specific legal proceedings when it is considered probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the results of these claims or proceedings cannot be predicted with certainty, and an unfavorable resolution of one or more of these claims or proceedings could have a material adverse effect on the Company's financial condition, results of operations or cash flows, including the modification or loss of one or more facility management contracts, or could result in a material impairment of the Company's assets. The Company's accruals for loss contingencies are reviewed quarterly and adjusted as additional information becomes available. The Company generally does not accrue for anticipated legal fees and costs but expenses those items as incurred.

ITEM 1A. RISK FACTORS.

Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K") includes a detailed discussion of the risk factors that could materially affect our business, financial condition or future prospects. We encourage you to read these risk factors in their entirety.

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

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
July 1, 2024 to July 31, 2024	89	\$ 12.09	—	\$ —
August 1, 2024 to August 31, 2024	—	\$ —	—	\$ —
September 1, 2024 to September 30, 2024	—	\$ —	—	\$ —
Total	89		—	

(1) We withheld 89 shares through net settlements to satisfy statutory tax withholding requirements upon vesting of shares of restricted stock held by employees. These transactions were not part of a publicly announced plan or program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION.

During the quarter ended September 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case, as defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS.

(A) Exhibits

- 10.1 [Form of Exchange Agreement, dated as of August 30, 2024, by and between The GEO Group, Inc. and the applicable Noteholder \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on September 6, 2024\).](#)
- 31.1 [SECTION 302 CEO Certification.](#) *
- 31.2 [SECTION 302 CFO Certification.](#) *
- 32.1 [SECTION 906 CEO Certification.](#) *
- 32.2 [SECTION 906 CFO Certification.](#) *
- 101.INS Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema.
- 104 The cover page from the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2024, has been formatted in Inline XBRL (included with the Exhibit 101 attachments).

* Filed herewith

SIGNATURES

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

THE GEO GROUP, INC.

Date: November 12, 2024

/s/ Mark J. Suchinski

Mark J. Suchinski

Chief Financial Officer

(duly authorized officer and principal financial officer)

THE GEO GROUP, INC.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Brian R. Evans, certify that:

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

Date: November 12, 2024

/s/ Brian R. Evans

Brian R. Evans

Chief Executive Officer

THE GEO GROUP, INC.

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Mark J. Suchinski, certify that:

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

Date: November 12, 2024

/s/ Mark J. Suchinski

Mark J. Suchinski
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of The GEO Group, Inc. (the "Company") for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian R. Evans, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

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

/s/ Brian R. Evans

Brian R. Evans

Chief Executive Officer

Date: November 12, 2024

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

In connection with the Quarterly Report on Form 10-Q of The GEO Group, Inc. (the "Company") for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark J. Suchinski, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

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

/s/ Mark J. Suchinski

Mark J. Suchinski
Chief Financial Officer

Date: November 12, 2024
