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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 15, 2024

THE GEO GROUP, INC.
(Exact Name of Registrant as Specified in its Charter)

Florida	1-14260	65-0043078
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4955 Technology Way, Boca Raton, Florida	33431
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (561) 893-0101

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instructions A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 Par Value	GEO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Section 2 Financial Information

Item 2.02. Results of Operations and Financial Condition.

On February 15, 2024, The GEO Group, Inc. ("GEO" or the "Company") issued a press release (the "Earnings Press Release") announcing its financial results for the fourth quarter and full year ended December 31, 2023, and issuing its financial guidance for the full year and first quarter 2024. A copy of the Earnings Press Release is furnished hereto as Exhibit 99.1. GEO also held a conference call on February 15, 2024 to discuss these matters, a transcript of which is furnished hereto as Exhibit 99.2.

In the Earnings Press Release, GEO provided Adjusted Net Income, Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") and Adjusted EBITDA, for the fourth quarter and year ended December 31, 2023 and the comparable prior-year periods and Net Debt for the year ended December 31, 2023 that were not calculated in accordance with Generally Accepted Accounting Principles (the "Non-GAAP Information") and are presented as supplemental disclosures. Generally, for purposes of Regulation G under the Securities Exchange Act of 1934, Non-GAAP Information is any numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The Earnings Press Release presents the financial measure calculated and presented in accordance with GAAP, which is the most directly comparable to the Non-GAAP Information, with a prominence equal to or greater than its presentation of the Non-GAAP Information. The Earnings Press Release also contains a reconciliation of Adjusted Net Income, EBITDA and Adjusted EBITDA to the financial measure calculated and presented in accordance with GAAP which is the most directly comparable to the Non-GAAP Information. The Earnings Press Release also provides certain information regarding Net Debt and Net Leverage which are defined below.

EBITDA is defined as net income adjusted by adding provisions for 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, pre-tax, net loss attributable to non-controlling interests, stock-based compensation expenses, pre-tax, transaction related expenses, pre-tax, one-time employee restructuring expenses, pre-tax, other non-cash revenue and expenses, pre-tax, and certain other adjustments as defined from time to time.

Given the nature of GEO's business as a real estate owner and operator, GEO believes that EBITDA and Adjusted EBITDA are helpful to investors as measures of its operational performance because they provide an indication of GEO's 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 its business.

GEO believes that by removing the impact of its 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 its 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 GEO makes 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 GEO does not consider to be the fundamental attributes or primary drivers of its business plan and they do not affect its overall long-term operating performance.

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

Adjusted Net Income is defined as net income attributable to GEO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO's actual operating performance, including for the periods presented (gain)/loss on asset divestitures, pre-tax, (gain)/loss on the extinguishment of debt, pre-tax, transaction related expenses, pre-tax, one-time employee restructuring expense, pre-tax, and tax effect of adjustments to net income attributable to GEO.

Net Debt is defined as gross principal debt less cash from restricted subsidiaries. Net Leverage is defined as Net Debt divided by Adjusted EBITDA.

GEO has presented in the Earnings Press Release certain forward-looking statements about GEO's future financial performance that include non-GAAP financial measures, including Net Debt, Net Leverage, and Adjusted EBITDA. The determination of the amounts that are included or excluded from these non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period.

While GEO has provided a high level reconciliation for the guidance ranges for full year 2024, it is unable to present a more detailed quantitative reconciliation of the forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because management cannot reliably predict all of the necessary components of such GAAP measures. The quantitative reconciliation of the forward-looking non-GAAP financial measures will be provided for completed annual and quarterly periods, as applicable, calculated in a consistent manner with the quantitative reconciliation of non-GAAP financial measures previously reported for completed annual and quarterly periods.

The Non-GAAP Information should be considered in addition to results that are prepared under current accounting standards but should not be considered a consolidated substitute for, or superior to, financial information prepared in accordance with GAAP. The Non-GAAP Information may differ from similarly titled measures presented by other companies. The Non-GAAP Information, as well as other information in the Earnings Press Release, should be read in conjunction with GEO's financial statements filed with the Securities and Exchange Commission.

The information set forth in Item 2.02 in this Form 8-K is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information set forth in Item 2.02 in this Form 8-K shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

Section 9 Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press Release, dated February 15, 2024, announcing GEO's financial results for the fourth quarter and full year 2023.
99.2	Transcript of Conference Call discussing GEO's financial results for the fourth quarter and full year 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

	THE GEO GROUP, INC.
February 22, 2024 Date	By: /s/ Shayn P. March Shayn P. March Acting Chief Financial Officer, Executive Vice President, Finance and Treasurer (Principal Financial Officer)

4955 Technology Way ∎ Boca Raton, Florida 33431 ∎ www.geogroup.com

THE GEO GROUP REPORTS FOURTH QUARTER AND FULL YEAR 2023 RESULTS

Boca Raton, Fla. – February 15, 2024 — The GEO Group, Inc. (NYSE: GEO) (“GEO”), a leading provider of support services for secure facilities, processing centers, and reentry centers, as well as enhanced in-custody rehabilitation, post-release support, and electronic monitoring programs, reported today its financial results for the fourth quarter and full year 2023.

Full Year 2023 Highlights

- **Total revenues of $2.41 billion**
- **Net Income of $113.8 million**
- **Adjusted EBITDA of $507.2 million**
- **Reduced Total Net Debt by Approximately $197.0 million in FY23 to $1.78 billion**

For the full year 2023, we reported total revenues of $2.41 billion compared to $2.38 billion for the full year 2022. We reported net income for the full year 2023 of $113.8 million, compared to $171.7 million for the full year 2022. Results for the full year 2023 reflect a year-over-year increase of $61.9 million in net interest expense as a result of the transactions we completed in August 2022 to address the substantial majority of our outstanding debt and the impact of higher interest rates. For the full year 2023, we reported Adjusted EBITDA of $507.2 million, compared to $540.0 million for the full year 2022. During 2023, we reduced our total net debt by approximately $197.0 million to approximately $1.78 billion.

Fourth Quarter 2023 Highlights

- **Total revenues of $608.3 million**
- **Net Income of $31.8 million**
- **Adjusted EBITDA of $129.0 million**

For the fourth quarter 2023, we reported net income of $31.8 million, compared to $41.5 million for the fourth quarter 2022. We reported total revenues for the fourth quarter 2023 of $608.3 million compared to $620.7 million for the fourth quarter 2022. We reported fourth quarter 2023 Adjusted EBITDA of $129.0 million, compared to $145.5 million for the fourth quarter 2022.

George C. Zoley, Executive Chairman of GEO, said, “Our company delivered strong operational and financial performance in 2023, resulting in the second-best year in our company’s 40-year history. We believe that the unparalleled scope of our diversified services platform, which allows us to offer a full spectrum of innovative solutions to our government agency partners, gives GEO a unique competitive advantage to capture future quality growth opportunities. We are also pleased with the substantial progress we made in 2023 towards our objective of reducing our net debt, deleveraging our balance sheet, and positioning GEO to explore options to return capital to shareholders in the future. We believe that our disciplined allocation of capital to reduce debt, along with our demonstrated track record delivering strong and predictable annual cash flows, will meaningfully enhance value for our shareholders over time.”

Contact: Pablo E. Paez (866) 301 4436

Executive Vice President, Corporate Relations

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Financial Guidance

Today, we issued our initial financial guidance for 2024. For the full year 2024, we expect Net Income to be in a range of $110 million to $125 million on annual revenues of approximately $2.4 billion and reflecting an effective tax rate of approximately 28 percent, exclusive of any discrete items. We expect full year 2024 Adjusted EBITDA to be between $485 million and $515 million.

We believe that U.S. Immigration and Customs Enforcement ("ICE") continues to face budgetary pressures, and the outcome and timing of ongoing federal government appropriations discussions in the United States Congress remain uncertain. As a result of these factors, our initial financial guidance for 2024 incorporates a range of assumptions.

The midpoint of our guidance range assumes stable populations across our ICE Processing Centers and stable participant counts under the federal government's Intensive Supervision and Appearance Program ("ISAP") contract. On the low end of our range, our guidance assumes that federal government appropriations discussions continue to be delayed throughout the year and that ongoing budgetary pressures result in some moderate decreased utilization of both ICE Processing Centers and the ISAP contract. On the high end of our range, our guidance assumes only some moderate increases in the utilization of ICE Processing Centers and the ISAP contract should additional funding be appropriated for ICE during this federal fiscal year.

Additionally, our initial 2024 guidance does not include the potential reactivation of any of our remaining idle Secure Services facilities, which total approximately 9,000 beds, or any potential new contract wins by our diversified business segments.

For the first quarter of 2024, we expect Net Income to be in a range of $22 million to $24 million and quarterly revenues in a range of $600 million to $610 million. We expect first quarter 2024 Adjusted EBITDA to be in a range of $117 million to $122 million. Compared to fourth quarter 2023, our first quarter 2024 guidance reflects the impact of having one fewer day in the quarter. Additionally, our first quarter of the year is impacted by higher costs related to payroll taxes, which are frontloaded in the beginning of each year.

Conference Call Information

We have scheduled a conference call and webcast for today at 11:00 AM (Eastern Time) to discuss our fourth quarter and full year 2023 financial results as well as our outlook. The call-in number for the U.S. is 1-877-250-1553 and the international call-in number is 1-412-542-4145. In addition, a live audio webcast of the conference call may be accessed on the Webcasts section under the News, Events and Reports tab of GEO's investor relations webpage at investors.geogroup.com. A replay of the webcast will be available on the website for one year. A telephonic replay of the conference call will be available through February 22, 2024, at 1-877-344-7529 (U.S.) and 1-412-317-0088 (International). The participant passcode for the telephonic replay is 5397718.

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Executive Vice President, Corporate Relations

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About The GEO Group

The GEO Group, Inc. (NYSE: GEO) is a leading diversified government service provider, specializing in design, financing, development, and support services for secure facilities, processing centers, and community reentry centers in the United States, Australia, South Africa, and the United Kingdom. GEO's diversified services include enhanced in-custody rehabilitation and post-release support through the award-winning GEO Continuum of Care®, secure transportation, electronic monitoring, community-based programs, and correctional health and mental health care. GEO's worldwide operations include the ownership and/or delivery of support services for 100 facilities totaling approximately 81,000 beds, including idle facilities and projects under development, with a workforce of up to approximately 18,000 employees.

Reconciliation Tables and Supplemental Information

GEO has made available Supplemental Information which contains reconciliation tables of Net Income Attributable to GEO to Adjusted Net Income, and Net Income to EBITDA and Adjusted EBITDA, along with supplemental financial and operational information on GEO's business and other important operating metrics. The reconciliation tables are also presented herein. Please see the section below titled "Note to Reconciliation Tables and Supplemental Disclosure—Important Information on GEO's Non-GAAP Financial Measures" for information on how GEO defines these supplemental Non-GAAP financial measures and reconciles them to the most directly comparable GAAP measures. GEO's Reconciliation Tables can be found herein and in GEO's Supplemental Information available on GEO's investor webpage at investors.geogroup.com.

Note to Reconciliation Tables and Supplemental Disclosure –

Important Information on GEO's Non-GAAP Financial Measures

Adjusted Net Income, EBITDA, and Adjusted EBITDA are non-GAAP financial measures that are presented as supplemental disclosures. GEO has presented herein certain forward-looking statements about GEO's future financial performance that include non-GAAP financial measures, including Net Debt, Net Leverage, and Adjusted EBITDA. The determination of the amounts that are included or excluded from these non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period.

While we have provided a high level reconciliation for the guidance ranges for full year 2024, we are unable to present a more detailed quantitative reconciliation of the forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because management cannot reliably predict all of the necessary components of such GAAP measures.
The quantitative reconciliation of the forward-looking non-GAAP financial measures will be provided for completed annual and quarterly periods, as applicable, calculated in a consistent manner with the quantitative reconciliation of non-GAAP financial measures previously reported for completed annual and quarterly periods.

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Net Debt is defined as gross principal debt less cash from restricted subsidiaries. Net Leverage is defined as Net Debt divided by Adjusted EBITDA.

EBITDA is defined as net income adjusted by adding provisions for 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, pre-tax, net loss attributable to non-controlling interests, stock-based compensation expenses, pre-tax, transaction related expenses, pre-tax, one-time employee restructuring expenses, pre-tax, other non-cash revenue 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.

Adjusted Net Income is defined as net income attributable to GEO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO’s actual operating performance, including for the periods presented (gain)/loss on asset divestitures, pre-tax, (gain)/loss on the extinguishment of debt, pre-tax, transaction related expenses, pre-tax, one-time employee restructuring expense, pre-tax, and tax effect of adjustments to net income attributable to GEO.

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Safe-Harbor Statement

This press release contains forward-looking statements regarding future events and future performance of GEO that involve risks and uncertainties that could materially and adversely affect actual results, including statements regarding GEO's financial guidance for the full year and first quarter of 2024, statements regarding GEO's efforts to market its current idle facilities, GEO's focus on reducing net debt, deleveraging its balance sheet, and positioning itself to explore options to return capital to shareholders, and GEO's assumptions regarding the utilization of ICE Processing Centers and the ISAP contract during 2024. 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 and similar expressions. Risks and uncertainties that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to: (1) GEO's ability to meet its financial guidance for 2024 given the various risks to which its business is exposed; (2) GEO's ability to deleverage and repay, refinance or otherwise address its debt maturities in an amount and on terms commercially acceptable to GEO, and on the timeline it expects or at all; (3) GEO's ability to identify and successfully complete any potential sales of company-owned assets and businesses on commercially advantageous terms on a timely basis, or at all; (4) changes in federal and state government policy, orders, directives, legislation and regulations that affect public-private partnerships with respect to secure, correctional and detention facilities, processing centers and reentry centers, including the timing and scope of implementation of President Biden's Executive Order directing the U.S. Attorney General not to renew the U.S. Department of Justice contracts with privately operated criminal detention facilities; (5) changes in federal immigration policy; (6) public and political opposition to the use of public-private partnerships with respect to secure correctional and detention facilities, processing centers and reentry centers; (7) any continuing impact of the COVID-19 global pandemic on GEO, GEO's ability to mitigate the risks associated with COVID-19, and the efficacy and distribution of COVID-19 vaccines; (8) GEO's ability to sustain or improve company-wide occupancy rates at its facilities in light of any continuing impact of the COVID-19 global pandemic and policy and contract announcements impacting GEO's federal facilities in the United States; (9) fluctuations in GEO's operating results, including as a result of contract terminations, contract renegotiations, changes in occupancy levels and increases in GEO's operating costs; (10) general economic and market conditions, including changes to governmental budgets and its impact on new contract terms, contract renewals, renegotiations, per diem rates, fixed payment provisions, and occupancy levels; (11) GEO's ability to address inflationary pressures related to labor related expenses and other operating costs; (12) GEO's ability to timely open facilities as planned, profitably manage such facilities and successfully integrate such facilities into GEO's operations without substantial costs; (13) GEO's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (14) risks associated with GEO's ability to control operating costs associated with contract start-ups; (15) GEO's ability to successfully pursue growth and continue to create shareholder value; (16) GEO's ability to obtain financing or access the capital markets in the future on acceptable terms or at all; and (17) other factors contained in GEO's Securities and Exchange Commission periodic filings, including its Form 10-K, 10-Q and 8-K reports, many of which are difficult to predict and outside of GEO's control.

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Fourth quarter and full year 2023 financial tables to follow:

Condensed Consolidated Balance Sheets*
(Unaudited)

		As of December 31, 2023 (unaudited)		As of December 31, 2022 (unaudited)
ASSETS				
Cash and cash equivalents	$	93,971	$	95,073
Accounts receivable, less allowance for doubtful accounts		390,023		416,399
Prepaid expenses and other current assets		44,511		43,536
Total current assets	**$**	**528,505**	**$**	**555,008**
Restricted Cash and Investments		135,968		111,691
Property and Equipment, Net		1,944,278		2,002,021
Operating Lease Right-of-Use Assets, Net		102,204		90,950
Assets Held for Sale		—		480
Deferred Income Tax Assets		8,551		8,005
Intangible Assets, Net (including goodwill)		891,085		902,887
Other Non-Current Assets		85,815		89,341
Total Assets		**$ 3,696,406**		**$ 3,760,383**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Accounts payable	$	64,447	$	79,312
Accrued payroll and related taxes		64,436		53,225
Accrued expenses and other current liabilities		219,159		237,369
Operating lease liabilities, current portion		24,640		22,584
Current portion of finance lease obligations, and long-term debt		55,882		44,722
Total current liabilities	**$**	**428,564**	**$**	**437,212**
Deferred Income Tax Liabilities		79,607		75,849
Other Non-Current Liabilities		83,643		75,288
Operating Lease Liabilities		82,114		73,801
Long-Term Debt		1,725,502		1,933,145
Total Shareholders' Equity		1,296,976		1,165,088
Total Liabilities and Shareholders' Equity		**$ 3,696,406**		**$ 3,760,383**

* all figures in '000s

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Condensed Consolidated Statements of Operations*
(Unaudited)

	Q4 2023 (unaudited)	Q4 2022 (unaudited)	FY 2023 (unaudited)	FY 2022 (unaudited)
Revenues	$ 608,283	$620,682	$2,413,167	$2,376,727
Operating expenses	433,042	430,565	1,735,328	1,662,885
Depreciation and amortization	30,996	32,641	125,784	132,925
General and administrative expenses	51,584	49,094	190,766	196,972
Operating income	**92,661**	**108,382**	**361,289**	**383,945**
Interest income	4,006	530	7,792	15,988
Interest expense	(53,211)	(53,166)	(218,292)	(164,550)
Loss on extinguishment of debt	(6,687)	(408)	(8,532)	(37,895)
Gain on asset divestitures	1,243	—	4,691	32,332
Income before income taxes and equity in earnings of affiliates	**38,012**	**55,338**	**146,948**	**229,820**
Provision for income taxes	7,601	14,793	37,637	62,899
Equity in earnings of affiliates, net of income tax provision	1,413	984	4,534	4,771
Net income	**31,824**	**41,529**	**113,845**	**171,692**
Less: Net loss attributable to noncontrolling interests	70	2	142	121
Net income attributable to The GEO Group, Inc.	**$ 31,894**	**$ 41,531**	**$ 113,987**	**$ 171,813**
Weighted Average Common Shares Outstanding:				
Basic	122,081	121,165	121,908	121,040
Diluted	125,224	124,545	123,698	122,281
Net income per Common Share Attributable to The GEO Group, Inc.** :				
Basic:				
Net income per share — basic	$ 0.22	$ 0.29	$ 0.78	$ 1.18
Diluted:				
Net income per share — diluted	$ 0.21	$ 0.28	$ 0.77	$ 1.17

* All figures in ‘000s, except per share data

** In accordance with U.S. GAAP, diluted earnings per share attributable to GEO available to common stockholders is calculated under the if-converted method or the two-class method, whichever calculation results in the lowest diluted earnings per share amount, which may be lower than Adjusted Net Income Per Diluted Share.

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Reconciliation of Net Income to EBITDA and Adjusted EBITDA, and Net Income Attributable to GEO to Adjusted Net Income*
(Unaudited)

	Q4 2023 (unaudited)	Q4 2022 (unaudited)	FY 2023 (unaudited)	FY 2022 (unaudited)
Net Income	**$ 31,824**	**$ 41,529**	**$ 113,845**	**$ 171,692**
Add:				
Income tax provision **	7,889	15,070	38,505	63,639
Interest expense, net of interest income ***	55,892	53,045	219,032	186,457
Depreciation and amortization	30,996	32,641	125,784	132,925
EBITDA	**$ 126,601**	**$ 142,285**	**$ 497,166**	**$ 554,713**
Add (Subtract):				
Gain on asset divestitures, pre-tax	(1,243)	—	(4,691)	(32,332)
Net loss attributable to noncontrolling interests	70	2	142	121
Stock based compensation expenses, pre-tax	3,013	3,194	15,065	16,204
Transaction related expenses, pre-tax	—	—	—	1,322
One-time employee restructuring expenses, pre-tax	814	—	814	—
Other non-cash revenue & expenses, pre-tax	(301)	—	(1,319)	—
Adjusted EBITDA	**$ 128,954**	**$ 145,481**	**$ 507,177**	**$ 540,028**
Net Income attributable to GEO	**$ 31,894**	**$ 41,531**	**$ 113,987**	**$ 171,813**
Add (Subtract):				
Gain on asset divestitures, pre-tax	(1,243)	—	(4,691)	(32,959)
Loss on extinguishment of debt, pre-tax	6,687	408	8,532	37,895
Transaction related expenses, pre-tax	—	—	—	1,322
One-time employee restructuring expenses, pre-tax	814	—	814	—
Tax effect of adjustment to net income attributable to GEO (1)	(1,574)	(103)	(1,171)	(6,875)
Adjusted Net Income	**$ 36,578**	**$ 41,836**	**$ 117,471**	**$ 171,196**
Weighted average common shares outstanding—Diluted	125,224	124,545	123,698	122,281
Adjusted Net Income per Diluted share	**0.29**	**0.34**	**0.95**	**1.40**

* all figures in '000s, except per share data
** including income tax provision on equity in earnings of affiliates
*** includes (gain)/loss on extinguishment of debt
(1) Tax adjustment related to gain on asset divestitures, one-time employee restructuring expenses and loss on extinguishment of debt.

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Executive Vice President, Corporate Relations

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2024 Outlook/Reconciliation (1)
(In thousands, except per share data)
(Unaudited)

	FY 2024		
Net Income Attributable to GEO	$ 110,000	to	$ 125,000
Net Interest Expense	190,000		200,000
Income Taxes *(including income tax provision on equity in earnings of affiliates)*	44,000		48,000
Depreciation and Amortization	126,000		127,000
Non-Cash Stock Based Compensation	16,000		16,000
Other Non-Cash	(1,000)		(1,000)
Adjusted EBITDA	$ 485,000	to	$ 515,000
Net Income Attributable to GEO Per Diluted Share	$ 0.87	to	$ 0.99
Weighted Average Common Shares Outstanding-Diluted	126,500	to	126,500
CAPEX			
Growth	2,000	to	3,000
Technology	20,000	to	25,000
Facility Maintenance	48,000	to	52,000
Capital Expenditures	70,000	**to**	80,000
Total Debt, Net	**$ 1,620,000**		**$ 1,580,000**
Total Leverage, Net	**3.3**		**3.1**

(1) Total Net Leverage is calculated using the midpoint of Adjusted EBITDA guidance range.

- End –

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Executive Vice President, Corporate Relations

Participants

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Brian Violino
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Brendan McCarthy
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Management Discussion Section

Operator

Good day and welcome to the GEO Group Fourth-Quarter 2023 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] Please note today's event is being recorded. I would now like to turn the conference over to Pablo Paez, Executive Vice President of Corporate Relations. Please go ahead.

Pablo E. Paez

Executive Vice President-Corporate Relations, The GEO Group, Inc.

Thank you, Operator. Good morning, everyone, and thank you for joining us for today's discussion of the GEO Group's Fourth Quarter and Full-Year 2023 Earnings Results. With us today are George Zoley, Executive Chairman of the Board; Brian Evans, Chief Executive Officer; Wayne Calabrese, President and Chief Operating Officer; Shayn March, Acting Chief Financial Officer; and James Black, President of GEO Secure Services.

This morning, we will discuss our fourth quarter and full-year results as well as our outlook. We will conclude the call with a question-and-answer session. This conference call is also being webcast live on our investor website at investors.geogroup.com. Today, we will discuss non-GAAP basis information. A reconciliation from non-GAAP basis information to GAAP basis results is included in the press release and the supplemental disclosure we issued this morning. Additionally, much of the information we will discuss today, including the answers we give in response to your questions, may include forward-looking statements regarding our beliefs and current expectations with respect to various matters. These forward-looking statements are intended to fall within the Safe Harbor provisions of the securities laws. Our actual results may differ materially from those in the forward-looking statements as a result of various factors contained in our Securities and Exchange Commission filings, including the Forms 10-K, 10-Q and 8-K reports. With that, please allow me to turn this call over to our Executive Chairman, George Zoley. George?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

Thank you, Pablo, and good morning to everyone. Thank you for joining us on our Fourth Quarter 2023 Earnings Call. I'm joined today by our newly reorganized senior management team, including our new CEO, Brian Evans; our new President and Chief Operating Officer, Wayne Calabrese and our new Acting Chief Financial Officer, Shayn March, along with our President of GEO Secure Services, James Black. While Brian, Shayn and Wayne are new to their positions, they have each been with the company a long time.

During today's call, we will review our fourth quarter financial results for 2023, recap the annual operational milestones for each of our business segments, provide an update of our continued efforts to reduce debt and deleverage our balance sheet and discuss our initial financial guidance for 2024, which includes a range of assumptions primarily related to the ongoing Federal budget discussions in Congress.

During the fourth quarter of 2023, our Diversified Business Units continued to deliver strong operational and financial performance. This morning, we reported fourth quarter 2023 revenues of approximately $608 million and GAAP net income of approximately $32 million. We also reported fourth quarter 2023 adjusted EBITDA of approximately $129 million, which represents a sequential increase of 8% from the third quarter of 2023. During the fourth quarter, our Security Services Business Unit renewed two important contracts at the Federal level. In Colorado, we renewed our contract with ICE for the provision of the company-owned 1,532 bed Aurora ICE Processing Center and associated secure support services for a one-year term. In California, we renewed our contract with the U.S. Marshals for the provision of secure support services at the government-owned 512 bed El Centro Detention Facility for a two-year term. At the state level, we received a two-year renewal of our lease agreement with the State of New Mexico for our company-owned 600 bed Guadalupe County Correctional Facility, which is managed by the New Mexico Corrections Department.

Additionally, our GEO Reentry Services Division renewed five Residential Reentry Center contracts at the State and Federal levels during the fourth quarter of 2023. Looking at our key quarterly segment trends, our fourth quarter 2023 results reflect a year-over-year increase in our secure transportation revenues and in our international revenues. The increase in our secure transportation segment was primarily driven by our new contract to provide air operation support for ICE, which was activated in the third quarter of 2023. Internationally, the increase in revenues was due to our new contract to deliver health care services across public prisons in the State of Victoria in Australia, which was also activated in the third quarter of 2023.

Moving to ICE, average daily populations across our ICE processing centers increased by approximately 18% during the fourth quarter of 2023. Since the end of the year, ICE populations in our facilities have remained relatively stable at just over 13,000 beds. Currently, we estimate that the census across all ICE facilities nationwide is approximately 38,500. With respect to the Federal Government's Intensive Supervision and Appearance Program or ISAP, participant counts remained relatively stable during the fourth quarter of 2023, in a range of approximately 190,000 to 195,000 individuals. The current ISAP participant count is approximately 187,000. We believe that ICE continues to face budgetary pressures and the outcome and timing of ongoing Federal budget discussions in Congress remains uncertain. Since October 1, the Department of Homeland Security and ICE have funded under a short term continuing resolution, which has been extended twice and is currently set to expire on March 8.

Last week, a group of US senators released a proposed Supplemental Appropriations Bill, which included additional funding for Border Security. However, that bill was voted down by the full Senate. The bill have provided funding for 50,000 ICE detention beds, which represents an increase of 16,000 beds from the current funding level for 34,000 beds. Additionally, the bill would have increased the annual funding for alternatives to detention programs to approximately $1.3 billion from the current funding level of $440 million.

If Congress is unable to reach an agreement on appropriations package prior to March 8, the Federal Government could continue to be funded under a continuing resolution or face the prospect of government shutdown. Given this uncertainty, we have provided our initial guidance for 2024, with a range of assumptions, which Brian and Shayn will discuss in more detail. As we have expressed to you in the past, decisions related to Federal funding levels and related policies are outside of GEO's control, as a service provider to the Federal government. While we will continue to monitor the Congressional Appropriations Process, our focus remains on providing high-quality services on behalf of DHS, ICE and all of our clients. We also remain focused on reducing our net debt, which continues to be a strategic priority for our company.

In 2023, we reduced our net debt by approximately $197 and ended the year with less than $1.8 billion in total net debt. The debt reduction represents substantial progress towards our objective to deleverage our balance sheet and position GEO to explore options to return capital to shareholders in the future. I will now turn the call over to our new CEO, Brian Evans.

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

Thank you, George. Good morning, everyone. As the prior CFO for 14 years, it is my pleasure to join George and our senior management team in a new capacity of CEO as we work together to continue to execute our company's strategic priorities. Our continued and steady financial performance is underpinned by the strength of our diversified services platform. Over the past 20 years, our board and our management team have implemented a disciplined strategy to pursue diversified opportunities that grow our company both organically and through strategic acquisitions of businesses and assets. We believe this growth in investment strategy has positioned GEO as a leading, diversified services provider in our country, in our industry, and the strength of this diversification has allowed us to deliver steady operational and financial results through challenging periods.

Over the course of the COVID pandemic, we were able to offset declines in our Secure Services and Residential Reentry revenues with increases in our community-based and non-residential programs. Similarly, in 2021 and 2022, we were able to offset the loss of our Bureau of Prisons contract revenues with increases in our Electronic Monitoring and Supervision Services revenues. And in 2023, we offset declines in our Electronic Monitoring segment with growth from several of our diversified segments, including our secure transportation and international businesses.

As we look forward to 2024, we believe that we are taking a prudent approach to our initial financial guidance, given the uncertainty surrounding the outcome and timing of the ongoing Federal budget discussions in Congress. While decisions related to Federal funding and related policies are outside of GEO's control, as a company, we are positioned to continue to support ICE and the US Marshals with a spectrum of support services and solutions, including additional bed capacity, secure transportation, electronic monitoring technologies and case management services.

With respect to ISAP specifically, BI is the largest provider of Electronic Monitoring services to Federal, state and local law enforcement agencies, and the sole provider of electronic monitoring solutions to ICE. BI has provided the ISAP contract services to ICE with bipartisan support for over 20 years, successfully achieving high levels of compliance under the program.

Over this timeframe, BI has built what we believe is an unparalleled platform of technology solutions and case management services, which we anticipate will give GEO a competitive advantage going forward. As a sole provider of electronic monitoring services under the current ISAP contract, BI has all the necessary resources to assist ICE should the agency decide to increase the utilization of ISAP. Future increases in ISAP participant count or further increases in the utilization of our ICE detention beds could potentially generate significant upside to our guidance. Additionally, the potential reactivation of any of our remaining idle Secure Services facilities, which total approximately 9,000 beds, could also provide meaningful upside to our annualized revenues and cash flows if fully reactivated. We could also see additional upside from winning any new managed-only contract, similar to our new secure transportation subcontract for ICE Air operation support and our new health care contract in Australia, which we activated last year.

Operationally, our daily management focus and primary objective remains on achieving operational excellence across all our service lines. We are proud of the dedication of our frontline employees and our facility regional and corporate leadership who help our company fulfil this objective every year. From a strategic standpoint, our management team is focused on the disciplined allocation of capital to enhance long-term value for our shareholders. For the past three years, we have focused on deleveraging our balance sheet and reducing our debt, and we have made significant progress towards this objective. We have complemented these efforts with the sale of select assets that have resulted in more than $150 million in proceeds. Historically, we have focused on the sale of Residential Reentry assets. This rationale has been based on the fact that Residential Reentry Centers are typically located in urban areas and can usually be repurposed for alternative uses. As a result of these factors, we often see a larger pool of potential interested buyers. Going forward, we expect to explore additional sales of Reentry facilities that are either idle or underutilized and may therefore create more value for our company by being sold.

With respect to our idle Secure Services facilities, as we have previously stated, we are focused on marketing these facilities to local, state and Federal agencies for reactivation, either under a traditional Secure Services contract or a lease arrangement. We believe that these important assets can create more long-term value for our company if they can be reactivated. However, we may also consider the sale of some of these larger assets if we believe that, that sale price adequately reflects their value.

As we continue to execute our strategic priorities, we also expect to explore new areas of potential growth. We believe that the expertise we have developed across a broad spectrum of government services could be used to provide private sector solutions to address public sector challenges, either with our existing government clients or with new government agencies. Our overarching goal is to continue to strengthen our diversified services platform, which already delivers predictable earnings and cash flows. We believe that as we allocate capital toward reducing debt and positioning our company to consistently and sustainably return capital to shareholders, the strong and predictable nature of our cash flows will create an attractive value proposition for investors. At this time, I will turn the call over to our acting CFO, Shayn March, to review our financial results and guidance in more detail.

Shayn P. March

Acting Chief Financial Officer, The GEO Group, Inc.

Thank you, Brian, and good morning, everyone. Today, we report fourth quarter of 2023 GAAP net income of approximately $32 million, and quarterly revenue of approximately $608 million. We also reported fourth-quarter 2023 adjusted EBITDA of approximately $129 million. Looking at each of our segments, Managed Only revenues for the fourth quarter of 2023 increased by approximately 18% from one year ago. This increase was driven by higher revenues in our Secure Transportation and International segments, related to our new subcontract to provide Air Support Services for ICE and our new health care contract in Victoria, Australia, respectively. Fourth quarter 2023 revenues for our Owned and Leased Secure Services facilities increased by approximately 4% from one year ago, which was primarily driven by increased population at our ICE Processing Centers.

Further, quarter revenues in our GEO Reentry segment also increased year-over-year with fourth quarter 2023 revenues from our Residential Reentry Centers and our Non-Residential Reentry programs experiencing an 11% increase and a 32% increase respectively. These revenue increases were offset by lower revenue from our Electronic Monitoring and Supervision Services segment during the fourth quarter of 2023, as a result of lower participation counts under our ISAP contract compared to the fourth quarter of 2022. Our fourth quarter 2023 results also reflect a year-over-year decrease in net interest expense due to the repayment of debt throughout the year as well as due to higher interest income compared to fourth quarter 2022. Our effective tax rate for the fourth quarter 2023 was approximately 20%.

Moving to our guidance for 2024, as George and Brian discussed, we believe that ICE continues to face budgetary pressures and the outcome and timing of ongoing Federal budget discussions in Congress remains uncertain. Recent news articles have reported that ICE is facing a $700 million debt – budget deficit, and will be forced to scale back operations if it does not receive additional funding. The reported budget deficit could result in a reduction of immigration detention beds under contract and a reduction in the number of non-citizens being monitored under the agency’s alternative detention programs, which includes ISAP. Although we have no way to predict whether the reported budget deficit will be addressed by Congress, we remain hopeful that a long-term funding shortfall will be avoided in order to address the agency’s needs to deal with its border obligations. As a result, our financial guidance for 2024 incorporates a range of assumptions.

For the full-year 2024, we expect GAAP net income to be in the range of $110 million to $125 million on annual revenues of approximately $2.4 billion and an effective tax rate of approximately 28% exclusive of any discrete items. We expect our full-year 2024 adjusted EBITDA to be in between $485 million and $515 million. With respect to our assumptions, the midpoint of our guidance assumes stable populations across our ICE Processing Centers and stable participant counts under our ISAP contract. On the low end of the range, our guidance assumes that budget discussions continue to be delayed throughout the year and that ongoing budgetary pressures result in some moderate decreased utilization of both ICE Processing Center beds and Electronic Monitoring Services under the ISAP contract. On a high end of the range, our guidance assumes only some moderate increase in the utilization of ICE Processing Center beds and Electronic Monitoring Services under the ISAP contract, should additional funding be appropriate for ICE during this fiscal year.

For the first quarter 2024, we expect GAAP net income to be in the range of $22 million to $24 million and quarterly revenues in the range of $600 million to $610 million. We expect first quarter 2024 adjusted EBITDA to be in the range of $117 million to $122 million. Compared to fourth quarter 2023, our first quarter 2024 guidance reflects the impact of having one fewer day in the quarter. Additionally, as we have previously addressed, our first quarter of the year is impacted by higher costs related to payroll taxes, which are front-loaded in the beginning of each year.

Moving to our capital structure during 2023, we reduced our total net debt by approximately $197 million. We ended the year with total net debt of less than $1.8 billion, which represents substantial progress towards our stated goal of reducing net debt and deleveraging our balance sheet. Going forward, our objective is to continue reducing our debt by approximately $175 million to $200 million per year, which would bring our total net debt to approximately $1.6 billion by the end of 2024. Over the next 12 months, we expect interest rates to stabilize, potentially decrease, which would further enhance our ability to reduce our net debt. Approximately one-half of our debt is based on floating interest rates, and decreases in interest rates would bolster our annual free cash flow that could be used to further reduce our overall levels of debt.

Finally, in 2024, we expect to take some additional steps to refinance portions of our debt. As a first step, this past December, we refinanced the two tranches of our revolving credit facility, which had different maturity dates into a combined $265 million revolver, which will now mature in March 2027. The successful refinancing of our revolver is indicative of our strong relationships with our banking partners and the significant interest we receive from new banks.

Earlier this week, we also announced the redemption of the remaining $23 million of senior notes that were due in October 2024, clearing the deck of any remaining debt maturities prior to 2026. Our focus will now shift to refinancing our 2027 first lien term loans, which remain our most expensive debt, as well as potentially addressing our 2026 convertible notes. We hope that these efforts will allow us to reduce our overall cost of capital, achieve annual interest cost savings, and gain more flexibility within the covenants under our debt agreements to explore options to return capital to our shareholders in the future. We believe that our focus on reducing debt, de-levering the balance sheet and freeing up key free cash flow for the potential return of capital will enhance value for our shareholders over time.

At this time, I will turn the call over to James Black for a review of our GEO Secure Services segment.

James Black

Senior Vice President & President-GEO Secure Services, The GEO Group, Inc.

Thank you, Shayn. Good morning, everyone. It is my pleasure to review the annual milestones for GEO Secure Services. During 2023, we renewed 15 Secure Services contracts, including 10 contracts at the Federal level with ICE and the US Marshals. During the year, our Secure Services facilities also successfully underwent a total of 209 audits, including internal audits, government reviews, third-party accreditations and Prison Rape Elimination Act or PREA certifications. 12 of our Secure Services facilities received accreditation from the American Correctional Association with an average score of 99.3% and another 14 facilities received PREA certification. Our GTI Transportation Division and our GEOAmey UK joint venture completed approximately 18 million miles driven in the United States and the UK during the year.

Moving to current trends for our government agency partners. At the Federal level, populations at our US Marshals detention facilities remained stable throughout 2023. Our US Marshals facilities around the country support the agency as it carries out its mission of providing custodial services for pretrial detainees facing Federal criminal proceedings. We believe that our US Marshals facilities provide needed bed space near Federal courthouses where there is generally a lack of suitable alternative detention capacity. In the fourth quarter, we renewed our contract with the US Marshals to provide secure residential support services for the government owned 512 bed El Centro Detention Facility for a two-year term. Moving to our ICE Processing Centers, we experienced the steady increase in ICE populations throughout 2023. And most recently, we saw an 18% increase during the fourth quarter of 2023.

During the fourth quarter, we also renewed our contract with ICE for the provision of the 1,532 bed Aurora ICE Processing Center and related secure residential support services in Colorado. Additionally, as we previously disclosed in December 2023, we received a task order from ICE, funding our Adelanto ICE Processing Center contract only through February 19, 2024, as ICE launched their review of the effect of COVID-related court injunction orders that prevent full use of the facility. In January 2024, GEO and three unions representing over 350 employees at the facility, filed motions in this litigation to intervene and to vacate these outdated, COVID-related injunction orders.

Subsequent to the filing of these motions, ICE extended the task order, funding the Adelanto contract through June 19, 2024, allowing additional time for what we hope will be a positive outcome that includes the resumption of intake at this facility. Moving to Federal Appropriations process, ICE is currently funded under a short term continuing resolution that runs through March 8. The current funding levels for ICE provide 34,000 ICE detention beds, and we estimate the present census of active ICE detention beds to be at approximately 38,500. As previously noted, if no agreement is reached on an appropriations package in Congress prior to March 8, the Federal Government could again be funded under a continuing resolution or face the prospect of a government shutdown.

As a longstanding service provider to the Federal government, we play no role in and have no control over congressional appropriations decisions, the timing of those decisions, or the establishment or implementation of Federal immigration policy. Our focus remains on providing the highest quality services, and we stand ready to support ICE with any additional needs. We have a total of 9,000 additional beds at a number of facilities that we believe are well-suited to support ICE's mission. And we have the expertise and resources to provide the needed ancillary services to meet the agency's needs. GEO has a longstanding track record, delivering professional support services on behalf of ICE at GEO-contracted ICE Processing Centers. GEO-contracted ICE Processing Centers offer around-the-clock access to quality health care services. Our health care staffing in ICE Processing Centers where we provide resident health care is generally more than double the number of health care staff in a typical state correctional facility. GEO-contracted ICE Processing Centers offer full access to legal counsel and legal libraries and resources. And we have dedicated space at each ICE center to accommodate meetings with legal counsel.

GEO-contracted ICE Processing Centers provide three daily meals to residents that are culturally sensitive, special diet appropriate and approved by registered dietitians. We also provide access to faith-based and religious opportunities at each GEO-contracted ICE Processing Center. And we partner with community volunteers as needed to ensure fair representation of various space and denominations. GEO-contracted ICE Processing Centers also offer access to quality recreational activity. We have made a significant investment in the enhanced amenities at these centers, including artificial turf soccer field, covered pavilions, exercise equipment and multipurpose room. We have also historically provided superior transportation services for ICE, primarily at 12 of GEO-contracted ICE Processing Centers. And in 2023, our GTI Transportation Division began providing secure operation, air operation support for ICE as well.

Moving to our State Government agency partners. During the fourth quarter, we received a two-year renewal for our lease agreement with the State of New Mexico for our company-owned 600 bed Guadalupe County Correctional Facility, which is managed and operated by the New Mexico Corrections Department. In December, we were notified by the Commonwealth of Virginia that the management of the state-owned 1,536 bed Lawrenceville Correctional Center will transition to the Virginia Department of Corrections in August of 2024. We have had a successful partnership with the Virginia Department of Corrections, and we are committed to working closely with the agency to ensure a smooth transition. Finally, with respect to our International markets, as previously noted, we activated a new health care contract in July of 2023 with the State of Victoria in Australia to deliver secure residential health care services across 13 public prisons. We have a longstanding presence in Australia and we expect to continue to pursue future growth opportunities in this important market.

At this time, I will turn the call over to Wayne Calabrese for a review of GEO Care Division.

Wayne H. Calabrese

President & Chief Operating Officer, The GEO Group, Inc.

Thank you, James. I'm pleased to provide an overview of the annual operational milestones for our GEO Care Business Unit. In 2023, we renewed 32 Residential Reentry Center contracts, including 16 contracts with the Federal Bureau of Prisons. Additionally, we renewed 52 Non-Residential Day Reporting Center contracts. During the year, our Residential Reentry Centers, Non-Residential Day Reporting Centers and ISAP offices successfully underwent a combined total of 338 audits, including internal audits, government reviews, third-party accreditations and PREA certifications. 11 of our Residential Reentry Centers received accreditation from the American Correctional Association in 2023, with an average accreditation score of 99.9% and 8 of our Residential Reentry Centers received PREA certifications. Our 35 Residential Reentry Centers provide transitional housing and rehabilitation programs for individuals reentering their communities across 14 states. Our Non-Residential and Day Reporting Centers provide high quality community-based services, including cognitive behavioral treatment for up to approximately 9,100 parolees and probationers at approximately 90 locations across 10 different states. All key outcome metrics in our Reentry Programs showed improvement throughout the year, attesting to our evidence-based practices and a track record for lowering the rate of recidivism.

Moving to our GEO In-Prison Programs and Continuum of Care Division. In 2023, we delivered enhanced in-custody rehabilitation to an average daily population of approximately 2,600 individuals at 30 In-Prison Program sites in seven states and post-release services to approximately 21,000 individuals at 13 Continuum of Care sites in eight states. During the year, we renewed five In-Prison treatment contracts across the country. Our in-custody rehabilitation services include academic programs focused on helping those in our care attain high school equivalency diplomas. We've made a significant investment to equip all of our classrooms with smart boards to aid in the delivery of academic instruction at all our facilities. We have also focused on developing vocational programs that not only lead to certification when completed, but are also based on market job placement needs. Our substance abuse treatment programs are an important piece of our rehabilitation services because many of the individuals in our care suffer from addiction.

Our facilities also provide extensive faith-based and character-based programs, and we have designated faith-based and character-based housing units or dorms across our facilities to enhance the delivery of these programs. During 2023, we completed approximately 4.6 million hours of enhanced in-custody rehabilitation program. Our academic programs awarded more than 3,100 high school equivalency diplomas, and our vocational courses awarded close to 9,200 vocational training certifications. Our substance abuse treatment programs awarded approximately 8,100 program completions. We achieved over 46,000 behavioral treatment program completions and more than 36,000 individual cognitive behavioral treatment sessions. During the year, we also allocated approximately $1.6 million toward post-release services. This funding supported more than 3,100 individuals released from GEO facilities as they returned to their communities. Our GEO Continuum of Care integrates enhanced in-custody rehabilitation, including cognitive behavioral treatment with post-release support services that address critical community needs of released individuals. We believe our award-winning program provides a proven model on how the 2-plus million people in the United States criminal justice system can be better served in changing their lives.

Finally, turning to our Electronic Monitoring and Supervision Services segment, our BI subsidiary provides a full suite of monitoring and supervision solutions, products and technologies on behalf of Federal, State and local agencies across the country. During 2023, we experienced a decrease in Electronic Monitoring revenues due to a decline in the number of participants required to be monitored under the Federal Government's Intensive Supervision Appearance Program or ISAP compared to 2022. After steadily declining during the first three quarters of 2023, the number of participants under the ISAP contract remained relatively stable during the fourth quarter of 2023, in a range of approximately 190,000 to 195,000 participants. BI has provided technology solutions, holistic case management, supervision, monitoring and compliance services under ISAP for almost 20 years. Under BI's tenure, ISAP has achieved high levels of compliance, using a variety of new technologies and case management services over that time. And we expect BI to continue to explore new and innovative technology solutions to support the needs of ICE and all our current government agency partners, and to add new partners as we pursue future quality growth opportunities.

At this time, I'd like to turn the call back to George for closing remarks.

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

Thanks, Wayne. In closing, our diversified business units delivered strong financial and operational performance throughout 2023. We've taken what we believe is a prudent approach to our initial financial guidance for 2024, given the uncertainty surrounding current Federal budget discussions in Congress. However, as we said today, we believe we have several opportunities for potential upside. We are actively marketing our current idle facilities in our diversified services as we pursue quality growth opportunities for our company. We also remain focused on reducing our overall net debt and refinancing portions of our debt. These efforts are aimed at reducing our annual interest costs and gaining the flexibility of potential return of capital to shareholders in the future. Operational, we remain steadfast in our commitment to achieving operational excellence in the daily delivery of our services on behalf of our government agency partners. We are grateful for our 18,000 employees worldwide, whose dedication and professionalism has allowed GEO to accomplish the milestones we have highlighted for you today. That completes our remarks, and we'd be glad to take some questions. Operator?

Question And Answer Section

Operator

Thank you. We will now begin the question-and-answer session. [Operator Instructions] And today's first question comes from Joe Gomes with Noble Capital. Please go ahead.

Joe Gomes

Analyst, Noble Capital Markets, Inc.

Good morning. Nice quarter.

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

Thank you.

Joe Gomes

Analyst, Noble Capital Markets, Inc.

So, you mentioned, George, in your remarks about the underfunding of ICE, and I'm sure you guys have seen the reports that came out yesterday, another article today about speculation, we'll call it, that they're going to release people from ICE down to 22,000 beds from the current, as you said, 38,500. And I was just trying to get your thoughts on that happening. I understand, you don't know about the funding yet. And just kind of more general, your thoughts, has something like this ever occurred previously in ICE, where they just had a mass release excluding the COVID timeframe?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

I don't think there's been anything of comparable scope and nature as being discussed in the, I guess, press release that came from The White House regarding ICE populations. But I'm encouraged by reading one of the news articles today that the House Republicans are planning to unveil Ukraine, Israel, Taiwan in border bill as an alternative to the border-free package that was passed by the Senate on Tuesday. And the lawmakers are expected to release this bill any day now. So, our hope is one of optimism that a funding for foreign aid can be tied to funding for border security in a comprehensive and compromised basis that will take care of the critical elements in both issues.

Joe Gomes

Analyst, Noble Capital Markets, Inc.

Okay, thanks. And as we all know, you have a number of contracts at your facilities that have guaranteed levels. I was just wondering, are all those facilities now at or above those levels, or do you still have a couple that are below those guaranteed levels?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

I think most are above those levels, and most of our facilities do have those guarantees where you referenced. The higher levels are most likely along the southern border locations, where the activity is most prevalent. We do have capacity, as was mentioned previously, between 7,000 and 9,000. We call them incremental beds at existing facilities that could be provided to ICE depending on the result of additional funding for the agency.

Joe Gomes

Analyst, Noble Capital Markets, Inc.

Okay. And just shifting gears here for a second. We talked in the past, there was a request for information about monitoring. And I was just wondering if there's been any update on that or any movement on that potential change in the monitoring?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

I think that was for RFI or request for information and we submitted our response to that request, but we haven't heard anything more about that. We are aware of, certain ideas about extending the ISAP program and the use of ankle monitors to heads of households, and that is possibly predicated on additional funding as well.

Joe Gomes

Analyst, Noble Capital Markets, Inc.

Okay. And anything new that you can point to on the state and local level for new business?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

I think there are states that are facing problems because of aging facilities in particular. I think most states are facing those kind of problems. And that means, a combination of either consolidation of populations within larger facilities are actually building new facilities or leasing facilities for that purpose, as we have done with clients in Oklahoma and New Mexico. So, as time progresses, I think there will be more opportunities for us to market our idle facilities within those states that are facing those kinds of problems.

Joe Gomes
Analyst, Noble Capital Markets, Inc.

Okay. And one more for me and I'll get back in queue. G&A was a little bit higher than we had expected in the quarter. Was there anything unusual in that or is that just kind of seasonality?

Brian Robert Evans
Chief Executive Officer, The GEO Group, Inc.

Yeah. Joe, it's Brian, that was just year-end true-ups and professional fees and other things going on, nothing specific. We don't expect in our guidance that, that run rate that occurred in the fourth quarter. So, we assume a little bit lower run rate going forward.

Joe Gomes
Analyst, Noble Capital Markets, Inc.

Great. Thanks for taking the questions. I'll get back in queue.

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

Thank you.

Operator

Thank you. And our next question today comes from Brian Violino with Wedbush Securities. Please go ahead.

Brian Violino

Analyst, Wedbush Securities, Inc.

Great. Thanks. Good morning. Nice quarter. Thanks for taking my questions. I just wanted to clarify some of the assumptions in the guidance. In the high-end, you're assuming, sounds like incremental funding increases. I'm just curious, could you talk to the volume of funding increase you're baking into that high-end assumption? I'm assuming it's nowhere near the numbers that the Senate was throwing out, just given the numbers. And then does your midpoint guidance assume any incremental funding as well? I know that the low end doesn't, but I'm curious about the mid-end – about the midpoint, sorry.

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

Sure. This is Brian. The high-end, as we said, is really only moderate. I don't think it assumes significant additional funding. It assumes maybe there might be some reprogramming and ICE uses a few incremental more beds or slightly increases the participant count in ISAP. Remember we said in the fourth quarter, we were in the 190,000 to 195,000 participant level. It's down slightly from that currently. And then the low end is the same, and just assume – assumes maybe some slight continued reduction in the ISAP participant counts and then maybe some modest reduction if, right now ICE is currently at 38,000-plus. They're funding for 34 supposedly. So, maybe they go back down closer to the 34,000 or something like that, but nothing about like what George was talking about previously, either on the upside or the downside.

Brian Violino

Analyst, Wedbush Securities, Inc.

Got it. Okay. And then in terms of these articles coming out recently about the reduction in detainees, do you think there's any possibility, I know, it's probably hard to tell that there could be an opportunity to move those detainees into the ATD program, if there's some sort of incremental savings from the budget perspective?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

That is a possibility. We are staffed up and scaled up for that kind of policy change, if that so desire. The ISAP program has been talked about with respect to expanding it to other groups of individuals. And certainly if there's a desire to reduce detention beds and place those people under the ISAP monitoring program, we're ready to assist in that policy change.

Brian Violino

Analyst, Wedbush Securities, Inc.

Great. Thanks. And last one for me. You saw a pretty nice uptick in your NOI margins across almost all your segments. I just wanted to get your view on sustainability of those margins for 2024. Is there anything sort of seasonal or one-time on the operating expense line that we should be aware of that was benefiting you this quarter?

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

No, I think, as you know, the populations in our facilities, as we talked about, has rebounded nicely, especially in our ICE facilities, but also to some degree in our Marshals facilities. And I think to the degree that, that holds, going next year, we should be able to sustain that. Except the first quarter is a little bit lower for the reasons that Shayn mentioned previously. There's some seasonality as well as the impact of payroll-related taxes in the first quarter. So that, that'll put a little bit of downward pressure.

Brian Violino

Analyst, Wedbush Securities, Inc.

Okay, great. Thank you.

Operator

Thank you. And our next question comes from Brendan McCarthy with Sidoti. Please go ahead.

Brendan McCarthy

Analyst, Sidoti & Co. LLC

Hey, good morning. Thanks for taking my questions. Just to follow up on the potential release of the thousands of ICE detainees, I believe I saw there was a bed count number thrown out there, potentially bringing the number of beds funded down to around 22,000. I was just curious, is that number captured in the low end of your guidance range?

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

No. And just as a reminder, our facilities, as George was mentioning earlier, have for the most part, all of our contracts, except for one, have a fixed payment structure which represents a significant component of the revenue and when the ICE populations were lower historically during the COVID pandemic, that protected significantly and enhanced or supported the predictability of our cash flow.

So, while there would be some impact if they went that low, it would not be as significant as it might seem on a per bed basis. As George said, it may impact a few facilities, where we're already above those guarantees, but at some of those facilities, those incremental per diems above the guarantees are lower. So, it would not be a dollar-for-dollar impact, if you will.

Brendan McCarthy

Analyst, Sidoti & Co. LLC

Got it. And is it safe to assume the only instance that may happen is if the government were to shut down come March 8? Or is that fair to assume?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

No, I don't think it would happen during that time. I don't sense that there's an immediate desire to do that. I think all likelihood is that people will await the results of the final budget decisions that will take place by the end of the first week of March.

Brendan McCarthy

Analyst, Sidoti & Co. LLC

Got it. And then I noticed in the quarter, in the fourth quarter, there was a nice jump in interest income. What drove that specifically?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

That's going to be predominantly higher interest rates by the end of the year, plus some cash balances we have internationally.

Brendan McCarthy

Analyst, Sidoti & Co. LLC

Got it. Okay. And one last question for me. Reading into this speculated release in reporting management program, it sounds like something that ICE may try and rebrand the ATD program into, from my research. But just wondering if you can provide some insight on the potential development of that program and whether you think ATD will somehow evolve into that?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

I think there was discussion about doing that. But we haven't heard anything more as to whether those ideas have progressed.

Brendan McCarthy

Analyst, Sidoti & Co. LLC

Understood. That's all for me. Thank you. [Operator Instructions]

Operator

Our next question comes from Kirk Ludtke with Imperial Capital. Please go ahead.

Kirk Ludtke

Analyst, Imperial Capital LLC

Hello, everyone. Congratulations on the quarter. Thanks for the call.

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

Thank you.

Kirk Ludtke

Analyst, Imperial Capital LLC

Just a couple follow-ups. You mentioned in your remarks that the Senate bill included $1.3 billion of funding for alternatives to detention. I was curious, did it break that down into how much of that would be allocated to ISAP?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

No, it did not. And that was the original Senate Bill. It's not the one that passed, which was just the foreign aid funding.

Kirk Ludtke

Analyst, Imperial Capital LLC

Correct. Yes. I'm just curious because it's – who knows, it might – that type – some of that might be – might show up in future proposals. So, I was curious. Changing topic for a second here on Electronic Monitoring, revenues were down year-over-year, but margins were remarkably stable. Can you talk about the cost structure in that business or how you were able to maintain margins with such a meaningful year-over-year decline in revenues?

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

Sure. I mean, I think a lot of it's just product mix and the products that we're using, some of those products we own outright and they're already mostly paid for and depreciated. So...

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

And we found some cost efficiencies.

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

Yeah. And during the year last year, we benefited from the full impact of those that were somewhat negotiated at the end of...

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

Yeah.

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

...2022 and early 2023. And that helped as well.

Kirk Ludtke

Analyst, Imperial Capital LLC

Got it. Thank you. That's helpful. And then with respect to the – you mentioned the technology in ISAP is evolving. Can you talk about what you expect to happen with respect to the technology in that program and how it might impact margins and CapEx?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

Well, all technologies, I think are obligated to continue to...

Brian Robert Evans
Chief Executive Officer, The GEO Group, Inc.

Develop.

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

...develop and evolve as our products, which presently include ankle monitors, phones and the new watches that we've developed. It's called the VeriWatch. And we continue to think through replacements for those items in the future, replacements or improvement of those monitoring mechanisms.

Kirk Ludtke

Analyst, Imperial Capital LLC

Okay. Thank you. Last call you mentioned that the county jails in northern states were moving away from DHS and ICE, and that might be an opportunity down the road. Do you, I guess, is there any way to put a range on that? How many beds you think might be in play this year?

George Christopher Zoley
Executive Chairman, The GEO Group, Inc.

It's obviously going to depend on getting additional funding for ICE as we move through the fiscal year. And those opportunities are probably going to pop up in the second half of the year, assuming additional funding.

Kirk Ludtke

Analyst, Imperial Capital LLC

Got it. Well, that's helpful. Thank you. I appreciate it.

Operator

Thank you. And our next question comes from Greg Gibas with Northland Securities. Please go ahead.

Greg Gibas
Analyst, Northland Securities, Inc.

Hey, thanks, guys. Congrats on the quarter and thanks for taking the questions. I wanted to get a sense, because I know we expected a little bit of a rebound in the second half of 2023 in ISAP participants that didn't necessarily happen and I just wanted to see if you had kind of visibility on how those populations are expected to change or is really stable or flat kind of the best assumption right now as we await more visibility from whether there's going to be government funding?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

We really won't know anything until the end of the first week of March. That's the deadline for the existing continuing resolutions. And the funding for the balance of the fiscal year will be determined by, I believe, March 8, unless there is a government shutdown of some sort, which we hope there is none.

Greg Gibas

Analyst, Northland Securities, Inc.

Okay, that's fair. I just wanted to see if you had any insight on whether that would change to otherwise. I wanted to also ask just with respect to your cost structure in 2024, any notable changes or variations on expenses relative to 2023 that are worth calling out or is the cost structure going to be pretty steady comparatively?

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

I would say it's going to be pretty steady comparatively. The biggest maybe line-item change will be as we continue to reduce our debt, the interest expense year-over-year should be lower, I think, what, about $20 million-$25 million?

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

Correct.

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

And that doesn't – our guidance does not assume any benefit from any refinancings that may take place during the year. As we discussed, we're looking at – and the second half of the year is the latest in trying to redo or reprice or refinance the term loan. So, that could provide some additional benefit or upside.

Greg Gibas

Analyst, Northland Securities, Inc.

Got it. I guess, just last one and I apologize if I missed this, but regarding sale, the potential sale of larger assets, has anything changed there in terms of interest levels or what you might be able – the range of values that you could receive, just curious if – I know, that's been something you've looked over the last several quarters. So, if there's anything different in terms of the potential sale of larger assets?

Brian Robert Evans

Chief Executive Officer, The GEO Group, Inc.

No. On larger assets, what we've done is redeploy them through leases, most recently in Oklahoma and then a year or two before that with New Mexico. Partly it's driven from a state level by their funding issues and their budget issues and their ability to be able to make a large acquisition like that. So, I think it's probably likely that it's more preferable from their perspective to lease than to buy. But we'll continue to look at both if it makes sense.

Greg Gibas

Analyst, Northland Securities, Inc.

Okay, thanks, guys.

Operator

Thank you. And ladies and gentlemen, this concludes our question-and-answer session. I'd like to turn the conference back over to George Zoley for any closing remarks.

George Christopher Zoley

Executive Chairman, The GEO Group, Inc.

Thank you for joining us on this call. We look forward to addressing you on the next call.

Operator

Thank you, sir. This concludes today's conference call. We thank you all for attending today's presentation. You may now disconnect your lines and have a wonderful day.