Conference Title: GHCO Annual Shareholders Meeting

Date: Tuesday, 7th May 2024

Tim O'Shaughnessy: So we'll start with a formal portion of the meeting and then we'll move to some presentations and Q&A. So we'll get started on that. Good morning ladies and gentlemen, the meeting will please come to order. I'm Tim O'Shaughnessy, the president and CEO of the Graham Holdings Company, and I will act as chairman of the meeting. To my right is Wally Cooney, our senior vice president and CFO of the company, and Nicole Maddrey, senior vice president and general counsel and secretary of the company who will act as the secretary of the meeting. And I'd like to welcome all of you to our annual meeting of stockholders for 2024.

So I'll now briefly describe what is on the program this morning. First we'll dispense with the technical part of the meeting, which involves such matters as the submission of documents and the determination of a quorum. After my remarks and remarks from Andy Rosen, the CEO of Kaplan, and David Curtis and Justin DeWitte, co-CEOs of Graham Healthcare Group then we'll proceed to the election of directors and the proposal to be voted on by the Class A shareholders on an advisory basis to approve the 2023 compensation awarded to the named executive officers. After that, the meeting will be open for your comments and questions.

Before turning to the opening formalities of the meeting, would like to introduce those nominees for election as a director who are present. Donald Graham, chairman emeritus, Ann Mulcahy, chair. Tony Allen, Danielle Conley. Danielle is around here somewhere. Chris Davis also should be around here somewhere, and Tom Gayner and myself, Tim O'Shaughnessy. Also present from PricewaterhouseCoopers. The company's independent registered public accounting firm are Tom, Leonard and Andrew Weidinger. Will the secretary please present to the meeting all supporting documents.

Nicole Maddrey: For the purposes of this meeting, I present affidavits of mailing of the notice of availability of proxy materials for the 2024 annual meeting of stockholders to each stockholder of record at the close of business on March 13, 2024. The record date for determining stockholders entitled to receive notice of and to vote at this meeting, a complete list of the holders of Class A and Class B common stock as of the close of business on March 13, 2024, which has been available for at least 10 days preceding the meeting. A copy of the certificate of incorporation and the bylaws of the company and the minutes of the last annual meeting of stockholders of the company held on May 4, 2023.

Tim O'Shaughnessy: Elisa Zagar and Elaine Wolf have been appointed to act as inspectors of votes at this meeting. I direct that an executed copy of their oath be filed with the records of the meeting. Will secretary please ascertain that a quorum is present?

Nicole Maddrey: Mr. O'Shaughnessy, the inspectors of votes have canvassed the stockholders present in person or by proxy and have presented to me their first report, which shows that there are present in person or by proxy, 27 stockholders holding 964,001 shares of the Class A common stock of the company, which is 100% of the Class A common stock entitled to vote at this meeting and not less than 2,835,748 shares of Class B common stock of the company or 81.1% of the 3,493,008 shares of the Class B common stock entitled to vote at this meeting.

Tim O'Shaughnessy: I direct that the first report of the inspectors of votes be filed with records of the meeting. I declare that a quorum is present and that the meeting may proceed to the transaction of the business for which it has been called. As stated in the notice of the meeting, the purposes of the meeting are to one, elect directors of the company, two for the Class A shareholders on an advisory basis to vote to approve the 2023 compensation awarded to named executive officers and three, to transact such other business as may properly come before the meeting or any adjournment thereof.

And with that, we'll move on to a little bit more presentation. So good morning. I'm excited to welcome you all to the Hamilton Live for today's meeting. It's a delight to see some of the same faces as the past few years as well as some new ones. Hopefully, those of you attending in person have been able to meet some of our managers, many of whom are in attendance and should be around for a bit after the meeting as well. As I mentioned earlier, I'll now provide a brief update on operations and then turn it over to Andy Rosen to provide an update on Kaplan's strategy. After Andy, David, Curtis and Justin DeWitte will walk you through our healthcare operations. We'll then conduct the business matters I outlined earlier, and after that, we will open the meeting for questions and comments until there are no more or until we run out of time.

The report I have to share today is largely positive. 2023 showed improving operating results at many units and Q1 of 2024 continued this trend. Strong growth at Kaplan and Graham Healthcare Group are the primary reasons why you should feel good about the future of Graham Holdings. Perhaps the greatest question mark at the company is Graham Media Group. No secret that changes in distribution are wreaking havoc on how media is produced, consumed, and monetized. Regulatory frameworks that have not caught up with these realities further limit the degrees of freedom to solve these challenges.

But over the last few years, Graham Media Group's role in the company has moved from existential to critical, to one that provides near term cash flow today and option value in the future. How successful the company will be at the end of this decade is increasingly driven by how the rest of the business performs with Graham Media Group as an important contributor, but no longer the main event.

This transition is visible in many ways, but let's start by looking at revenue. Total company in revenue in 2023 was just over 4.4 billion, an increase of nearly 53% from 2020. Broadcast revenue has decreased modestly in absolute terms and in relative terms has decreased from a bit more than 18% to just under 11%. The biggest drivers of revenue growth have been automotive, Kaplan and Graham Healthcare.

I've spoken in the past about lumpiness in earnings due to political advertising in even years. I will do so again. Overall, adjusted operating cash flow for 2023 decreased by 40 million from the prior year. This decrease was led by minimal political spend at Graham Media Group, which decreased by 68 million from 2022 to 2023. However, the rest of the company increased its adjusted operating cash flow by 29 million or 19%.

A version of this continued in Q1 of 2024. Overall adjusted operating cash flow increased by 11 million from prior year. Broadcast was roughly flat while the rest of the company improved by 9 million or 25% over the prior year. We expect this will continue and as the rest of the company grows off of a larger base, the even to odd year decreases in cash flow may be much more limited or abate entirely perhaps as soon as next year.

This chart was a hit at last year's annual meeting, so we've updated it and brought it back out once again. I'll repeat some definitions from last year's remarks as I summarize. At the core, we have businesses that are either profitable or unprofitable. They're also either growing, shrinking or relatively stable. While the profitable versus unprofitable distinction is entirely quantitative, the growing versus stable versus shrinking classification is my interpretation of the blend of recent history combined with our near term expectations.

For our profitable growing businesses, our goal is to build out durability and evaluate bolt-on M&A transactions that can be both accretive and expand the moat. We're pleased that two of our biggest businesses fall into this category. This group has been joined this year by Slate. For a profitable stable businesses, the approach is largely similar to the prior category with perhaps an additional eye toward protecting and defending. Our largest number of businesses live here.

The cash these businesses generate is hugely valuable to the company and we're open to pursuing bolt-on M&A within many of these units as well. We have no units currently inhabiting the profitable shrinking bucket, but if one does enter this category, we hope to protect profitability while stabilizing revenue and or income declines. We're unlikely to pursue bolt-on M&A, but would look at participating in consolidation if it were required to remain viability for the sector.

Now, let's move to the other side of the ledger. At our unprofitable growing businesses, we continue to monitor the unit economic models, and evaluate how much cumulative capital we believe is required for a business to become self-sustaining. The scale of the opportunity and the timeframe in which we believe we can achieve profitability. We calibrate investment levels to achieve adequate returns. M&A rarely makes sense in these cases, although I would not unilaterally rule it out if we were convinced it would reduce the cumulative capital needed to become profitable.

Framebridge is the biggest investment within this grouping, and we remain excited about its prospects. Our multi-channel online plus retail model is unique to the category and our retail rollout is in the process of accelerating. If trends hold, the company should begin to see operating leverage from the additional unit volume and a corresponding reduction in investment levels over the coming years. The US custom framing market is estimated to be about 7 billion in annual sales, and we believe it's possible for a category leader to ultimately hold 20 to 30% of this market. We're also pleased with the progress Saatchi Art has been making as a seller of original work by artists. Both the revenue and income trends in this business are improving.

At our unprofitable stable businesses, we evaluate the following. Whether growth can reasonably be restarted with attractive unit economics, whether costs can be reduced to an extent where the business becomes profitable, if divestiture is possible and makes sense and failing of the above evaluate closure. We have two operations within this category, Dekko and Code3. Dekko is operating cash flow positive and Code3 is roughly break even on an operating cash flow basis and was profitable in the fourth quarter of 2023.

I believe both have reasonable chances to move to become profitable and stable over the course of the next few years. At Dekko, we appear to be close to the bottom of the cycle for our product lines tied to commercial office space. Any increase in demand combined with strong cost controls would make a big impact on profitability. Code3 improved its results in 2023 and is on track to do so again in 2024. We believe it has a strong chance of returning to profitability soon.

While it may be inevitable from time to time, we hope to limit both the number and duration of stay of any businesses in our last category, the unprofitable shrinking bucket. When one of our companies winds up here, we evaluate all options ranging from restructure to sale to closure. Our bias is to move fast, as without substantial change, things usually get worse, not better.

We currently have two businesses that we classify in this bucket, Society6 and World of Good Brands, formerly known as Leaf Media. At Society6, we have intentionally shrunk revenue by removing product categories and marketing spend that we're driving empty calories through the P&L. Most of this shrinking is done and we are continuing to work on the cost structure to be more in line with what the unit economics and revenue of the business can support. World of Good brands, the digital media trends of 2023 and early 2024 exacerbated a tumultuous year. We have revamped the team and cut the number of brands we're actively supporting. Both of these operations are turnarounds and we're monitoring losses very, very closely as we embark on these efforts.

Andy will speak about Kaplan in more depth, so I'll only pause briefly to congratulate the team on a great year. I know many of my colleagues are extremely proud of the work they do to bring about these results. The Kaplan team managed beautifully through some trying years and have come through the other side with a bright future ahead, as evidenced by an increase in adjusted operating cash flow, 17% from the prior year with excellent results in Q1 of 2024 as well.

Catherine Badalamente is doing a wonderful job leading the team in operations at Graham Media Group. I hired her to manage the business of today while creating the business of tomorrow, and she's doing just that. Operating results were down in 2023 from the prior year due to the aforementioned lack of political advertising. They were also down from 2021, perhaps a better reflection due to softer national advertising and increased network expense. Results in Q1 were largely flat with the prior year as expense controls have helped to protect profitability.

Viewership and cord cutting trends continue to be negative for the business. Will digital and streaming continue to be partial but not full offsets? There is one additional development worth quickly pausing on. Our strength relative to many of our peers has increased notably from this time last year. While many of our peers are cutting costs by any means necessary to service debt, we continue to carefully and reasonably move the business into the future. These degrees of freedom mean we're able to think much more about how we serve the needs of the communities in which we operate than many others. At the core, we think this gives us an advantage.

Adjusted operating cash flow at our manufacturing segment decreased by about 11% to 58 million last year. That trend continued in Q1 as results decreased from 15 million to 10 million for the quarter. We think this group should grow modestly over extended periods of time, which is what we have seen in the past decade in this segment. However, we are in a down cycle with several units for the first time in several years.

We've discussed the commercial real estate impacts at Dekko over the past few years and more recently, Hoover has shown some declines. Higher interest rates have lowered housing starts, which has caused decreased demand for our products used in multifamily home building. At Hoover, this period should allow us the opportunity to win market share and come out of the other side in an even better position.

One quick note on capital expenditure in this segment. 2023 CapEx was elevated, and it will be again in 2024. Hoover opened a new plant in Texas in early 2024 and Joyce Dayton began a plant expansion that kicked off in earnest in 2024. Once the Joyce plant is complete, we expect CapEx to return to historical norms.

Justin and David will walk you through the business in depth shortly. You'll see why we're excited about the future at Graham Healthcare Group. We've created a leader in in-home care, and our scale is allowing us interesting new opportunities. Revenue growth continues to be strong with a 23% increase in Q1 of this year as compared to the prior year. This growth is starting to lead to accelerating adjusted operating cash flow with a 40% increase over Q1 of 2023.

I've talked recently about how we spent several years investing in our operations to have a team and infrastructure that could support a much larger Graham Healthcare Group. Those investments are paying off. We expect organic growth at Graham Healthcare to persist for some time to come, as well as occasional bolt-on and platform opportunities.

Our partnership with Chris Osman has been successful and allowed us to grow a new segment to real scale in only five years' time. Adjusted operating cash flow increased by 16% from 2022 to 2023 and was down modestly in Q1 of this year. In Q3 of 2023, we acquired a Toyota franchise in Richmond, Virginia, and we ended the year with eight franchise dealerships. While the market has normalized from 2021 and 2022, we expect solid profitability should continue.

I discussed several units early in their presentation, so we'll discuss the other group largely in aggregate. Adjusted operating cash flow worsened by 6 million from 2022 to 2023 for the segment. This was a disappointment and we're taking actions to improve these results. Q1 showed positive trends with adjusted operating cash flow improving by 4 million over Q1 of the prior year. Revenue also declined in 2023 and Q1 of 2024 from the prior periods.

Excluding the former Leaf Group companies, revenue increased in each reference period. We expect losses to reduce notably, as the year progresses. Many operations are and have been showing improved results. Additionally, many of the Leaf related transition costs are targeted to be completed in the second quarter. We believe it possible that the improvements in adjusted operating cash flow for the segment will reach into the tens of millions of dollars for the year. The overall balance sheet of the company remains strong. Strong Q1 performance in remarkable securities increased our cash and securities balance notably, as compared to year-end. Debt remains largely unchanged from year-end.

The company repurchased approximately 7% of all outstanding shares in 2023 and in Q1, we continued by repurchasing an additional 29,000 shares. Since January 1 of 2020, we have now repurchased over 18% of all outstanding shares. When combined with the increases in earning power at our businesses, we're very pleased with these repurchases and what they mean to our intrinsic value per share. Our largest usage of capital in 2023 was on share repurchases and we feel great about it. At this point. I'd like to turn it over to Andy Rosen, who will amaze you with the journey and progress being made at Kaplan. Andy.

Andy Rosen: Thank you, Tim. Amaze you. I was aiming for more like somewhere between, hold your attention and keep you awake to counting on the coffee to do some of the work on that. In any event, I've shared with you over the last few shareholder events how we've been positioning Kaplan for growth. Leveraging our strong relationships with students, universities, companies and other partners, as well as our unique assets and capabilities. Last year, we looked more closely at our international operations, given the material development of their value to the company.

These discussions, which are archived on the Graham Holdings website, remain important to understanding Kaplan's value. Today I'll provide an update on our recent performance, discuss our approach to building Kaplan, and summarize a few important trends that will impact the company going forward. Each year, our goal at Kaplan is to add incremental earning power across our varied businesses leading to growth in the company's value.

We don't over index on quarterly or annual earnings, but rather focus on whether our actions today are adding appreciably to the long-term value of the company. Of course, we do value or view the financial performance over time as an appropriate scorecard of how we're doing on building value long-term.

Examples of earning power additions by Kaplan vary, but frequently it includes adding new businesses in the same or adjacent markets, launching new products or programs, securing new partners, developing new sources of students, and implementing new technologies. Where we do this to what extent and how fast, depends on our view of existing and projected market trends and opportunities. Of course, adding earning power to the business depends on our ability to ensure that our students, customers, and partners are pleased with the services we provided and that our employees are feeling engaged and committed to our values.

We have rigorous management processes across Kaplan measuring these important areas, telling us how we're doing and where we need to improve. We certainly don't claim perfection, but our systems enable us to maintain high scores across these objectives and react quickly when we identify any shortcomings. This long-term approach to the business led to another year of growth in 2023. Following the tumultuous pandemic years, the company grew nicely over 2022 and exceeded the 2019 pre-pandemic revenue and operating income by a good margin.

We're particularly pleased that first, most of our Kaplan international businesses achieved solid growth in student volumes. From Kaplan Pathways to Kaplan Business School in Australia, MPW in the UK, Kaplan, Singapore, Dublin Business School, Kaplan Open Learning and Kaplan Language Group, our new student volume growth advanced nicely last year ranging from 4% to

54%. Importantly, these volume gains provided wind in our back as we entered 2024 due to the higher student carry population that naturally follows.

Second, student enrollment at Purdue Global grew by 4% versus the prior year even amidst a historically high, I'm sorry, historically low unemployment rate. Just as a reminder, the demand for adult higher education programs is highly correlated with the unemployment rate. Low unemployment rates make for more difficult enrollment growth environment as perspective and current adult students have attractive employment opportunities even without further education. Five years following the signing of the Purdue Kaplan University deal, Purdue Global finished 2023 with 23% more students than its time of the transaction. Student enrollment at our other partners for online degree programs has also grown steadily, albeit over a lower base.

Third, Kaplan North America's supplemental education segment produced improved operating income driven by student growth at many of our professional and medical test prep programs and lower expenses from operating efficiency initiatives offset in part by demand softness in some of the traditional college test preparation programs.

And fourth, of equal importance. We maintained or improved our net promoter scores across our programs. We showed good performance in learning outcomes, and we maintained positive regulatory standing across the extensive realm of overseeing accreditors and regulatory agency. Overall, the great team at Kaplan, really the best in the industry has patiently cultivated growth for years and it manifested again in 2023 in a productive year.

And as you can see, Kaplan's off to a good start in 2024 due mostly to continued growth in students served at our Kaplan International businesses and operating efficiencies at the K&A supplemental segment, which were offset in part by higher compensation accruals tied to performance.

Our fees recorded in the quarter under the Purdue Global agreement were down modestly as compared to the first quarter of last year. As a reminder, the total fees we record for services provided to Purdue Global depends on the estimated cash available as defined under the contract with a true up to the actual available defined cash position at PG's at fiscal year-end June 30th. This available cash and the related fees we record can vary depending upon the timing of cash inflows and outflows of PG at or near the June 30th measurement date.

Overall, we don't overreact to any particular quarter, but we certainly prefer to start the year solidly as compared to the alternative. So it is just possible that some of you don't realize that 2024 is the 40th anniversary of the Washington Post Companies, now Graham Holdings agreement to pay $40 million to acquire Stanley Age Kaplan Educational Centers Limited, which at the time consisted solely of test preparation programs.

Kaplan at the time of the acquisition posted $36 million in revenue. That was in 1984, and you'll see that Stanley Kaplan in the upper left corner and in the picture to his right is our esteemed chairman emeritus. A good looking guy. I guarantee you he still owns that sweater. I definitely had no role in the acquisition of Kaplan. The credit for that belongs to Mrs. Graham and then post company President Dick Simmons. But it's fair to say when Jonathan Grayer hired me as a center manager in the 1990s, it was still considered a relatively recent deal.

There are actually quite a few of us who have been here for the majority of the time since the acquisition. That longevity reflects Graham Holding's ethical long-term focus management, Kaplan's mission and culture, and the fact that changes in markets and technology. And yes, sometimes regulation have led us to adapt and reinvent ourselves so often that every few years, it feels like a different company with new challenges and opportunities.

I'll tell you having people with experience and deep relationships is a huge asset for Kaplan. From our starting foothold in test prep through organic growth and acquisitions and a results orientation, we've developed a highly diversified education that's favorably positioned with respect to what we believe will be the most important enduring trends in education, including the global expansion of higher education access driven by factors such as demographic shifts, economic development and government policies promoting education. Internationalization and mobility leading to a rise in international students.

Many western countries have seen a surge in international student enrollment contributing to cultural diversity on campuses and fostering global connections. Technological advancements, particularly the internet and digital technologies, have revolutionized education, enabling the growth of online education, distance learning programs and virtual classrooms, making education more accessible and flexible. Enhanced quality assurance in which many countries have implemented more sophisticated and predictable licensing and accreditation regimes that better ensure the quality and credibility of their education institutions and programs and prompt international recognition and mobility of degrees and certifications.

And finally, emphasis on employability and career preparation as universities and education providers are increasingly collaborating with industries and businesses to align curricula with workforce needs, including provision of internships and apprenticeship opportunities. Additionally, there's a growing emphasis on developing 21st century skills like critical thinking, communication, collaboration, and digital literacy to prepare students for success in the global job market.

Developing our businesses over the years as we have from Pure Play US test preparation company that Stanley Kaplan founded in 1938 and sold to the Washington Post Company decades later. To the broad education company as is today with these trends in mind appears low risk and obvious in retrospect, deciding which markets to enter though and when and at what level of investment and speed of development is challenging to get right without the benefit of hindsight, particularly in hyper competitive markets like ours.

We've gotten some things right and some things wrong, but we've gotten enough right to still be here now, as one of the oldest educational companies in the world. We've seen over the years how the emergence of a new trend or market opportunity in education is often flooded with speculative hype and a rush of venture capital deployed in support of unproven business models. We play a little trivia game every once in a while trying to remember the long forgotten names of all the can't miss companies that were sure to change education as we know it.

We've tried to avoid being too driven by the hype, choosing instead to address trends that we believe have enduring merit with a measured discipline approach. We have no problem investing meaningfully in these long-term trends, but it has been our experience that consequential change takes place gradually in education, and more often than not, we have the time to evaluate shifts, remain adaptable, and look for business models that are likely to work. It may not be the most glamorous approach, but in our experience, today's glamor education company is likely to be featured in our trivia contest in a few years.

Most of the macro trends I've mentioned will continue to influence our business and strategy going forward, but I want to emphasize for you a few specific areas that we believe will impact our business disproportionately over the next number of years. First, the number of US high school graduates will decline. It's actually pretty easy to predict the number of high school seniors we'll have in 10 years. Assuming immigration or mortality or progression don't change dramatically, you have a pretty good basis for calculation in the number of second graders we have now.

Since birth, cohorts have been declining for many years, we can be fairly confident that today's US kindergartners will graduate high school alongside about 3.5 million others down from 3.9 million today. In addition, over the last seven years, the percentage of US high school graduates who went on immediately to attend college has dropped from 70% to 61%. Now, for parents of young children who were already thinking about where their kids will go off to college, this is good news. There's going to be less competition for space.

For a test prep company, the reduction in both numbers and competition is not great news, but it's at least as bad for many universities that are going to have trouble filling their dormitories and classrooms. We believe that will create opportunities for organizations that can help fill those classrooms with, say, international students or promote specific universities to high school students or enable alternative revenue and delivery options like online programs.

Second, international higher education students will surge. From 2020 through 2030, it is expected that more than 1 billion people will be added to the global middle class, mostly in Asia and Africa. Global tertiary education enrollment will grow by about 160 million students over the same period. Yet there are too few local high quality universities to meet the demand in countries around the world, which will drive some of those students to seek a higher education in another country.

And third, English speaking countries are the first choice for transnational students. Approximately 50% of transnational students are captured by the big four English speaking countries, which include the US, the UK, Australia, and Canada. And an estimated 80% of the transnational education tuition dollars are captured by the big four. Again, Asia is a driving force of transnational students with China and India making up a large portion. So aside from the gradual pressure on our traditional test preparation programs, we have sought to position our global assets and capabilities, many of which we've outlined for you in previous years' discussions of Kaplan International and Kaplan North America to benefit from the net effect of all three of these trends over the coming decades.

Finally, we believe generative AI will have a meaningful impact on education. Like the advent of previous disruptive technologies, we are very actively engaging with and evaluating the evolving capabilities of AI for both opportunity and risk, and there's plenty of both. We're already piloting a range of AI solutions from tutor bots and grading systems to content development and customer support. These tools mostly still require a good deal of human oversight, but we are already seeing impressive benefits. We are fully engaged in exploring how we can use generative AI to create new learning models and improve the customer experience as well as our earning power. We're doing this with enthusiasm, but of course also with care.

In short, from our wide range of offerings, dedication to providing high quality education, extensive student sourcing channels to multiple destinations, deep partner relationships, diversified portfolio of businesses, strong record in leveraging technological innovation and global footprint, we believe we're well set up given existing and emerging trends with expanding opportunity to add earning power most years.

There will undoubtedly be unforeseen disruptions in some of our units from time to time. That is the nature of our business. We don't control foreign government policy on student visas, geopolitical events, the ideological agendas of regulators or global health crises, but what we can control is the delivery of high quality education programs and services and the development of assets and capabilities that meet the evolving market needs. If we do this well, we think Kaplan can be a valuable contributor to Graham Holdings for the next 40 years. So with that, I will turn it over to David and Justin, who I'm sure will wow you in their discussion of Graham Healthcare.

David Curtis: Nice job. Thank you, Andy. Good morning. Justin and I are pleased to be back to give you an update on our progress. It's been two years and much to talk about. In the last five years since we've diversified beyond home health and hospice, as you see here, revenue has nearly tripled, increasing almost 300 million with 50 million of the growth from home health and hospice and the remainder from newly acquired platforms.

In 2023, our team of 4,000 professionals working across seven service lines under eight unique brands cared for approximately 120,000 patients with about 85% of all that care happening in the home. These offerings now span home health, hospice, in-home specialty infusions, in-home aesthetics, physician services, therapy for children with autism and patient engagement software. The patients serve are looking for convenient, cost effective, high quality healthcare with clinical outcomes that make a meaningful difference in their quality of life. We are on a mission to build a highly capable and well supported team of clinicians backed by an efficient professional back office that delivers patient centered care with compliance, compassion, and excellence.

Moving here. In 2023, GHG, Graham Healthcare Group, GHG consolidated revenue grew 41% to 459 million. Our adjusted operating cash flow grew 39% to 47 million, and equity earnings grew 23% to 10 million. We have sustained this growth in the first quarter of this year with 128 million of revenue, 13 million in adjusted operating cash flow, and 3 million in equity earnings and affiliates.

Last year, GHG admitted 79,000 home health and hospice patients and completed over 1.2 million patient visits for total home health and hospice revenue under management of 384 million. Of that total home health and hospice revenue managed, 208 is included in Graham Holdings consolidated revenues, which represented for the first time, less than half of GHGs total consolidated revenue. We have continued to grow these service lines through both acquisition and service area expansion.

Today, GHG's total home health and hospice footprint spans seven states and includes nine wholly owned units and eight joint ventures of which four are with health systems. In the last two years, we've increased the counties we serve by 30% and are geographically covered Medicare beneficiaries by 50%. And while we are number one based on Medicare patient served in our three largest markets, Michigan, Illinois, and Pennsylvania, we are excited about our prospects to care for more patients.

Justin and I are now going to provide a brief overview of the five businesses we have acquired since 2019. Beyond home health and hospice. First CSI Pharmacy delivers infusions generally monthly at home for approximately 200,000, excuse me, 2000 active patients with rare chronic conditions. These are most often plasma derived therapies for patients with immune deficiencies.

In 2019, Graham Healthcare Group acquired a majority interest in CSI and partnered with its founder and CEO James Sheets, a pharmacist and recognized leader in immunoglobulin therapies. CSI operates pharmacies in Texas, Florida, Ohio, and Connecticut, and is licensed in 49 states to provide infusions and the associated in-home nursing to administer these treatments safely and comfortably at home. CSI represents 41% of GHGs, excuse me, 2023 revenue and has forecasted to become the largest GHG business this year.

The IG therapy market is over 6 billion and growing about 8% annually with only approximately 30% of these IG infusions being delivered at home, yet all of them feasibly could be. CSI seeks to acquire both newly prescribed patients and to help those already receiving these treatments explore options for safe cost effective, and we believe more convenient in-home infusions.

Claris, our SaaS business improves communications between patients and healthcare providers. Claris' cloud-based platform leverages AI to answer, translate, transcribed, sort, and route calls into physician's offices with no patient hold times. Claris customers value the sophisticated provider on-call schedule management and start to finish tracking of patient calls. The Claris platform fielded 25 million calls annually with 200,000 users and with over 300,000 physician offices in the US and an estimated 1 billion annual patient visits and another 4 billion patient engagements outside of the office visit, Claris still has a large market to tap. Justin will now review the three businesses we've acquired since we last presented to this audience two years ago, and an outlook for GHG.

Justin DeWitte: Thank you, David. Impact Medical, our allergy, asthma, and immunology physician practice serves patients in New York and Northern New Jersey. Impact Medical has four offices, 10 physicians, and four mid-level providers conducting over 50,000 patient visits annually. We have partnered with Dr. Jeffrey Weiss, who founded the practice in 2004 and is a recognized physician leader in terms of clinical research, patient care, and the appropriate use of allergen, immunotherapy, infusions and biologic treatments.

Impact Medical treats, patients from pediatrics to geriatrics. With one in six individuals having asthma and the rise in allergies, we see potential to capitalize on this approximately 12 billion market that is growing 4% annually. Skin Clique our in-home aesthetics business headquartered in South Carolina is the first national practice with over 500 advanced practice medical providers delivering in-home medical aesthetic skincare treatments such as injectable Botox and derma fillers and biostimulators in combination with medical grade skincare across 41 states.

In 2022, we acquired a majority stake in Skin Clique and are pleased to partner with its founder and CEO Dr. Sarah Allen. The medical aesthetics industry blending retail and healthcare represents a $15 billion market growing 12% annually. And Skin Clique is uniquely positioned to bring this market access, convenience, discretion, and a higher level clinician.

Surpass Behavioral Health, our applied behavior analysis or ABA business serves 800 children annually throughout 15 centers across five states, two school programs, and a Kentucky Community Living program. These services are covered by commercial insurance and Medicaid and delivered on an outpatient one-on-one basis by a registered behavioral technician overseen by licensed board certified behavioral analyst. Considering that one in 36 children in the US have been diagnosed with autism and the increased coverage for these evidence-based therapies, the current $4 billion market is still both growing and underdressed.

Impact Medical, Skin Clique and Surpass are all profitable, and we expect them to contribute more to GHG's earnings in the years to come as they mature and scale. GHG offers unique advantages versus traditional private equity in owning and growing healthcare services and technology companies. Graham Holdings long-term patient, but determined approach, conservative use of debt and experience operating healthcare businesses resonates with founders, CEOs and owners looking for a partner.

Being part of Graham Healthcare Group provides numerous benefits to our portfolio companies. Particularly important is the ability to attract and retain talent. Last year, GHG increased our total workforce by 9% and helped hire important C-suite leadership across our businesses. Providing a quality minded organization with stability and a focus on patient care gives clinicians a place with aligned values and the necessary resources to pursue their mission and calling.

Our centralized talent acquisition team of in-house recruiters, third party sourcing and digital marketing agencies, and a suite of integrated software solutions helps to source hard to fill positions, reduce higher time, and provide an efficient and differentiated candidate experience. We continue to strive for new ways to leverage technology in the pursuit of faster, better, and cheaper. Our centralized support team has made considerable progress in business intelligence, robotic process automation, and AI assisted technologies to reduce costs, cycle times, and repetitive tasks. In 2023, the GHG portfolio realized economies of scope and scale as our indirect expenses as a percentage of the revenue under management declined meaningfully.

Going forward, you can expect to see much the same from GHG. The advantages of our unique ownership structure and long-term focus continue to resonate with employees, health systems and minus business owners looking for stable home and partners for their healthcare businesses to serve more patients. We'll continue looking for platform acquisition opportunities that we believe will endure. Our current service lines will focus on organic growth, selective acquisitions, new partnerships, and providing quality service and care to our customers and patients. In conclusion, David and I are encouraged by Graham Healthcare Group's companies, and we are excited about the future opportunities that exist within the healthcare sector. And now I'll turn it back over to Tim.

Tim O'Shaughnessy: All right. Well, we got an around the world or country tour there. The meeting is now open to nominations for election of directors. We'll then have the voting on directors followed by voting on the proposal before the Class A shareholders. While the ballots are being counted, the floor will be open to any questions on business matters or comments you may have. It is now in order to proceed with the election of directors, there are nine directors to be elected, six by the holders of Class A common stock, and three by the holders of Class B common stock. The chair recognizes Mr. Cooney, who is a holder of Class B common stock, and who is also a substitute proxy for a holder of Class A common stock.

Wallace Cooney: Nominate the following persons for election as directors of the company to hold office until the next annual meeting of stockholders and until their respective successors shall be elected and shall qualify or is otherwise provided in the bylaws. For election by the holders of Class A common stock, Tom Gayner, Don Graham, Tim O'Shaughnessy, Anne Mulcahy, Rick Wagoner, Katharine Weymouth. For election by the holders of Class B common stock Tony Allen, Danielle Conley, Chris Davis.

Tim O'Shaughnessy: There being no further nominations, I declare the nominations closed. I now declare the polls open for voting for the election of directors and for the proposal to approve the 2023 compensation awarded to named executive officers. I have been informed by the inspectors of votes that the holders of all the Class A common stock present in person or by proxy, have voted their shares. Therefore, the only ballots to be distributed will be those for the election of directors by holders of Class B common stock.

Many of you already voted your shares for the meeting. If you have already voted online or by proxy card, your shares will be voted as you instructed. So please do not request a ballot now unless you wish to change your vote. Otherwise, tabulation of the vote will be unnecessarily complicated and delayed. Bearing that in mind, will all stockholders who wish to vote by ballot, please raise their hands so that the inspectors of votes may locate you.

Well, if I missed any hands, if there's anybody out there, I direct inspectors of votes to distribute the ballots and after the voting, inform me when they have completed the tabulation of the ballots. We'll now pause briefly while the ballots are handed out. After they've been marked and the ushers have collected them, if that is necessary, we'll proceed with questions or comments from the stockholders. While we are waiting for the results of the voting to be tabulated. We'll open the floor to any questions or comments you may have relating to the nominees for election as directors or about the business operations of the company.

We want everyone to have a chance to ask a question or make a comment. Please raise your hands so that I can call on you and please tell us your name and what company you're with. So at this point in time, we've got about, time we have, probably about 45 minutes to an hour for Q&A. So at this point, I'll look out for hands and we'll go in order. Rajeev, I think see you there. I can see you there.

Rajeev: Thanks, Tim. Great to see you and the entire team today. Thanks for having us. Few questions on Graham Healthcare, perhaps to start. Perhaps first on CSI, so I know the legacy of the business is in IV/IG and I was just curious, as you look forward the next several years, is the growth within IV/IG in a footprint expansion or do you see other areas, other drugs that you would be infusing as well? Just give us a sense of how you see the growth in CSI going forward.

And then couple other questions on the healthcare. Just keep it limited to that for now. Any regulatory or reimbursement issues on the horizon? I'm specifically thinking about home health and hospice that could perhaps dampen cash flow growth in the coming years despite the outsize revenue growth. And then perhaps also there on labor inflation, I know it's been cooling a little bit relative to the 2023 experience. Tim, you discussed the general 2020 to 2023 trend in the annual letter, but any cooling of labor inflation that you're seeing in healthcare? And also on labor, has the pension incentive helped in terms of employee retention and is that helping home health and hospice growth? Thanks a lot.

Tim O'Shaughnessy: Okay. So I'll maybe comment a little and then ask David or Justin to chime in as well. So on CSI, I think the near term growth associated with that business is likely around additional penetration in the geographic markets that we serve with the current drugs that we have as well as expanded geographic coverage. So we have increased the number of pharmacies that we have for that geographic reach. That will happen again this year. We'll have more pharmacy locations that will open. Longer term, I expect that there will be an increasing variety of drugs that will be part of the business. David, Justin, would you add anything else to that?

Justin DeWitte: No, I wouldn't add anything specifically. I think that's exactly right. I think the job of building out scale of the current sales team still has a long way to go just for the IV/IG offering, but we continue to find opportunities for diversification as well.

Tim O'Shaughnessy: Yep. On the regulatory and reimbursement side, look, the one thing I would say in the letter, I mentioned that reimbursement rates have been nowhere near keeping up with labor inflation rates over the last three or four years in both the home health and hospice business. Some point in time that will normalize over extended periods of time. That has always been true in the industry. But it really puts an emphasis on making sure that our indirect costs that we're managing those well. David, anything you would comment on that?

David Curtis: The outlook for Medicare home health reimbursement is challenging. I think it's going to take an act of Congress to change that trajectory. But we are working to grow and to get more efficient and to increase field staff productivity too as ways to create capacity beyond hiring more nurses and therapists.

Tim O'Shaughnessy: And if I remember the last question was around the pension and what that has been doing. I would say we've continued to add additional pension benefits to the program and healthcare in particular, we had a nurse retention program. I think that hasn't worked as well as we would've hoped. We're in the process of looking at, is there a different structure that could be more beneficial on that front? So we're very glad that we have tried and investigated on that. I think we've been probably a little disappointed in the results associated with that, but it's something that we're continuing to look at to see if there are additional opportunities on that front. Next question, Eli.

Eli: Hi Tim. Thanks for having us. Two quick ones. The first is, would you mind elaborating on the increased fixed income allocation and the pension? And the second question is related to CSI, what's allowed the business to grow so quickly and what are the barriers to entry for new entrants?

Tim O'Shaughnessy: So on the pension, there was a little bit of a change from equity to fixed income allocation at the end of the quarter. I don't think there's a fundamental change. Things can happen for a variety of different reasons, and there's moment in time it has been and is highly likely to continue to be an equity oriented strategy in the pension. And that is something that has gotten us to where we are and has allowed us to continue to enhance benefits for employees on an ongoing basis. And so that fundamental strategy isn't changing. There can be noise at any point in time that that can make sense, but I wouldn't expect to see an 80% allocation of fixed income or anything like that anytime soon.

On CSI, look, there are real macro trends that make a lot of sense for this business. People would prefer to receive care in-home as opposed to driving to an infusion center, driving to an office, driving to hospitalization. And the overall, as I think David touched on, the level of penetration of in-home infusion care relative to what is possible is pretty under index still. So that macro tailwind is something that is allowing us to participate in that space.

And the team has done a wonderful job of operating and growing to be able to capture some of that market. So I think at the end of the day, it is a life-saving or life enhancing treatments that are required and patient preference and oftentimes payer preference and physician preference is for that treatment to occur in the home. And it's under-indexed relative to what it probably should be over time. So there should continue to be a tailwind for the foreseeable future. John.

John Lipari: Thank you. John Lipari from Raymond James. Tim, I want to ask about the debt. We have some maturities in 2026 and 2027. As I look at the net cash and securities from 2019 to 2023, the securities have done wonderfully. But the cash has gone from over 400, that's before the sale of Megaphone, and now I think it's 159 at the end of the year or something like that. So I'm assuming those securities will never be sold or maybe I'm hoping that they'll never be sold.

But debt is now 800 million, it was 400 million. Interest expense has gone from 25 million to over 50 million. So with debt maturities coming up, just one on your thoughts on how comfortable you are with that, what will that look like? And the only thing I want to say is I love the buyback, but will that have to be curtailed to change the debt profile a little bit in the future? So I'd like your next couple years' thoughts on the debt.

Tim O'Shaughnessy: Yeah. So a few comments. First off, I'm pretty comfortable with where we're at, our cash and securities portfolio. If all of that debt came due tomorrow, which doesn't, but we would have the ability to go and pay it off. And very few companies actually maintain the level of liquidity to do that. The marketable security piece, well, I think it is unlikely that there's a sale on a particular day, month, even quarter. If you looked at our last 13F there were no changes associated with it. But it doesn't mean that they can't be sold if that's the right economic answer for us to go and do.

But if you look at the total amount of gross debt relative to earning power and our views of earning power, our ratios haven't actually changed all that much. And with some of the expectations of the future, I expect that to remain true. That said, we're probably on the higher end of what I would look at for the company and the size we're at this point in time particularly with the rate environment, it's a little higher than it was before. But I am in no way uncomfortable with the debt profile of the company.

And if you looked at it on a cash and securities basis, and viewed it on a net debt basis, there is no net debt and there's a little bit, even quibble, there's some unrealized gains on the securities, so you would get some tax leakage associated with that. But fundamentally, pretty comfortable with where we're at, unlikely to go meaningfully higher with where we're at from a company earning power standpoint. But ratios look pretty good as compared to some historicals. Our maturities are spread out a little bit and we're in pretty good shape overall. Okay, next hand. Yes.

Jonathon Luft: Thanks so much. It's Jonathon Luft from Eagle Capital. Two questions. The first is on Kaplan, with the return of SAT and test prep, are you seeing any movement and how does that business look over the coming years? And the second is on the other business. You spoke about the losses really coming down by tens of millions. Does that continue beyond this year, or is it really a one-time structural change? Thanks so much.

Tim O'Shaughnessy: For the first on the test prep question, I'll turn to Andy.

Andy Rosen: I should preface my answer by saying that SAT and ACT is less than 1% of our overall revenue. So if that goes up or goes down, it doesn't have a material impact on our business. Having said that, we did have this momentum against standardized testing, particularly at the college level. And that seems to be reversing some. That reversal is net good for us. But all along it's been – schools that have gone test optional have been test preferred. That is, if you have a good score, you should submit it. If you don't have a good score, well then you don't have to submit it. But it still leaves a lot of people who want to take tests. And so our pre-college business has held up fine over the course of the last few years through all this. And I think that there's going to be a little bit of a tailwind, but as I say, I wouldn't buy a new car based on the earnings that you're going to get from that.

Tim O'Shaughnessy: And then on the other businesses, our expectation, all things being equal, assuming that set of businesses is the same, our expectation would be that, that would continue to improve moving forward. Couple of big things to look for on that front. One, Framebridge is the largest investment within that category. And as I've talked about this in the past, but there's really a fixed infrastructure cost associated to that business from a facility standpoint, from a – you have to do manufacturing well, you have to do retail well, and you have to do technology, and you have both those fixed facility and a fixed G&A structure. Once that unit volume starts to get up there, you should really see that operating leverage come through.

So if Framebridge meets the expectations that we believe it will, which is to open dozens of stores on a pretty consistent basis, I think you'll see that operating leverage happen. Now, of course, that's an expectation and it needs to happen. And then most of the rest of the businesses as I mentioned, if you look at that bucket on that chart I have, most of them are growing. And that is causing improvements in the P&L and there's no guarantees, but we think in general, that trend will continue.

And if I were to say the bucket of companies that exist in there, we think in the next five years, that group in aggregate should be generating cash flow. So that's really how we think about it. And once again, there are no guarantees, but that is the path and the trajectory that we see and work with our managers on. Mark.

Mark Hughes: Mark Hughes, Lafayette Investments. One big picture question and then one really nitpicky question that you'll say, why are you thinking about this? But on the big picture –

Tim O'Shaughnessy: [inaudible] already.

Mark Hughes: On the big picture, I just want to make sure I was clear on this. So you're comfortable, in terms of capital allocation, with the debt where it is now, it seems like we have a number of businesses likely to grow and potential for acquisition. So the growth of those businesses is likely to come, be funded by the free cash flow of the operations as they are today and not from much additional debt. Am I clear on that?

Tim O'Shaughnessy: Yeah. I think that's the likeliest scenario.

Mark Hughes: Okay. And here's the one that'll drive you nuts. On page 109 of your annual report, it says, "The company's ownership of private equity fund partnerships varies between four and 10%." And that's been in the annual report for years, but I've never known what is that and why are we in these private equity partnerships?

Tim O'Shaughnessy: And might ask Wally to chime in, but I want to make sure I'm getting it correct, but I expect we are LPs in a couple of funds mainly on the venture side. And we are relatively small LPs in them as a relatively small amount of capital. And without having page 109 in front of me, I'm suspecting what that is referring to. Wally? It's not that nitpicky, Mark. It's okay.

Mark Hughes: Well, it's $50 million or so.

Wallace Cooney: Referring to that, that we hold in private equity fund partnerships. We added some disclosure in the last year or two summarizing those. But in terms of what we've publicly reported, really don't have anything to add at this time. The large equity and affiliates are at the healthcare company intersection and 2K networks and some other ones that are more detailed on there. These are more specialized private equity fund partnerships that we have not [inaudible].

Tim O'Shaughnessy: I should look, but I'm thinking of the right bucket, correct, Wally?

Wallace Cooney: Yeah. That's right.

Tim O'Shaughnessy: We are LPs in a few, really more VC than PE funds and have been for a while. And the values of those have grown. We have to mark with what comes in, but the values of those have grown over time. And I suspect that, as the fund life cycles get more towards the end, we should be getting some cash distributions back from them over the next few years.

Mark Hughes: Thank you.

Tim O'Shaughnessy: Yes. Middle there. Thank you.

Marty Leclerc: Marty Leclerc with Barrack Yard Advisors. The Automotive Group, why don't you talk a little bit about that, because it looks like it's a very low return on revenue business anyway? And what do you see as the longer term vision and through scale, are you going to be increasing that profit margin percentage, that sort of thing?

Tim O'Shaughnessy: Yeah. The franchise dealership model, and if you look at a lot of, there's some public groups out there, so you can see a lot of comparative data. It is a very low margin business relative to revenue. And the simple reason being, you've all done it. You buy a vehicle, it's might be a 40, $50,000 vehicle. And the gross profit that a dealer makes on that is very, very low. And so there is a lot of volume associated with selling those units, but the gross profit on a per vehicle basis is very low.

The dealership P&L is largely skewed to the parts and service piece. So most dealer groups you'll see the majority, over 50% of the gross profit of business will come from that parts and service piece of business. And that has a lot of real stability because that tends to be tied to miles driven.

So the amount of business driven there is tied to miles driven of vehicles, which in any recessionary or inflationary or aggressive growth environment tends to be pretty stable overall.

So we don't look at overall operating margin, which you might see historically in the industry anywhere from two to 4% as compared to revenue as a particularly meaningful proxy. It's what level of gross profit are you driving and how does your margin look relative to that gross profit? So that's the way that we, and most of the industry tracks that. For our business in particular, we just hit five years with our partnership with Chris Osman, who is our operating partner and also minority equity partner.

And we've been pretty happy with it thus far. What we set out to do has largely worked, where we have been able as many cases, it's a pretty fragmented industry. You have generational turnover where the next generation may not want to go operate the business. This is something where the Osmans have been operating in the DC area since 1921. We're also a family business. We're buying from a lot of family. It's been a pretty good model that has worked overall where we have been a buyer of choice for many folks.

We've been largely in the DC area. My friend Tom Gayner would take issue with Colin Richmond, part of the DC area, but we just had our first dealership that we acquired last fall down in the Richmond area. And so our expectation is that there may, from time to time be additional opportunities where as we start to get more scale, you're getting a little bit of operating leverage in the business. And it can be a pretty good return on capital with what we've seen to date. And last thing I would add is, five years in, I think I'm more excited about the opportunity here than five years ago. Let me see hands. Yeah, Eli.

Eli: This is a question on Kaplan. What explains the high incremental margins that we saw in the first quarter at Kaplan International? And can we expect those to continue?

Tim O'Shaughnessy: Andy?

Andy Rosen: Well, Eli, I think we've always said, "Don't multiply times four with our quarterly results." That's not the way the business works. There's cycles. And there are times when there's a flow of students and then before we have a marketing for the next season. And so, yeah, I would not just assume that, that margin is projectable.

Tim O'Shaughnessy: I would just say looking at the, I don't know, a TTM basis is always, I think, a wise thing to do at a minimum, not just in Kaplan, for a lot of our businesses. There's a lot of things that can jump in any one quarter. But as you smooth that out a little bit, you get a more accurate reflection. Rajeev.

Rajeev: Just a question on Graham Media. You've talked about the broadcasting business over the last few meetings, and I think the general thinking has been for a slight decline due to all the factors that are going on, cord cutting, decreased retransmission revenues. Is that still the general thinking, is that we should expect slight – on an ex-political year basis, so exclude this year, which will be up for political advertising as the year goes on, but excluding those even year effects, is that still the current thinking? And are any of the content related initiatives, I think we talked about high school sports in the last meeting or something, any further visibility on when those could kick in? So just an overall update on your thinking relative to past comments on the progression of the broadcasting business. Thanks.

Tim O'Shaughnessy: Yeah. So I'll give an overview and then I'll let Catherine chime in. So our expectation is that there are headwinds tied to cord cutting, tied to reduced viewership both because of aging demographic and because of that cord cutting. And if you look at the business on the whole, in the broadcast sector, how the media is produced, consumed, distributed, and monetized are all changing at the same time. So it's hard to predict both exactly what that will mean and manifest, but we do know that there are headwinds in that space, and I think our expectation is that we'll see some declines associated with those headwinds.

The degree of the declines is largely based on what level of offset can we see from some of our streaming products, from some of the new initiatives that we're doing. And if we have less success with that, the degree of decline will be greater. So I don't know, Catherine, anything you'd want to add on that?

Catherine Badalamente:Think I can add a little bit about our opportunities that we see. We are really, like you mentioned, looking at where is there a huge opportunity for us, not just from a coverage standpoint, but from high school sports specifically. There's a huge void in terms of coverage in that space, but there's also opportunity when it comes to distribution, technology, all of the ways that we can advance the effort through events. And that has started, and that's the exciting part for us, is that we're actually seeing huge revenue opportunities when you look at all of the avenues that we can realize revenue from high school sports coverage and distribution. So we are really leaning into that heavily because we know that there's a need for it, and we also know that there's going to be a huge return based on what we've seen so far.

Tim O'Shaughnessy: Yeah. And one other thing I want to reiterate, and I mentioned it in the remarks, is that our relative position in the industry has strengthened quite a bit over the last year. And it's not because we went and we acquired a bunch of stations or invented something new, it's just much of the sector participated in, and consolidation over the course of the 2010s. And really took on a tremendous amount of leverage relative to the earning power.

And the things that needed to be true, I looked at a lot of those deals and never could make it pencil out relative to the cost of capital and risk associated with it, and others could. And I think we're seeing some of the assumptions at that point in time that underwrote those are not coming in how people had assumed. And as a result, the degrees of freedom from the competitive environment is much more limited. And we don't know what that will bring.

But I like the fact that we can do things and we can consider things that the primary competitors in market, in many cases cannot. And so I'm hopeful that will lead to opportunities, some of which we see now, some of which may come in the future. But that relative strength in the industry is pretty notable relative to a few years ago. John.

John Lipari: Yes. Now that we have the benefit of looking back, I'd love your opinion and Andy's on the Purdue relationship. And I've asked you this before and I apologize for asking you again, but the large receivable that I see of $106 million from Purdue, I know it's gotten us into other businesses and relationships with other relationships, but it seems to be a great deal for Purdue. How is it for Graham, and how has that been?

Tim O'Shaughnessy: We're really glad we did this deal. If you look back at where we were, the industry looked like in that 2017, 2018 timeframe, we're pretty pleased. And we don't have any doubt about that receivable. There's a lot of things that fluctuate big business. We're not worried about that receivable at all. Andy, you want to talk a little bit more about just the Purdue relationship in general?

Andy Rosen: No. I pretty much agree just with exactly what you said. We're happy with the deals, the receivable. You could hardly have a better counterparty to that receivable. So we feel good about that deal. I think it was a good deal for us as well.

Tim O'Shaughnessy: I don't see other hands up. Going once, going twice. Okay. Polls have now been closed and the ballots for the election of directors and the proposal before the Class A shareholders have all been tabulated.

Nicole Maddrey: Mr. O'Shaughnessy, the inspectors of votes have presented their reports showing the following results. On the election directors to hold office until the next annual meeting of stockholders and until their respective successors have been elected and shall qualify or have otherwise provided in the bylaws. The following directors have been elected by the holders of Class A common stock, and all received 964,001 votes. Tom Gayner, Don Graham, Tim O'Shaughnessy, Anne Mulcahy, Rick Wagoner, and Katherine Weymouth.

The following directors have been elected by the holders of Class B common stock, and all received at least 1,829,326 votes, Tony Allen, Danielle Conley, and Chris Davis. On the proposal to approve the 2023 compensation awarded to named executive officers. The holders of all 964,001 shares of Class A stock or 100% of the outstanding Class A stocks voted for the proposal.

Tim O'Shaughnessy: I hereby declare that based on the report of the inspectors of votes, the individuals nominated by the board of directors and named in the report, have been duly elected directors of the company. In addition, the proposal to approve 2023 compensation awarded to named executive officers have been approved. I direct that the report of the inspectors of votes be filed with the records of the meeting. Is there any further business to be brought before the meeting? If not, I suggest we adjourn.

Wallace Cooney: I move that this meeting be adjourned.

Tim O'Shaughnessy: All those in favor of the motion, opposed? Anybody not want to adjourn? The motion has been carried. I hereby declare the meeting adjourned.