

# Q2 2025 Earnings Call

## Company Participants

- George C. Zoley, Executive Chairman of the Board
- J. David Donahue, Chief Executive Officer
- Mark J. Suchinski, Chief Financial Officer, Senior Vice President
- Pablo Paez, Executive Vice President of Corporate Relations

## Other Participants

- Benjamin Briggs, Analyst, StoneX Group Inc
- Brendan McCarthy, Analyst, Sidoti & Co.
- Greg Gibas, Analyst, Northland Securities
- Joe Gomes, Analyst, Noble Capital Markets
- Kirk Ludtke, Analyst, Imperial Capital
- Matthew Erdner, Analyst, JonesTrading
- Raj Sharma, Analyst, Texas Capital Securities
- Ted Franchetti, Analyst, Wedbush Securities

## Presentation

### Operator

Good day, and welcome to The GEO Group Second Quarter 2025 Earnings Call. All participants will be in a listen-only mode. (Operator Instructions) After today's presentation, there will be an opportunity to ask questions. (Operator Instructions) Please note that this 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, sir.

### Pablo Paez {BIO 16625344 <GO>}

Thank you, operator. Good morning, everyone, and thank you for joining us for today's discussion of The GEO Group's second quarter 2025 earnings results. With us today are George Zoley, Executive Chairman of the Board; Dave Donahue, Chief Executive Officer; and Mark Suchinski, Chief Financial Officer. This morning, we will discuss our second quarter 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](https://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 Form 10-K, 10-Q, and 8-K reports.

With that, please allow me to turn the call over to our Executive Chairman, George Zoley. George?

**George C. Zoley {BIO 1500615 <GO>}**

Thank you, Pablo, and good morning to everyone. And thank you for joining us on our second quarter 2025 earnings call. I'm pleased to be joined today by our CEO, Dave Donahue; and our CFO, Mark Suchinski. During the first half of the year, we achieved several important milestones, and we have made significant progress towards meeting our growth and strategic objectives. In February, we entered into a 15-year contract with ICE for the establishment of an ICE processing center at our Company-owned 1,000-bed Delaney Hall facility in New Jersey. Delaney Hall began intake of ICE detainees on May 1st and remains in the process of ramping up. The support services contract for Delaney Hall is expected to generate in excess of \$60 million in annualized revenues in the first full year of operations.

In March, we entered into a letter contract with ICE for the activation of our Company-owned 1,800-bed North Lake Facility in Michigan. Over the past few months, we were in discussions with ICE to definitize a two-year support services contract for that facility, which has now been finalized and executed. Based on the scope of services and term of the contract, we now expect our North Lake facility to generate in excess of \$85 million in annualized revenues in the first full year of operations. North Lake has already begun intake of ICE detainees, and we expect it to gradually ramp up during the third and fourth quarters.

In June, we announced the activation of our Company-owned 1,868-bed D. Ray James Facility in Georgia under a contract modification to the existing intergovernmental service agreement that is in place for our Company-owned 1,118-bed Folkston ICE Processing Center, thus creating a 2,986-bed facility complex. Under the modified agreement, we expect to generate approximately \$66 million in additional incremental annualized revenues in the first full year of operations. D. Ray James has also begun intake of ICE detainees, and we expect the facility to gradually ramp up during the third and fourth quarters.

In June, we also announced a recent court settlement, which allowed for the immediate full intake at our Company-owned 1940-bed Adelanto ICE Processing Center in California. Intake at Adelanto had been prohibited by a court order issued more than four years ago based on then-prevailing COVID-19 conditions. With the lifting of these court restrictions, Adelanto has begun ramping up over the last two months and is nearing full occupancy. At full occupancy, the Adelanto contract would expect it to generate up to approximately \$31 million in additional incremental annualized revenues.

These four facilities, which remain at different stages of activation, represent more than \$240 million in combined annualized revenues with margins consistent with our Company-owned Secure Services facilities, which averaged between 25% and 30%. While this revenue potential is only partially reflected in our 2025 financial guidance because of the timing of facility activations and the gradual ramp-up of populations, we expect full-year revenue contributions from these activations to be reflected in 2026. As a reminder, facility activations generally require a 60 to 90-day period of time to hire, train, and clear staff. During this timeframe, we typically incur startup expenses. Once intake begins, populations generally increase gradually to allow for smooth operational activation.

During the second quarter of this year, the utilization across our current ICE contracts has increased from approximately 15,000 beds to 20,000 beds at 21 facilities, which is the highest level of ICE utilization in our Company's history. This represents more than one-third of the current ICE detention levels, which we estimate to be approximately 57,000 beds nationwide.

Additionally, we have 5,000 beds currently available across our existing 21 ICE facilities, primarily at our four ICE facilities that remain under activation. Once these facilities are fully occupied, our total ICE beds are expected to increase to approximately 25,000. We also have approximately 5,900 idle beds at six Company-owned facilities, which remain available.

These facilities include our 1,200-bed Lea County Facility in New Mexico, our 1,300-bed Rivers Facility in North Carolina, our 1,450-bed Flightline Facility, and a 900-bed Cedar Hill Facility in Texas, our 700-bed Cheyenne Mountain Facility in Colorado, and our 300-bed McFarland Facility in California. The majority of these facilities were formally contracted to the US Bureau of Prisons, and our high security facilities, which makes them ideally suited for the needs of ICE and the US Marshal Service. And if fully utilized, these six facilities could generate up to approximately \$310 million in annualized revenues. We are in active discussions with both ICE and US Marshal Service for the potential activation of these facilities.

We continue to be pleased with the pace of these contract discussions and remain optimistic that additional contract awards will materialize during the third and fourth quarters of the year. As has been publicly reported, ICE is focusing on increasing its detention capacity from the current 5,700 beds to 100,000 beds or more by the end of the year. While the annual appropriations provided under the current continuing resolution only funded ICE for 41,500 detention beds, the budget reconciliation bill that was approved by Congress and signed into law by the President on July 4th included a significant increase in funding to support this expansion in detention beds and other areas of immigration enforcement. The budget reconciliation bill provides \$171 billion in incremental funding for border security and immigration enforcement, including \$45 billion for ICE detention and \$30 billion for other ICE areas, all of which will remain available through September 30th, 2029, and can be spent at the discretion of DHS and ICE.

We believe that the funding provided by the budget reconciliation bill is currently in the process of being allocated by the Office of Management and Budget and will likely be available in mid-to-late August. To the best of our knowledge, the current beds available by the private sector at traditional hard-sided facilities would likely provide ICE capacity for approximately 75,000 to 80,000 beds. Scaling up to 100,000 beds or more will likely require ICE to seek alternative solutions like temporary soft-sided facilities, which we believe the administration is exploring, primarily on military basis or as recently been supported state-provided sites at this time in such states as Florida, Indiana, and Louisiana. While our primary focus remains on the activation are on our remaining idle facilities by either ICE or US Marshal Service, we are also exploring other potential alternatives to further assess ICE meeting it's stated objectives. To that end, we have and will continue to evaluate the potential acquisition or leasing of third-party-owned facilities, and we will also identify several of our existing ICE facilities where we can add approximately 5,000 combined beds using different options of temporary and permanent facilities.

Additionally, we have entered into teaming agreements which -- with an established Department of Defense contractor to position our Company to pursue potential procurements that may be issued for operational support services at military sites. All of these efforts are aimed at placing our Company in the best competitive position possible to pursue what we continue to believe are unprecedented growth opportunities. As a long-standing support services provider for ICE with a 40-year long track record, we believe we are uniquely positioned to assist the agency to meet its objectives.

In addition to providing special-purpose facilities that meet the unique operational needs and requirements set by ICE, we are also the agency's sole provider of electronic monitoring and case management services through our BI subsidiary. BI has a long track record of delivering quality services under the Intensive Supervision Appearance Program, or ISAP, as it's called, with

the bipartisan support of approximately 20 years. On July 17th, 2025, ICE posted a justification and approval that notified the public of ICE's intention to extend the ISAP contract for a period of 12 months to allow the agency to prepare for a new competitive procurement.

On July 31st, ICE and BI agreed to extend the ISAP contract through August 31st, 2025. We believe this interim agreement provides ICE additional time to extend the ISAP contract period of performance for six to 12 months with possible further extensions during which time ICE will likely be evaluated -- evaluating the ISAP program for potential programmatic changes and scale of operations. This process would likely be followed by the issuance of a national request for proposals taking place over several months to evaluate submissions from interested parties. We believe BI is in a highly competitive position, having held the ISAP contract for approximately 20 years, consistently winning multiple competitive rebids of the contract during that timeframe.

We believe BI has consistently delivered high-quality services under the ISAP contract. These services entail diversified electronic monitoring technologies as well as compliance management services, which are delivered through our nationwide network of approximately 100 offices and close to 1,000 employees. Over our 20-year tenure, ISAP has achieved high compliance rates with immigration court requirements while monitoring a relatively small portion of the estimated 7 million to 8 million undocumented aliens who are on the non-detained docket, in addition to another 9.5 million to 10 million people who are also estimated to be in the United States without legal status.

Given the size of this population of 17 million to 18 million illegal aliens currently estimated to be in the United States, our view remains that, in addition to increased detention capacity, the enforcement of federal immigration laws could lead to an increase in GPS tracking for individuals on the non-detained docket. The current number of ISAP participants is approximately 183,000 individuals, and the ISAP participant counts have remained in a relatively stable range for most of the year.

We believe that the lack of growth in ISAP has been primarily driven by an intense focus from ICE on increasing and maximizing the utilization of detention capacity. Once detention capacity is maximized by the end of the year, we speculate that the focus will likely shift to increasing the use of GPS tracking. Our current expectation is for ISAP participant counts to remain stable through the third and fourth quarters, with growth starting to materialize late this year or early next year to coincide with the maximization of ICE detention capacity.

With our previously-announced investment to ramp up inventory of our GPS tracking devices to several tens of thousands, we believe we've taken the necessary resources to significantly and quickly respond to the eventual expansion of ISAP.

Now turning to the important investment we've made for the continued growth of our secure transportation services. Our wholly-owned transportation subsidiary, GTI, has a long-standing record providing secure ground transportation services on behalf of ICE, primarily in connection with our existing ICE processing centers. Starting in 2023, our contractual partnership with CSI Aviation has allowed GTI to become the largest provider of secure ground and air transportation for ICE. We expect that an increase in the number of removal flights could generate an incremental \$40 million to \$50 million in annualized revenues for GTI under this existing contractual partnership.

GTI has been a long-standing partner to the US Marshals Service. In June, we announced an expansion to this partnership when GTI entered into a new five-year contract with the US Marshals Service for the provision of secure transportation services covering 26 federal judicial districts and

spanning 14 states. This new contract is expected to generate up to approximately \$30 million in annualized revenues. GTI revenues have grown 240% from \$58 million in 2022 to \$140 million projected for 2025.

In addition to these important operational milestones, we have taken significant steps to strengthen our capital structure by deleveraging our balance sheet and positioning our Company to enhance shareholder value through capital returns. In mid-July, we completed an amendment to our credit agreement to increase the size of our revolver from \$310 million to \$450 million, extend its maturity to July of 2030, and decrease the interest rate on outstanding borrowings by 0.50%. But we've also repaid \$132 million of the Term Loan B outstanding under the credit agreement at the time. On July 25th, we completed the sale of our Company-owned 2,388-bed Lawton facility in the State of Oklahoma for \$312 million, which has been a financially transformative event in our Company's history. We believe that the successful sale of our Lawton facility at approximately \$130,000 per bed is representative of the intrinsic value of our Company-owned facilities, which now total approximately 50,000 beds.

On July 31st, we used a portion of the net proceeds from the sale of the Lawton facility to acquire the 770-bed Western Regional Detention Facility in San Diego, California, for approximately \$60 million in a like-kind real-estate property exchange that is expected to be accretive to EBITDA. This is an important facility that recently celebrated its 25th anniversary of providing federal detention capacity on behalf of the US Marshals Service under a long-standing contract that generates approximately \$57 million in annualized revenues for GEO.

We used the remaining net proceeds from the sale of Lawton facility to pay off the additional senior secured debt, including the remaining balance of our Term Loan B. These combined transactions have reduced our total net debt to approximately \$1.47 billion and positioned our Company to enhance shareholder value through capital returns.

Given the intrinsic value of our assets and the unprecedented growth opportunities we anticipate will materialize over the balance of this year and next year, we believe that our current equity valuation offers an attractive opportunity for investors. Similarly, we believe it offers an opportunity for our Company to enhance shareholder value through share repurchases. To that end, our Board of Directors recently authorized a \$300 million stock buyback program effective through June 30th, 2028. We expect to conduct our three-year stock buyback program at a rate of approximately \$100 million per year while paying down debt at also approximately \$100 million per year. We expect to execute on our new stock buyback program opportunistically, balancing it with our growth capital needs and our continued efforts to deleverage our balance sheet.

At this time, I will now turn the call over to our CFO, Mark, to review our financial highlights and guidance.

### **Mark J. Suchinski** {[BIO](#) [17732154](#) <GO>}

Thank you, George, and good morning, everyone. We're pleased with our strong second quarter results, which exceeded our previously issued guidance. For the second quarter of 2025, we reported net income attributable to GEO of approximately \$29 million or \$0.21 per diluted share on quarterly revenue of approximately \$636 million. This compares to a net loss attributable to GEO of approximately \$32.5 million or \$0.25 per diluted share in the second quarter of 2024 due to the refinancing costs of \$82 million on revenues of approximately \$607 million.

Adjusted net income for the second quarter of 2025 was approximately \$31 million or \$0.22 per diluted share, compared to approximately \$30 million or \$0.23 per diluted share for the prior year's second quarter. Adjusted EBITDA for the second quarter of 2025 was approximately \$119

million, consistent with approximately \$119 million reported in the prior year's second quarter. Our second quarter 2025 revenue, net income, and adjusted EBITDA were well ahead of our previously issued guidance.

Beginning with revenues, quarterly revenues in our owned and leased secure facilities increased by approximately 12% year-over-year, primarily driven by the activation of our new ICE contracts and census growth across our existing ISAP ICE processing centers. While revenues and our owned and leased secure service facilities increased in the second quarter, net operating income for this segment was largely unchanged year-over-year as a result of start-up expenses incurred during the quarter in connection with the activation of our new ICE facilities.

Revenues for our non-residential contracts increased by approximately 10% from the prior year's second quarter. These quarterly revenue increases were offset by lower quarterly revenues in three of our business units: a 7% reduction in our electronic monitoring and supervision services unit, a 2% reduction in our re-entry centers, and a 3% reduction in our managed-only contracts.

Turning to our expenses. During the second quarter of 2025, our operating expenses increased by approximately 7% compared to the prior year's second quarter. The increase in our operating expenses reflects start-up expenses related to the hiring of additional staff in connection with the activation of our new ICE facilities. We have increased our budget to approximately \$100 million in physical plant and technology improvements to better position GEO in responding to ICE's expanding needs. Our general and administrative expenses for the second quarter of 2025 increased by approximately 8% from the prior year's second quarter in part due to the reorganization of our senior management team at the end of last year, higher employee-related benefit costs, and additional support for our new contract awards.

Our second quarter 2025 results reflect a year-over-year decrease in our net interest expense of approximately \$9 million as a result of our continued debt reduction efforts. Our effective tax rate for the second quarter of 2025 was approximately 28%.

Now, if we move to our outlook. We have updated our financial guidance for the full year and have issued guidance for the third and fourth quarters of 2025. Our updated guidance reflects several moving pieces, but the deleveraging component is anchored by the \$312 million sale of our Lawton, Oklahoma facility.

First, we have several facilities at different stages of activation. Second, the sale of our Lawton Facility in Oklahoma and the depopulation of our Lea County Facility in New Mexico will result in some revenue and earnings loss, while the recent purchase of the Western Regional Detention Facility will be accretive to our adjusted EBITDA in the second half of the year. Third, we have recalibrated our expectations regarding our ISAP contract to remain stable in the third and fourth quarters. Fourth, our net interest expense is expected to decrease significantly in the second half of 2025 as a result of our recent efforts to repay outstanding portions of our higher-cost debt. Finally, consistent with our long-standing practice, our guidance does not include any new contract awards that have not yet been previously announced.

Taking into account these moving pieces, we have increased our full-year 2025 guidance for GAAP net income to a range of \$1.99 to \$2.09 per diluted share, including a \$228 million gain on the sale of our Lawton facility. We've increased our full-year '25 guidance for adjusted net income to a range of \$0.84 to \$0.94 per diluted share on increased annual revenues of approximately \$2.56 billion and based on an effective tax rate of approximately 26%, inclusive of known discrete items. We expect total capital expenditures for the full year of 2025 to be approximately \$200 million and \$210 million, which includes approximately \$60 million for the purchase of our Western



Regional Detention Facility. And we are maintaining our full-year 2025 adjusted EBITDA guidance in the range of \$465 million to \$490 million. For the third quarter of 2025, we expect adjusted net income to be in the range of \$0.20 to \$0.23 per diluted share on quarterly revenues of \$650 to \$660 million. We expect third quarter 2025 adjusted EBITDA to be between \$115 million and \$125 million. For the fourth quarter of 2025, we expect adjusted net income to be in the range of \$0.28 to \$0.35 per diluted share on quarterly revenues of \$658 million to \$673 million. And we expect fourth quarter 2025 adjusted EBITDA to be between \$132 million and \$147 million.

Let's now move to our capital structure. We ended the second quarter of 2025 with total net debt of approximately \$1.7 billion. Subsequent to the end of the second quarter, we completed several important steps to strengthen our capital structure and further de-lever our balance sheet, largely due to the \$312 million sale of our Lawton, Oklahoma facility. First, we completed an amendment to our credit agreement to increase the size of the revolver from \$310 million to \$450 million. The amendment also extended our revolver's maturity to July of 2030 and lowered the interest rate on borrowings under the revolver by 50 basis points.

This important financing transaction is representative of the support we are enjoying from our existing and new banking partners. Prior to the execution of the credit amendment, we had repaid \$132 million of outstanding borrowings under the Term Loan B. Following the closing of the \$312 million sale of our Lawton facility in Oklahoma, we used \$222 million in net proceeds to pay off additional senior secured debt, including the remaining balance of our Term Loan B. On a pro forma basis, these combined transactions have reduced our total net debt to approximately \$1.47 billion and our total net leverage to approximately 3.3 times adjusted EBITDA. Additionally, our debt maturities are now fairly evenly staggered between 2029 and 2031.

Given the intrinsic value of our owned real estate assets, as evidenced by the sale of our Lawton facility, the significant steps we have taken to reduce debt, the growth we have already captured, and the additional growth we expect to capture going forward, we believe strongly that our current equity valuation presents a very attractive proposition. We believe this represents a significant opportunity for our Company to enhance long-term value for our shareholders. To this end, our Board of Directors have authorized a \$300 million share repurchase program effective through June 30th of 2028. The expiration date can be extended, and the size of the program can be increased in the future at our Board's sole discretion.

We intend to execute on our new stock buyback program at a rate of approximately \$100 million per year while opportunistically balancing it with our other capital allocation priorities to support continued Company growth, capital needs, and achieve long-term debt reduction. We are also targeting to further reduce debt at a rate of approximately \$100 million per year, thus balancing the capital benefits to our shareholders. We remain focused on disciplined allocation of capital to enhance long-term value for our shareholders, and we believe that our strong cash flows, which we expect to grow forward, will also allow us to support our capital allocation priorities.

At this time, I will turn the call over to our CEO, Dave Donahue, to review our GEO Secure Services and GEO Care highlights. Dave?

## J. David Donahue {BIO 19502761 <GO>}

Thanks, Mark, and good morning, everyone. I'm pleased to review our quarterly highlights for GEO Secure Services and GEO Care. During the second quarter of 2025, we renewed two secure service contracts at the state level in Georgia and Arizona. On June 30th, we completed the previously announced depopulation of our Company-owned 1,200-bed Lea County, New Mexico Facility, which was previously under contract with the New Mexico Corrections Department, and we are currently marketing this facility to the federal government.

During the second quarter, our secure services facilities successfully underwent a total of 144 audits, including internal audits, government reviews, third-party accreditations, and Prison Rape Elimination Act, or PREA certifications. Three of our secure services facilities underwent accreditation audits from the American Correctional Association with an average score of 99.1%, and another three facilities received PREA certifications. Our GTI Transportation Division and our GEOAmey UK joint venture completed approximately 4.9 million miles driven in the United States and the UK during the second quarter. Over the last three months, utilization across our ICE processing centers increased from approximately 15,000 beds to 20,000 beds, with an additional 5,000 beds at different stages of activation. This census level represents the highest utilization of our contracted ICE facilities in our Company's history.

GEO has a long-standing track record of delivering professional support services on behalf of ICE at GEO-contracted federal immigration processing centers, and we stand ready to support ICE with any additional needs. GEO-contracted ICE processing centers offer around-the-clock access to quality healthcare services. Our healthcare staffing at the ICE processing centers, where we provide residential healthcare, is generally more than double the number of healthcare 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 provide residents with confidential meetings with their legal counsel. GEO-contracted ICE processing centers provide residents with three daily meals 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 faiths and denominations. GEO-contracted ICE processing centers also offer access to enhanced amenities, including artificial turf soccer fields, covered pavilions, exercise equipment, and multipurpose rooms.

Moving to our GEO reentry segment, during the second quarter of 2025, we renewed 17 residential reentry center contracts, including five contracts with the Federal Bureau of Prisons and one non-residential day reporting center contract. During the second quarter, our residential reentry centers, non-residential day reporting centers, and ISAP offices successfully underwent a combined total of 79 audits, including internal audits, government reviews, third-party accreditations, and Prison Rape Elimination Act or PREA certifications.

Our 35 residential reentry centers, including 14 centers under contract with the Federal Bureau of Prisons, provide transitional housing and rehabilitation programs for individuals reentering their communities across 14 states. Average daily census levels at these centers remain stable at approximately 5,000 individuals during the second quarter of 2025. Three of our non-residential -- excuse me, three of our residential reentry centers received reaccreditation during the second quarter from the American Correctional Association, with an average accreditation score of 100%, and three additional residential reentry centers received PREA certifications.

Our non-residential and day reporting centers provide high-quality community-based services, including cognitive behavior treatment for up to 10,700 parolees and probationers at approximately 102 locations across 10 different states.

Moving to our enhanced rehabilitation program, we currently deliver in-custody rehabilitation to an average daily population of approximately 2,700 individuals at 38 in-prison program sites in seven states, and engage approximately 30,000 program participants at 10 GEO continuum of care sites in six states. Our in-custody rehabilitation services include academic programs focused on the attainment of high school equivalency diplomas.



We have made a significant investment to equip all of our classrooms with smart boards in our education departments to aid in the delivery of academic instruction. We've also focused on developing vocational programs that lead to certification for good jobs in the markets where our graduates will live upon release. Our substance abuse treatment programs are an important part of our rehabilitation services because many of the individuals in our facilities suffer from addiction and substance use disorder.

Our facilities also provide extensive faith-based and character-based programs with designated housing units across our facilities designed to enhance the delivery of these programs. During the second quarter of 2025, we completed approximately 1.7 million hours of enhanced in-custody rehabilitation programming. Our academic programs and learning academies awarded more than 1,200 high school equivalency diplomas. Our vocational training programs awarded more than 2,100 vocational training certifications. Our substance abuse treatment programs awarded over 2,000 program completions. The individuals in our continuum of care programs achieved approximately 2,200 behavioral treatment program completions and close to 5,400 individual cognitive behavioral treatment sessions.

During the second quarter, we also allocated approximately \$380,000 towards post-release services. This funding supported close to 1,700 individuals released from GEO service facilities as they continued to return to their communities. Our GEO Continuum of Care program integrates enhanced in-custody rehabilitation, including cognitive behavioral treatment, with post-release support services that address the critical community needs of released individuals. We believe our award-winning program provides a proven model for how the 2 million-plus people in the US criminal justice system can be better served in changing their lives. Our GEO Continuum of Care has had a positive impact in the reduction of criminal recidivism rates, with our programs achieving a reduction of between 42% and 47% in recidivism over three and five-year periods when compared to the national averages.

Finally, turning to our electronic monitoring and supervision services segment, our BI subsidiary continues to provide a full suite of monitoring and supervision solutions, products, and technologies for government agency partners at the local, state, and federal levels. BI is continuously evaluating the development of new cutting-edge electronic monitoring technologies to support the growing need for these services from government agencies across the United States.

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

**George C. Zoley** {BIO 1500615 <GO>}

Thank you, Dave. In closing, we are very pleased with our strong second quarter results and with the significant progress we've made towards meeting our growth and strategic objectives. Since the beginning of the year, we've announced the activation of four facilities, totaling approximately 6,600 beds under contracts with ICE, with expected annualized revenues in excess of \$240 million. We have approximately 5,900 idle high-security beds that remain available for use either by ICE or the US Marshals Service, which could generate an additional \$310 million in annualized revenues if fully activated. Additionally, we've identified several of our existing ICE facilities where we could add approximately 5,000 combined beds, either through temporary or permanent facility expansions.

We've stocked up the inventory of our monitoring devices and are well-positioned to assist the federal government to scale up the use of GPS tracking for non-detained illegal aliens once ICE detention capacity has been maximized. We expect growth in our ISAP contract could begin to materialize late this year or early next year to coincide with the maximization of the ICE detention

capacity. We're pleased with the continued growth of our ground and air secure transportation services for ICE and the US Marshals. This is a unique moment in our Company's history as a long-standing support services provider for ICE with a 40-year long track record. We believe we are uniquely positioned to assist the agency in meeting its objectives.

All of our efforts are aimed at placing our Company in the best competitive position possible to pursue what we believe to be unprecedented growth opportunities. We've budgeted \$100 million in physical plant, vehicles, and electronic monitoring improvements towards that objective. Given the intrinsic value of our owned real estate assets, as evidenced by the sale of our Lawton Facility and the unprecedented growth opportunities in front of our Company, we believe strongly that our current equity evaluation offers an attractive opportunity for our investors.

We believe we've taken significant steps to strengthen our capital structure, deleverage our balance sheet, and position our Company to enhance shareholder value through capital returns. To capitalize on this unique opportunity to enhance the long-term shareholder value, our Board of Directors recently authorized a three-year \$300 million stock buyback program, which we expect to execute opportunistically while balancing it with our continued objective of deleveraging our balance sheet at a rate of approximately \$100 million per year. Our focus as a management team remains on enhancing value for our shareholders through the disciplined allocation of capital and achieving a new level of financial success in 2026.

On a personal note, I would like to thank the GEO Board for extending my employment contract to April 2029, allowing me to participate in guiding our Company through the remainder of this presidential administration. That completes our remarks, and we'd be glad to take any questions. Thank you.

## Questions And Answers

### Operator

We will now begin the question-and-answer session. (Operator Instructions) At this time, we will pause momentarily to assemble our roster. And your first question today will come from Joe Gomes with Noble Capital. Please go ahead.

### Q - Joe Gomes {[BIO 3851841](#) <GO>}

Good morning. Congrats on the quarter and all the positive news.

### A - George C. Zoley {[BIO 1500615](#) <GO>}

Thank you.

### Q - Joe Gomes {[BIO 3851841](#) <GO>}

So, I just kind of wanted to run through some of the numbers that you guys have given just to make sure I'm all on the same page. So, it sounds like you've got roughly 5,000 beds at existing facilities that are under contract, another 5,900 beds at the idle facilities, and the potential that you could ramp up another 5,000 beds kind of in temporary, let's call it, conditions at existing facilities. So, say that's roughly about another 16,000 beds that you could ramp up today. And you gave a number of the idle would be about \$310 million, but if all 16,000 were to come on, what kind of revenue would that generate?

### A - George C. Zoley {[BIO 1500615](#) <GO>}

Well, I think we're talking about an additional 5,000 or 10,000 beds.

**A - Mark J. Suchinski** {[BIO 17732154](#) <GO>}

It would really be full off-pricing would be on the 5,000 temporary beds. The existing facilities, there's pricings already established for that. Right. So, I mean, we'd really be talking about 5,000 additional beds. There's some upside in the existing facility beds.

**A - George C. Zoley** {[BIO 1500615](#) <GO>}

That's probably about \$250 million at approximately \$50 million per 1,000 beds of that type. Because those would be incremental beds where the overhead is already paid for. There'd be expansions of the existing facility. So, approximately \$250 million.

**Q - Joe Gomes** {[BIO 3851841](#) <GO>}

Okay, great. Thanks for that. And then just wanted to turn to ISAP for a second here. So, you have populations that said they've been stable to modestly declining from the 185,000 to roughly 183,000 today, our most recent ICE numbers. But there's been a lot of discussion, reports, I guess I should say, of the potential of moving from the SmartLINK application to the Ankle Monitor application. Now, are you guys hearing that? What could that be the implication of that? Because the Ankle Monitors generate almost three times the amount on a tech cost on a daily basis as the SmartLINK does. And that would use up funding faster, I guess, so to speak. So, I'm just wondering, A, what you guys are hearing on that, what you think the potential would be. Would you have the capacity on the Ankle Monitors if all of a sudden they decided to move more towards Ankle Monitors than the SmartLINK application?

**A - George C. Zoley** {[BIO 1500615](#) <GO>}

We've stocked up the inventory on Ankle Monitors. And as you point out, it is a more expensive device. It would require, I believe, additional funding to the ISAP contract, which may be available through a reprogramming of some of this money that will be coming -- available later on this month through the Reconciliation Act.

**Q - Joe Gomes** {[BIO 3851841](#) <GO>}

Okay. And then, as you talked about their goals here, the share repurchase program, congrats on us finally getting there, and -- but also looking to continue to reduce debt by about I think you said \$100 million. Historically, the goal has been that \$150 million to \$175 million. That was obviously prior to the Oklahoma facility sale. Are you looking to do any additional debt reduction in the second half of this year? Or are we good at where we are and then we'll start looking at that \$100 million going in '26 and beyond?

**A - Mark J. Suchinski** {[BIO 17732154](#) <GO>}

Joe, I think the way I would characterize it, we expect to generate additional cash -- excess cash in the back half of the year. So, that's going to enable us to continue to de-lever in the back half of this year. And really, when we think about the play here of \$100 million share repurchase, and we target the \$100 million continued reduction in debt over the next couple of years, the benefits that I see for us is, we have opportunities to have excess cash in excess of that \$200 million. We're looking at de-leveraging, which reduces our cash interest expense that frees up cash. We have the growth as we move into 2026, the top-line will be higher, and that'll enable us to generate more cash flow. And then as we move into 2026, we'll get back to more normal capital expenditure -- annual capital expenditure.

So, as we move forward here we have the ability to generate more than \$200 million of cash flow. And then at that point in time, will give us an opportunity here to further pay down debt and reduce cash interest expense. But getting back to your original point, we expect to further reduce our debt balances over the course of the remainder of the year, while opportunistically looking at buying back shares.

**Q - Joe Gomes** {[BIO 3851841 <GO>](#)}

Okay, great. And one more, if I may. There's been a lot of talk, obviously, because it's in the news on ICE and the whole opportunity at ICE. On the state level, I'm just wondering how things are going there. You know, oftentimes you see per diem increases in the June-July timeframe. I'm wondering if you guys saw any of that. And are there any opportunities on the state level, or are we just really focused on ICE at this point?

**A - George C. Zoley** {[BIO 1500615 <GO>](#)}

Well, in Florida, we're involved in competitive bidding on three facilities, two of which we operate presently. Put on one more. Dave, maybe you should?

**A - J. David Donahue** {[BIO 19502761 <GO>](#)}

So, Joe, to your point, our focus on our state clients hasn't diminished at all. It's actually increased, and to George's point, we're involved in a competitive re-procurement of three major correctional facilities here in Florida, which we have operational experience with. And then also, we're working with our other clients around the country to support their initiatives as well. And increased capacity at the state level is driven, generally speaking, by the budget process. And this year, the legislative activity that you referenced, the June-July timeline, we did see improvement operationally in our Georgia environment, the legislative process supported an additional increase in our funding streams for that project. And again, we're optimistic that other jurisdictions are supporting those discussions presently with their general assemblies. And so, again, very committed to the efforts of supporting our state clients and meeting their needs as they present them.

**Q - Joe Gomes** {[BIO 3851841 <GO>](#)}

Great. I'll get back in queue. Thanks, and congrats again on the quarter and the fantastic growth opportunities ahead of us.

**A - J. David Donahue** {[BIO 19502761 <GO>](#)}

Thank you, Joe.

**A - George C. Zoley** {[BIO 1500615 <GO>](#)}

Thank you.

**Operator**

And your next question today will come from Matt Erdner with Jones Trading. Please go ahead.

**Q - Matthew Erdner** {[BIO 23536545 <GO>](#)}

Hey, guys. Thanks for taking the question, and congrats on getting that share repurchase agreement from the board. That's great there. So, as private beds kind of fill up towards that

100K level, and it looks like we've got a pretty decent line of sight into that ramping up kind of by year end, early 1Q of next year, how are you guys positioning yourselves for management contracts at some government facilities? You touched on it during the prepared remarks a little bit with the defense contractor and those agreements there, but any expansion would be great. Thank you.

**A - George C. Zoley** {[BIO 1500615 <GO>](#)}

I'm really kind of unclear as to what your question is. Could you repeat that?

**Q - Matthew Erdner** {[BIO 23536545 <GO>](#)}

Yeah. So, kind of the management of government facilities, so not Company-owned.

**A - George C. Zoley** {[BIO 1500615 <GO>](#)}

Well, we look at that fairly carefully. We had some opportunities here in Florida, and we kind of passed on it, but we prefer to be the owner of the facility, and we have several that are idle that we would like to reactivate, and they're primarily former BOP facilities that are high security and really ideally suited for, as I said in my previous remarks, ideally suited for ICE and the US Marshals Service, as well as the Bureau of Prisons, who was the previous user of these facilities. They're primarily cell facilities, so it's high security. They have perimeter fencing. In some places, they have towers that overlook the facility. So, our physical plant inventory that's available to the three federal agencies is quite substantial, and that's really where our focus is right now, as well as I said earlier that there's a lot of activity going on in our transportation division where they are -- I think they're doing approximately 80 to 90 flights per week domestically and internationally. So, that division has really taken off, literally and figuratively.

**A - J. David Donahue** {[BIO 19502761 <GO>](#)}

But, Matt, to further state the obvious, obviously we're partnered with a defense contractor positioning ourselves for procurement activity in the event that DOD, in partnership with Homeland Security, considers projects in the future, and obviously we're committed to ensuring that we support the mission of the client, Immigration Customs Enforcement. So, we're always evaluating next steps, if you will, and positioning ourselves to support ICE.

**Q - Matthew Erdner** {[BIO 23536545 <GO>](#)}

Great. That's helpful color. That's all from me. Thank you, guys.

**Operator**

Your next question today will come from Greg Gibas with Northland Securities. Please go ahead. Please go ahead.

**Q - Greg Gibas** {[BIO 21027413 <GO>](#)}

Great. Thanks, guys, and congrats on the quarter. Wondering if you could maybe follow -- or I guess if I could follow up on an update on the opportunity to contract additional facilities with the Marshals Service. I know that there's the New Mexico facility, Big Spring in Texas, Rivers Facility in North Carolina with multiple RFPs out there. If you can give kind of an update on your outlook there and timing on those.

**A - George C. Zoley** {[BIO 1500615 <GO>](#)}



Well, the discussions are underway. They've begun some time ago, and I think there's a general awareness of the location of these facilities, and funding is always the big issue. I think all the agencies are towards the tail end of their budget year, which expires the end of September. And particularly if ICE, they have a -- we have read that they have a budget deficit of excess of \$1 billion, so they have to be careful as to when they contract. I think everybody is waiting for this reconciliation funding, which will occur towards the middle or the end of this month. But the agencies are well aware of these locations. For some of the agencies, like maybe the Marshals Service in particular, it constitutes a consolidation play based on certain geographic areas in the east or the west of the country. And we're -- a lot of times, the Marshall Service is really contracting for beds with several sheriff's jurisdictions in a geographic area and our facilities allow them to consolidate those beds into one secure -- high secure facility where they're the exclusive client, they have the exclusive control of the facility, which is generally their preference, rather than a fragmented system covering a large geographic area.

**A - J. David Donahue** {[BIO 19502761](#) <GO>}

Yeah, Greg, I mean, I think as George just described, we are in discussions with the Marshalls. We're cautiously optimistic. There's some opportunities ahead for us, but as it relates to growth, obviously, ICE is a big priority. But as somebody mentioned earlier, we've got some good opportunities at the state level, the Marshall level as well, and transportation. So, we think about our business holistically. We think that we're fairly diversified. In multiple components within our business segments, we're seeing lots of different growth opportunities, and we think that over the coming months, that's going to pay dividends.

**Q - Greg Gibas** {[BIO 21027413](#) <GO>}

Great. Thanks. That's helpful and good to hear. Given the budget deficit with ICE and now that we're past budget reconciliation or additional funding, I guess how are you expecting the pace of facility reactivation timing once that funding is available, call it middle or end of this month? And I guess secondly, like, has ICE kind of communicated to you that they intend to ramp ISAP participants once that detention capacity is maximized? And do you still anticipate that contract to be extended for 12 months?

**A - George C. Zoley** {[BIO 1500615](#) <GO>}

They haven't communicated the -- at this time, the expansion of ISAP. Their focus is intensely on scaling up the detention capacity. So, they are communicating with many red states, in particular, as I said, Florida, Indiana, Louisiana, and Texas is probably one of them, to scale up from the capacity that's prospectively available by the private sector, which I estimate to be 75,000 to 80,000 beds. For them to get to 100,000, they need several governmental partners as indicated by the facility recently in South Florida that has capacity for, I believe, 3,000 beds. And there'll be another one for 2,000 beds. It'll take several of these facilities to patch together the gap between the private sector and the ultimate objective of 100,000 beds. And that's about 30,000 beds that they need to patch together to get to the 100,000.

**A - J. David Donahue** {[BIO 19502761](#) <GO>}

And then on ISAP, you said we're under a 30-day extension. And as George made in his remarks, we do anticipate an extension of six to 12 months to be awarded to us here in the near future.

**Q - Greg Gibas** {[BIO 21027413](#) <GO>}

Got it. Thanks, guys. Great to see the buyback. And congrats on the quarter again.



## Operator

And your next question today will come from Brendan McCarthy with Sidoti & Co. Please go ahead.

### Q - Brendan McCarthy {[BIO 23236516 <GO>](#)}

Great, thanks. Good morning, everybody. Appreciate you taking my questions here. I wanted to start off on the Laken Riley Act. I think at one point, it was discussed that the Act could lead to the need for an incremental 60,000 beds. But it sounds like the base case here is really close to 100,000 beds potentially by year-end. Just curious if that base case includes the impact of that Act, and I guess how we can think about the overall impact on industry detention numbers.

### A - George C. Zoley {[BIO 1500615 <GO>](#)}

I'm not really sure how to think about it because the original objective was just to get to the 100,000 beds before the passage of that Act. And as I've said, the present estimated capacity of the private sector, as we sit today, is about 75,000 to 80,000. That's before considering scoping out vacant facilities that may be at the federal and state level as to whether they can be renovated and repurposed for additional capacity, which I think has a lot of potential. So, as ICE and Marshals scale up to this 100,000 beds, once they reach that through the current known means, I think that there will be a re-evaluation of how do you get beyond that, and what structures are available that meet legal requirements and agency requirements. And I think some of those structures are probably available at the federal and state levels around the country. They're not getting the attention right now because our structures are readily available, and ICE is pursuing some temporary type of structures with various Republican states. And so it's the low-hanging fruit that gets the attention first. And then after that's accomplished, there'll be a re-evaluation of what other opportunities exist around the country.

### Q - Brendan McCarthy {[BIO 23236516 <GO>](#)}

Understood. I appreciate the detail there. And then I wanted to touch on the fiscal year 2026 Homeland Security Appropriations Bill. Can you provide an update on maybe the verbiage in that bill? Has there been any release there or any detail on whether it be alternative detention or new updates with detention?

### A - George C. Zoley {[BIO 1500615 <GO>](#)}

I believe in that bill, there's no specific text or narrative about the ISAP program. It was a bundle of money for broad categories of services. And \$45 billion, I believe, is going to detention. Other billions are going to transportation. But within all these billions, the agency has the ability to reprogram money as it sees fit. And those are such large amounts because I think ICE's budget personally is only \$8 billion.

So, you're talking about tremendous scaling up of the budget that will occur over a period of time. And I believe all those monies are -- have been appropriated and approved for the next four years. One of their objectives that they are focusing on right now is hiring 10,000 more ICE officers, which is very expensive and very complicated and very time consuming.

It will take a long time to get 10,000 people recruited, screened, trained, and knowledgeable about how to carry out their jobs. And they are needed to facilitate the filling of those 100,000 beds. You need more people to go across the country and identify people who are here unlawfully and who have committed crimes. It takes several people at any given event. One

person doesn't go out and do this job by themselves. It's a whole team of people. And ICE definitely needs more employees. And that is definitely one of their priorities right now.

**Q - Brendan McCarthy** {[BIO 23236516 <GO>](#)}

Understood. That's all from me. Thank you.

**A - George C. Zoley** {[BIO 1500615 <GO>](#)}

Thank you.

**Operator**

And your next question today will come from Raj Sharma with Texas Capital. Please go ahead.

**Q - Raj Sharma** {[BIO 6077384 <GO>](#)}

Yeah, thank you for taking my questions. Congratulations on the solid results and the outlook. I had a question on -- just if you could delve into the dynamics of why you expect the ICE monitoring and supervision to stay stable Q3 and Q4. Is this due to the ICE budgeting constraints solely until they get funding in August? I mean, how does that work with them wanting to -- is that when detentions get up to a max levels, and they've talked about wanting to detain 180,000 more. Can you talk about the timing of that and the color around that?

**A - George C. Zoley** {[BIO 1500615 <GO>](#)}

Well, as I think we've said that we think that the focus of ICE right now and through the balance of the year will be on maximizing detention capacity. With respect to the ISAP program, certainly this budgeted year, they've tried to stay within their budget, which has not been expanded. And as we've said, even the detention budget has been exceeded. So, they've had a balancing act as we speak at this time of the budget. And the additional funds will not materialize until we believe later this month.

But once they get those funds, additional funds, I think that the priority and the focus is still going to be for -- we believe the balance of this year will be on maximizing detention capacity because it's complicated. It's getting a facility up and going and operational with respect to who's involved in operating the facility as well as the ICE personnel that are supporting that facility is very complicated. And it's never been done at this level before in our history. So, these are uncharted waters for the agency to expand their platform of detention nationally around the country to literally more than doubling the size of the previous administration. It can't be done overnight. And it requires a lot of attention. It requires more ICE staff.

**Q - Raj Sharma** {[BIO 6077384 <GO>](#)}

Got it. Got it. Thank you for that. And then of the \$118 million adjusted EBITDA in Q2, what was the contribution from the newly ramping facilities, the four facilities? And then I will follow-on on the contribution going forward.

**A - Mark J. Suchinski** {[BIO 17732154 <GO>](#)}

Well, Raj, we don't give specific contributions by facility. But what we can tell you is, owned facilities, activation of those facilities. We've talked about the annual revenues that will be driven out by those facilities. And as we've said in the past, owned facilities, typically margins are somewhere between 25% to 30% margins on those revenues. And so as we talk about activating

four facilities to the tune of \$200 million to \$250 million, if you think about the math on that, that will generate 25% to 30% margins on that. So, really, I think the big focus is as we ramp those up and they're fully active and we're achieving the maximum revenues, which we expect to take place in 2026, that's where you're going to see the significant growth in EBITDA.

**Q - Raj Sharma** {[BIO 6077384 <GO>](#)}

Got it. So, you've given the revenue contribution from the four facilities. Can I ask this another way? When do you expect them to reach mature margin profiles so that we can get that full 25% or 30% EBITDA margins on the four facilities?

**A - Mark J. Suchinski** {[BIO 17732154 <GO>](#)}

Yeah, I'd say essentially three to four months after activation of the facility. So, I think if you think about Delaney Hall, D. Ray, North Lake, we'd expect really the fourth quarter for us to be really maximizing the profitability and gotten through what we'll call the activation period, the hiring of the officers, the training of the officers. Right now, that's -- it's a very costly effort. And I'd say by the time we get to the fourth quarter, those facilities should be back, should be in a kind of what we'll call normal recurring operation.

**Q - Raj Sharma** {[BIO 6077384 <GO>](#)}

Great. Great. Thank you for that. I'll take my questions offline. Once again, congratulations on solid results.

**A - Mark J. Suchinski** {[BIO 17732154 <GO>](#)}

Thank you.

**Operator**

And your next question today will come from Ted Franchetti with Wedbush. Please go ahead.

**Q - Ted Franchetti** {[BIO 23607466 <GO>](#)}

Everybody, thanks so much. Jay had to step off and will be likely following-up with you guys this afternoon. But I just wanted to ask a couple of quick questions. Sorry to keep going on ISAP and monitoring. But just wondering about the timing of the extension to the end of August. And you mentioned in a previous question about the funding potentially being sort of reallocated or re-procured post the OBB bill getting done. Was the ISAP contract moved to end of August this year to sort of allow for that money to flow? And is that a reason for that timing?

And then I guess another question sort of about ISAP and the extension is essentially, for me, do you have any different level of conviction about winning that contract over the next 12 months versus your expectations over the last six to 12? Like, has anything changed there for you?

**A - George C. Zoley** {[BIO 1500615 <GO>](#)}

No, nothing's changed. The short-term extension article, we interpret is to give additional time to consider whether it's a 6-month extension or a 12-month extension. It's simple as that, which may require additional extensions as well. Because once they -- it takes time for them to decide what their programmatic needs are within that kind of program. Do they take a different direction on who the population is? What the monitoring devices are? What the scale of the operation is? Then they have to put all that together in an RFP, give time for proposers to submit proposals.

That's followed by a fairly lengthy evaluation process before there's a final award. So, we expect that that process will take place sometime next year. And we feel we've provided an excellent service for 20 years. Our ratings are excellent, as we get rated, I believe annually, we've achieved excellent ratings, and we think we're in a highly competitive position for any rebid of this contract.

**A - Mark J. Suchinski** {[BIO 17732154 <GO>](#)}

And we've invested the infrastructure. We have 100 locations that we service. We have two call centers. And as George said, we've been the provider for the last 20 years. And we really appreciate the partnership with ICE and ISAP. And we're going to work really hard to do a great job for them.

**Q - Ted Franchetti** {[BIO 23607466 <GO>](#)}

One quick follow-up on just as far as cash flow goes, if in '26, you exceed \$200 million in free cash flow, and you allocate half of that to debt pay down and half of that to buyback, if you sort of exceed that \$200 million level, would the incremental be pro rata allocated to debt pay down and buyback? Or would you prioritize repurchases?

**A - Mark J. Suchinski** {[BIO 17732154 <GO>](#)}

Well, it's most likely to be pro rata, but we'll also be opportunistic. It depends on what the stock price is. Right now, we think it's a very attractive price. And that's why we're looking to buy back stock. But as we said before, it'd probably be split between the two, both contributing some value back to our shareholders while continuing to pay down debt.

**Q - Ted Franchetti** {[BIO 23607466 <GO>](#)}

Thanks a lot.

**A - Mark J. Suchinski** {[BIO 17732154 <GO>](#)}

Thank you.

**Operator**

And your next question today will come from Kirk Ludtke with Imperial Capital. Please go ahead.

**Q - Kirk Ludtke** {[BIO 1807136 <GO>](#)}

Hello, George, Dave, Mark, Pablo. I really appreciate you staying late.

**A - Mark J. Suchinski** {[BIO 17732154 <GO>](#)}

No problem.

**Q - Kirk Ludtke** {[BIO 1807136 <GO>](#)}

Do you have a sense for the detention rate required to justify 100,000 detention beds? In other words, is it 3,000 a day equals 100,000 beds? Or is there some simple rule of thumb we can use?

**A - George C. Zoley** {[BIO 1500615 <GO>](#)}

It is that simple rule of thumb, as you described it. I think the -- it was based on the objective of deporting 1 million people a year. How do you deport 1 million people a year? You'd need 100,000 beds, and you need to process those people in 30-day increments. So, each month, 100,000 people would be deported, or approximately, to get to the 1 million. But that's just a theoretical model.

I don't -- and it's impacted by lawsuits, probably in different jurisdictions around the country. And it's impacted by different rulings on expedited removals and environmental issues, all kinds of things. But that's some model that somebody came up with that we've heard many times. You need 100,000 beds and moving people out 100,000 per month to get to the 1 million.

**A - J. David Donahue {BIO 19502761 <GO>}**

Yeah, I think the other way you can kind of think about it is, call it at the end of February or March, there was 41,000 beds full. It's grown to 57,000. So, call it over the last three months, the detention has grown by about 20,000. And it started off slow. So, it's probably possible to grow the detention by 20,000 to 30,000 every three months or so. And if you did the math that way, that's how you get to roughly 100,000 (sic - 1 million) people detained by the end of the year. But I don't think there's an exact science, as George just described.

**Q - Kirk Ludtke {BIO 1807136 <GO>}**

Got it. Yes, that's super helpful. I appreciate it. Thank you. And what percentage of the beds you contract to ICE are under minimums, or take or pay, or contractually guaranteed?

**A - George C. Zoley {BIO 1500615 <GO>}**

I think most of our beds now have some form of fixed price.

**Q - Kirk Ludtke {BIO 1807136 <GO>}**

Okay, that's helpful. Thank you. And then last topic. I mean, a lot of questions about ISAP. How would you characterize the 180,000 people they're monitoring today? Is there a certain way to describe that group? And is there a -- if funding was no longer a limitation, how many people are actually in that group?

**A - George C. Zoley {BIO 1500615 <GO>}**

Well, the 183,000 is part of a 8 million to 10 million, or 18 million group of undetained -- non-detained docket of people who have been determined previously not to go into detention, but need to be monitored. And that is a moving target and can be reevaluated subsequently, as some members in Congress have articulated in a -- particularly, I think, in a House resolution that all the people on the undetained docket should be monitored. So, you know where they are and where they are in their process of going before a judge and making sure they get to that court hearing. So, I think that's still yet to be evaluated or re-evaluated, and I assume it will be as there is a re-bid of the ISAP contract and what are the programmatic objectives of that program.

**Q - Kirk Ludtke {BIO 1807136 <GO>}**

Got it. I appreciate it. Thank you very much. That's it from me.

**A - George C. Zoley {BIO 1500615 <GO>}**

Thank you.

## Operator

And your next question today will come from Ben Briggs with StoneX. Please go-ahead.

### Q - Benjamin Briggs {BIO 18643280 <GO>}

Yeah. Hey. Morning, guys, or I guess afternoon now, and thank you. Thank you for taking the call. So, first of all, congratulations on the quarter and the growth.

### A - George C. Zoley {BIO 1500615 <GO>}

Thank you.

### Q - Benjamin Briggs {BIO 18643280 <GO>}

So, I just wanted to get a little bit of clarity and make sure that I'm doing the math right here. So, in the scripted portion of your call, it sounded like you said that there were \$310 million of additional revenue opportunities that are not baked into guidance that are potentially going to come from ICE. Did I hear that \$310 million, right?

### A - Mark J. Suchinski {BIO 17732154 <GO>}

That's right. As it relates to detention, it's either ICE or Marshals. That's right. Our available capacity that hasn't been contracted.

### Q - Benjamin Briggs {BIO 18643280 <GO>}

Okay. So, that \$310 million was from ICE or US Marshals of additional revenue.

### A - Mark J. Suchinski {BIO 17732154 <GO>}

Correct.

### Q - Benjamin Briggs {BIO 18643280 <GO>}

Got it. Okay. And then on top of that \$310 million, there is \$40 million to \$50 million of potential ICE transportation revenue that you could potentially realize.

### A - George C. Zoley {BIO 1500615 <GO>}

Correct.

### Q - Benjamin Briggs {BIO 18643280 <GO>}

Understood. Is 15% EBITDA margins the right way to think about that transportation revenue? Just back of the envelope.

### A - Mark J. Suchinski {BIO 17732154 <GO>}

We haven't given that out. We haven't given that out specifically.

### Q - Benjamin Briggs {BIO 18643280 <GO>}

Okay. Fair enough. Fair enough. And then, as far as potential ISAP revenue is concerned, is there a revenue number that's not baked into EBITDA where I should think longer term, potentially that you guys could realize? Or is that not a number that you're prepared to give out here?



**A - George C. Zoley {BIO 1500615 <GO>}**

I think we -- our number is flat for the rest of the year.

**A - Mark J. Suchinski {BIO 17732154 <GO>}**

Yeah. Exactly. So, we're assuming just stable ISAP counts for the remainder of the year. I think what you're talking about is potential growth beyond that sometime later this year in 2026, is what could that be?

**Q - Benjamin Briggs {BIO 18643280 <GO>}**

Correct.

**A - Mark J. Suchinski {BIO 17732154 <GO>}**

That's really out of our hands. It's, as George said, it's how does the ICE want to run the ISAP program going forward? For us, we can give you our history. The history says back in 2022, 2023, revenues at the highest level were \$370 million compared to where we are today. And so I think it would be -- probably wouldn't be appropriate for us to try to guess that. But we do think that there's opportunity for growth there. And that's going to generate additional revenue and profitability. But it's hard to quantify at this point.

**Q - Benjamin Briggs {BIO 18643280 <GO>}**

Understood. Okay. Thank you very much, guys. Most of the rest of mine were answered. And again, congratulations on the quarter and the growth.

**A - George C. Zoley {BIO 1500615 <GO>}**

Thank you.

**A - Mark J. Suchinski {BIO 17732154 <GO>}**

Thanks, Ben.

**Operator**

This will conclude our question-and-answer session. I would like to turn the conference back over to George Zoley, Executive Chairman of the GEO Group, for any closing remarks.

**A - George C. Zoley {BIO 1500615 <GO>}**

We thank everyone who has joined us in this lengthy presentation today, and look forward to the next call. Thank you.

**Operator**

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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