UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended June 30, 2024

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number 001-06714

GRAHAM HOLDINGS COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**53-0182885**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1300 North 17th Street, Arlington, Virginia	**22209**
(Address of principal executive offices)	(Zip Code)

(703) 345-6300

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class B Common Stock, par value $1.00 per share	GHC	New York Stock Exchange

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

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

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

Large Accelerated Filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

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

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

Shares outstanding at July 26, 2024:

Class A Common Stock – 964,001 Shares
Class B Common Stock – 3,435,811 Shares

GRAHAM HOLDINGS COMPANY

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands, except per share amounts)	**2024**	2023	**2024**	2023
Operating Revenues				
Sales of services	**$ 657,124**	$ 625,219	**$ 1,303,534**	$ 1,212,082
Sales of goods	**528,156**	479,780	**1,034,408**	924,463
	1,185,280	1,104,999	**2,337,942**	2,136,545
Operating Costs and Expenses				
Cost of services sold (exclusive of items shown below)	**384,293**	363,030	**772,036**	719,972
Cost of goods sold (exclusive of items shown below)	**447,571**	404,824	**879,791**	775,096
Selling, general and administrative	**268,987**	244,683	**532,966**	486,645
Depreciation of property, plant and equipment	**22,173**	21,103	**44,700**	41,128
Amortization of intangible assets	**10,058**	13,304	**20,809**	27,248
Impairment of goodwill and other long-lived assets	**26,287**	—	**26,287**	745
	1,159,369	1,046,944	**2,276,589**	2,050,834
Income from Operations	**25,911**	58,055	**61,353**	85,711
Equity in earnings (losses) of affiliates, net	**2,560**	(6,115)	**4,891**	(1,454)
Interest income	**2,111**	1,548	**4,289**	2,752
Interest expense	**(91,383)**	(11,774)	**(110,711)**	(26,068)
Non-operating pension and postretirement benefit income, net	**24,655**	29,815	**67,072**	61,660
Gain on marketable equity securities, net	**19,628**	78,648	**123,780**	96,670
Other income, net	**1,791**	15,794	**3,438**	18,877
(Loss) Income Before Income Taxes	**(14,727)**	165,971	**154,112**	238,148
Provision for Income Taxes	**4,100**	41,800	**47,600**	61,000
Net (Loss) Income	**(18,827)**	124,171	**106,512**	177,148
Net Income Attributable to Noncontrolling Interests	**(2,213)**	(1,383)	**(3,172)**	(2,088)
Net (Loss) Income Attributable to Graham Holdings Company Common Stockholders	**$ (21,040)**	$ 122,788	**$ 103,340**	$ 175,060
Per Share Information Attributable to Graham Holdings Company Common Stockholders				
Basic net (loss) income per common share	**$ (4.79)**	$ 25.96	**$ 23.24**	$ 36.78
Basic average number of common shares outstanding	**4,401**	4,700	**4,416**	4,729
Diluted net (loss) income per common share	**$ (4.79)**	$ 25.89	**$ 23.11**	$ 36.67
Diluted average number of common shares outstanding	**4,401**	4,713	**4,442**	4,744

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Net (Loss) Income	**$ (18,827)**	$ 124,171	**$ 106,512**	$ 177,148
Other Comprehensive Loss, Before Tax				
Foreign currency translation adjustments:				
Translation adjustments arising during the period	**3,517**	2,384	**(9,767)**	11,378
Pension and other postretirement plans:				
Amortization of net prior service (credit) cost included in net income	**(482)**	411	**(976)**	820
Amortization of net actuarial gain included in net income	**(11,733)**	(10,434)	**(24,720)**	(21,200)
	(12,215)	(10,023)	**(25,696)**	(20,380)
Cash flow hedges gain	**346**	1,188	**1,457**	258
Other Comprehensive Loss, Before Tax	**(8,352)**	(6,451)	**(34,006)**	(8,744)
Income tax benefit related to items of other comprehensive loss	**3,037**	2,305	**6,199**	5,183
Other Comprehensive Loss, Net of Tax	**(5,315)**	(4,146)	**(27,807)**	(3,561)
Comprehensive (Loss) Income	**(24,142)**	120,025	**78,705**	173,587
Comprehensive income attributable to noncontrolling interests	**(2,213)**	(1,383)	**(3,172)**	(2,088)
Total Comprehensive (Loss) Income Attributable to Graham Holdings Company	**$ (26,355)**	$ 118,642	**$ 75,533**	$ 171,499

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	As of June 30, 2024 (Unaudited)	As of December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	**$ 140,717**	$ 169,897
Restricted cash	**46,898**	31,994
Investments in marketable equity securities and other investments	**822,034**	697,028
Accounts receivable, net	**466,019**	525,087
Inventories and contracts in progress	**323,542**	297,211
Prepaid expenses	**131,688**	119,933
Income taxes receivable	**3,869**	6,848
Other current assets	**4,499**	1,298
Total Current Assets	**1,939,266**	1,849,296
Property, Plant and Equipment, Net	**544,398**	560,314
Lease Right-of-Use Assets	**405,354**	409,183
Investments in Affiliates	**185,500**	186,480
Goodwill, Net	**1,512,447**	1,525,194
Indefinite-Lived Intangible Assets	**187,379**	187,862
Amortized Intangible Assets, Net	**73,008**	112,194
Prepaid Pension Cost	**2,129,196**	2,113,638
Deferred Income Taxes	**10,750**	10,578
Deferred Charges and Other Assets	**246,755**	232,991
Total Assets	**$ 7,234,053**	$ 7,187,730
Liabilities and Equity		
Current Liabilities		
Accounts payable, vehicle floor plan payable and accrued liabilities	**$ 696,699**	$ 694,521
Deferred revenue	**326,225**	396,754
Income taxes payable	**15,376**	7,406
Current portion of lease liabilities	**60,291**	64,247
Current portion of long-term debt	**101,874**	66,751
Dividends declared	**7,574**	—
Total Current Liabilities	**1,208,039**	1,229,679
Accrued Compensation and Related Benefits	**128,511**	137,275
Other Liabilities	**35,092**	32,076
Deferred Income Taxes	**602,664**	600,124
Mandatorily Redeemable Noncontrolling Interest	**115,895**	40,764
Lease Liabilities	**377,428**	376,677
Long-Term Debt	**732,898**	745,082
Total Liabilities	**3,200,527**	3,161,677
Commitments and Contingencies (Note 14)		
Redeemable Noncontrolling Interests	**38,006**	24,185
Preferred Stock	**—**	—
Common Stockholders' Equity		
Common stock	**20,000**	20,000
Capital in excess of par value	**361,637**	372,040
Retained earnings	**7,417,877**	7,337,463
Accumulated other comprehensive income, net of taxes		
Cumulative foreign currency translation adjustment	**(42,478)**	(32,711)
Unrealized gain on pensions and other postretirement plans	**630,068**	649,185
Cash flow hedges	**(1,060)**	(2,137)
Cost of Class B common stock held in treasury	**(4,417,957)**	(4,368,103)
Total Common Stockholders' Equity	**3,968,087**	3,975,737
Noncontrolling Interests	**27,433**	26,131
Total Equity	**3,995,520**	4,001,868
Total Liabilities and Equity	**$ 7,234,053**	$ 7,187,730

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Six Months Ended June 30 2024	2023
Cash Flows from Operating Activities		
Net Income	**$ 106,512**	$ 177,148
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and goodwill and other long-lived asset impairments	**91,796**	69,121
Amortization of lease right-of-use asset	**32,614**	33,245
Net pension benefit, early retirement program and special separation benefit expense	**(40,313)**	(46,074)
Gain on marketable equity securities and cost method investments, net	**(123,036)**	(99,774)
Gain on disposition of a business, property, plant and equipment and investments, net	**(3,481)**	(11,755)
Credit loss expense and provision for other receivables	**1,632**	1,909
Stock-based compensation expense, net of forfeitures	**3,092**	3,334
Foreign exchange loss (gain)	**1,083**	(100)
Equity in (earnings) losses of affiliates, net of distributions	**1,551**	8,386
Provision for deferred income taxes	**8,526**	26,224
Accretion expense and change in fair value of contingent consideration liabilities	**(69)**	(4,466)
Change in operating assets and liabilities:		
Accounts receivable	**60,708**	83,226
Inventories	**(25,380)**	(32,276)
Accounts payable and accrued liabilities	**(28,510)**	(50,664)
Deferred revenue	**(68,344)**	(48,235)
Income taxes receivable/payable	**11,125**	13,908
Lease liabilities	**(31,850)**	(34,878)
Other assets and other liabilities, net	**54,297**	(26,009)
Other	**1,155**	(31)
Net Cash Provided by Operating Activities	**53,108**	62,239
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	**(39,560)**	(40,909)
Investments in certain businesses, net of cash acquired	**(3,828)**	(237)
Net proceeds from disposition of a business, property, plant and equipment and investments	**3,700**	3,234
Investments in equity affiliates and cost method investments	**(1,759)**	(11,982)
Loan to related party	**(2,000)**	(30,000)
Proceeds from sales of marketable equity securities	**—**	61,979
Purchases of marketable equity securities	**—**	(6,162)
Other	**1,663**	1,105
Net Cash Used in Investing Activities	**(41,784)**	(22,972)
Cash Flows from Financing Activities		
Common shares repurchased	**(49,514)**	(69,082)
Net borrowings (payments) under revolving credit facilities	**33,245**	(15,000)
Net proceeds from vehicle floor plan payable	**26,612**	28,982
Dividends paid	**(15,352)**	(15,746)
Repayments of borrowings	**(9,883)**	(7,983)
Proceeds from bank overdrafts	**204**	3,656
Other	**(6,573)**	(2,707)
Net Cash Used in Financing Activities	**(21,261)**	(77,880)
Effect of Currency Exchange Rate Change	**(4,339)**	561
Net Decrease in Cash and Cash Equivalents and Restricted Cash	**(14,276)**	(38,052)
Beginning Cash and Cash Equivalents and Restricted Cash	**201,891**	190,432
Ending Cash and Cash Equivalents and Restricted Cash	**$ 187,615**	$ 152,380

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCKHOLDERS' EQUITY (UNAUDITED)

(in thousands)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Noncontrolling Interest	Total Equity	Redeemable Noncontrolling Interest
As of December 31, 2023	$ 20,000	$ 372,040	$ 7,337,463	$ 614,337	$ (4,368,103)	$ 26,131	$ 4,001,868	$ 24,185
Net income for the period			125,339				125,339	
Net income attributable to noncontrolling interests			(633)			633	—	
Net income attributable to redeemable noncontrolling interests			(326)				(326)	326
Change in redemption value of redeemable noncontrolling interests						284	284	164
Noncontrolling interest capital contribution						200	200	
Distributions to noncontrolling interests						(256)	(256)	(450)
Dividends on common stock			(15,352)				(15,352)	
Repurchase of Class B common stock					(20,227)		(20,227)	
Issuance of Class B common stock, net of restricted stock award forfeitures		(344)			117		(227)	
Amortization of unearned stock compensation and stock option expense		1,671					1,671	
Other comprehensive loss, net of income taxes				(22,492)			(22,492)	
As of March 31, 2024	**$ 20,000**	**$ 373,367**	**$ 7,446,491**	**$ 591,845**	**$ (4,388,213)**	**$ 26,992**	**$ 4,070,482**	**$ 24,225**
Net loss for the period			**(18,827)**				**(18,827)**	
Net income attributable to noncontrolling interests			**(1,219)**			**1,219**	**—**	
Net income attributable to redeemable noncontrolling interests			**(994)**				**(994)**	**994**
Change in redemption value of redeemable noncontrolling interests		**(13,342)**				**331**	**(13,011)**	**13,350**
Distributions to noncontrolling interests						**(1,109)**	**(1,109)**	**(563)**
Dividends on common stock			**(7,574)**				**(7,574)**	
Repurchase of Class B common stock					**(29,780)**		**(29,780)**	
Issuance of Class B common stock		**(36)**			**36**		**—**	
Amortization of unearned stock compensation and stock option expense		**1,648**					**1,648**	
Other comprehensive loss, net of income taxes				**(5,315)**			**(5,315)**	
As of June 30, 2024	**$ 20,000**	**$ 361,637**	**$ 7,417,877**	**$ 586,530**	**$ (4,417,957)**	**$ 27,433**	**$ 3,995,520**	**$ 38,006**

(in thousands)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Noncontrolling Interest	Total Equity	Redeemable Noncontrolling Interest
As of December 31, 2022	$ 20,000	$ 390,438	$ 7,163,128	$ 336,151	$ (4,178,334)	$ 21,278	$ 3,752,661	$ 21,827
Net income for the period			52,977				52,977	
Net Income attributable to noncontrolling interests			(650)			650	—	
Net income attributable to redeemable noncontrolling interests			(55)				(55)	55
Change in redemption value of redeemable noncontrolling interests						64	64	70
Noncontrolling interest capital contribution						520	520	
Distribution to redeemable noncontrolling interest							—	(70)
Dividends on common stock			(15,812)				(15,812)	
Repurchase of Class B common stock					(23,439)		(23,439)	
Issuance of Class B common stock		(4,067)			4,494		427	
Amortization of unearned stock compensation and stock option expense		1,802					1,802	
Other comprehensive income, net of income taxes				585			585	
As of March 31, 2023	$ 20,000	$ 388,173	$ 7,199,588	$ 336,736	$ (4,197,279)	$ 22,512	$ 3,769,730	$ 21,882
Net income for the period			124,171				124,171	
Net income attributable to noncontrolling interests			(809)			809	—	
Net income attributable to redeemable noncontrolling interests			(574)				(574)	574
Change in redemption value of redeemable noncontrolling interests		(4,550)				51	(4,499)	4,604
Distributions to noncontrolling interest						(324)	(324)	(61)
Dividends on common stock			(7,722)				(7,722)	
Repurchase of Class B common stock					(45,643)		(45,643)	
Forfeiture of restricted stock awards, net of Class B common stock issuances		61			(244)		(183)	
Amortization of unearned stock compensation and stock option expense		1,715					1,715	
Other comprehensive loss, net of income taxes				(4,146)			(4,146)	
As of June 30, 2023	$ 20,000	$ 385,399	$ 7,314,654	$ 332,590	$ (4,243,166)	$ 23,048	$ 3,832,525	$ 26,999

See accompanying Notes to Condensed Consolidated Financial Statements.

GRAHAM HOLDINGS COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. ORGANIZATION, BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS

Graham Holdings Company (the Company), is a diversified holding company whose operations include educational services, television broadcasting, manufacturing, healthcare, automotive dealerships and other businesses.
Through Kaplan, Inc. (Kaplan), the Company provides a wide variety of educational services to students, schools, colleges, universities and businesses, both domestically and outside the United States (U.S.), including academic preparation programs for international students, English-language programs, operations support services for pre-college, certificate, undergraduate and graduate programs, exam preparation for high school and graduate students and for professional certifications and licensures, career and academic advisement services to businesses, and operates a United Kingdom (U.K.) sixth-form college that prepares students for A-level examinations.

The Company's television broadcasting segment owns and operates seven television broadcasting stations and provides social media management tools designed to connect newsrooms with their users.

The Company's manufacturing companies comprise the ownership of a supplier of pressure treated wood, a manufacturer of electrical solutions, a manufacturer of lifting solutions, and a supplier of parts used in electric utilities and industrial systems.

The Company's healthcare segment provides home health, hospice and palliative services, in-home specialty pharmacy infusion therapies, applied behavior analysis therapy, physician services for allergy, asthma and immunology patients, in-home aesthetics, and healthcare software-as-a-service technology.

The Company's automotive business comprises eight dealerships and valet repair services.

The Company's other businesses include an online art gallery and in-person art fair business; an online commerce platform featuring original art and designs on an array of consumer products; an owner and operator of websites; restaurants; a custom framing company; a marketing solutions provider; a customer data and analytics software company; *Slate* and *Foreign Policy* magazines; and a daily local news podcast and newsletter company.

Basis of Presentation – The accompanying condensed consolidated financial statements have been prepared in accordance with: (i) generally accepted accounting principles in the United States of America (GAAP) for interim financial information; (ii) the instructions to Form 10-Q; and (iii) the guidance of Rule 10-01 of Regulation S-X under the Securities and Exchange Act of 1934, as amended, for financial statements required to be filed with the Securities and Exchange Commission (SEC). They include the assets, liabilities, results of operations and cash flows of the Company, including its domestic and foreign subsidiaries that are more than 50% owned or otherwise controlled by the Company. As permitted under such rules, certain notes and other financial information normally required by GAAP have been condensed or omitted. Management believes the accompanying condensed consolidated financial statements reflect all normal and recurring adjustments necessary for a fair statement of the Company's financial position, results of operations, and cash flows as of and for the periods presented herein. The Company's results of operations for the three and six months ended June 30, 2024 and 2023 may not be indicative of the Company's future results. These condensed consolidated financial statements are unaudited and should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

Revision of Prior Period Amounts. In the fourth quarter of 2023, the Company identified misstatements in its previously issued Condensed Consolidated Balance Sheets which had a related impact to the changes in assets and liabilities within operating cash flows. The Company determined that these adjustments were not material to the previously issued financial statements, but has revised its previously issued Condensed Consolidated Statement of Cash Flows for the period ended June 30, 2023 as shown below.

	Six Months Ended June 30, 2023		
(In thousands)	As Previously Reported	Adjustments	As Revised
Change in operating assets and liabilities:			
Accounts receivable	$ 93,496	$ (10,270)	$ 83,226
Deferred revenue	(58,505)	10,270	(48,235)
Net Cash Provided by Operating Activities	$ 62,239	$ —	$ 62,239

Use of Estimates in the Preparation of the Condensed Consolidated Financial Statements – The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the amounts reported herein. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates.

Recently Adopted and Issued Accounting Pronouncements – In November 2023, the Financial Accounting Standards Board (FASB) issued new guidance that requires enhanced disclosures related to reportable segments that includes, among other disclosures, identifying significant segment expenses on an annual and interim basis. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the guidance must be applied retrospectively to all prior periods presented in the financial statements. The Company is in the process of evaluating the impact of this new guidance on the disclosures within its Condensed Consolidated Financial Statements.

In December 2023, the FASB issued new guidance that requires enhanced income tax disclosures related to the rate reconciliation, information on income taxes paid and other items. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The standard permits both prospective and retrospective application. The Company is in the process of evaluating the impact of this new guidance on the disclosures within its Condensed Consolidated Financial Statements.

2. ACQUISITIONS AND DISPOSITIONS OF BUSINESSES

Acquisitions. In May 2024, Kaplan acquired one small business which is included in its international division.

In January 2024, the Company acquired one small business which is included in other businesses.

During 2023, the Company acquired five businesses: three in healthcare, one in automotive, and one in other businesses for $83.3 million in cash and contingent consideration and the assumption of floor plan payables. The assets and liabilities of the companies acquired were recorded at their estimated fair values at the date of acquisition.

In January 2023, Graham Healthcare Group (GHG) acquired two small businesses which are included in healthcare.

In July 2023, the Company acquired one small business which is included in other businesses.

In September 2023, the Company’s automotive subsidiary acquired a Toyota automotive dealership, including the real property for the dealership operations. In addition to a cash payment and the assumption of $2.2 million in floor plan payables, the automotive subsidiary borrowed $37.0 million to finance the acquisition. The dealership is operated and managed by an entity affiliated with Christopher J. Ourisman, a member of the Ourisman Automotive Group family of dealerships. This acquisition expands the Company’s automotive business operations and is included in automotive.

In December 2023, GHG acquired one small business which is included in healthcare.

Acquisition-related costs for acquisitions that closed during the first six months of 2024 and 2023 were expensed as incurred. The aggregate purchase price of the 2023 acquisitions was allocated as follows, based on acquisition date fair values to the following assets and liabilities:

	Purchase Price Allocation
(in thousands)	Year Ended December 31, 2023
Accounts receivable	$ 68
Inventory	5,224
Property, plant and equipment	29,859
Goodwill	45,968
Indefinite-lived intangible assets	6,300
Amortized intangible assets	235
Other assets	4
Floor plan payables	(2,215)
Other liabilities	(935)
Current and noncurrent lease liabilities	(1,184)
Aggregate purchase price, net of cash acquired	$ 83,324

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The goodwill recorded due to these acquisitions is attributable to the assembled workforces of the acquired companies and expected synergies. The Company expects to deduct $45.0 million of goodwill for income tax purposes for the acquisitions completed in 2023.

The acquired companies were consolidated into the Company's financial statements starting on their respective acquisition dates. The following unaudited pro forma financial information includes the 2023 acquisitions as if they occurred at the beginning of 2022:

	Three Months Ended June 30	Six Months Ended June 30
(in thousands)	2023	2023
Operating revenues	$ 1,142,752	$ 2,212,051
Net income	126,112	180,793

These pro forma results were based on estimates and assumptions, which the Company believes are reasonable, and include the historical results of operations of the acquired companies and adjustments for depreciation and amortization of identified assets and the effect of pre-acquisition transaction related expenses incurred by the Company and the acquired entities. The pro forma information does not include efficiencies, cost reductions and synergies expected to result from the acquisitions. They are not the results that would have been realized had these entities been part of the Company during the periods presented and are not necessarily indicative of the Company's consolidated results of operations in future periods.

Disposition of Businesses. In June 2024, World of Good Brands (WGB) completed the sale of a small business which was included in other businesses (see Note 12).

In June 2023, the Company entered into an agreement to merge the Pinna business with Realm of Possibility, Inc. (Realm) in return for an additional noncontrolling financial interest in Realm (the Pinna transaction). The Company deconsolidated the Pinna subsidiary, which was included in other businesses, and continues to account for its interest in Realm under the equity method of accounting (see Note 3).

Other Transactions. In December 2023, the Company acquired some of the minority-owned shares of CSI Pharmacy Holding Company, LLC (CSI) for a total amount of $20.0 million. The Company paid cash of $5.0 million and entered into a promissory note with the minority owners for the remaining $15.0 million at an interest rate of 8% per annum. The note is included in other indebtedness (see Note 7) and payable in quarterly installments with the final payment due by January 1, 2027. Following the redemption, the Company owns 86.7% of CSI.

3. INVESTMENTS

Money Market Investments. As of June 30, 2024 and December 31, 2023, the Company had money market investments of $9.0 million and $5.6 million, respectively, that are classified as cash and cash equivalents in the Company's Condensed Consolidated Balance Sheets.

Investments in Marketable Equity Securities. Investments in marketable equity securities consist of the following:

	As of			
(in thousands)	**June 30, 2024**		December 31, 2023	
Total cost	**$**	**225,889**	$	225,971
Gross unrealized gains		**587,555**		464,182
Total Fair Value	**$**	**813,444**	$	690,153

At June 30, 2024 and December 31, 2023, the Company owned 55,430 shares in Markel Group Inc. (Markel) valued at $87.3 million and $78.7 million, respectively. The Chief Executive Officer of Markel, Mr. Thomas S. Gayner, is a member of the Company's Board of Directors. As of June 30, 2024, the Company owned 422 Class A and 482,945 Class B shares in Berkshire Hathaway valued at $454.8 million, which exceeded 5% of the Company's total assets.

There were no purchases of marketable equity securities during the first six months of 2024. The Company purchased $4.6 million of marketable equity securities during the first six months of 2023.

There were no sales of marketable equity securities during the first six months of 2024. The Company donated marketable equity securities in the first six months of 2024, and recorded a $0.4 million gross cumulative realized gain from the donation. During the first six months of 2023, the gross cumulative realized net gains from the sales of marketable equity securities were $13.0 million. The total proceeds from such sales were $62.0 million.

The net gain on marketable equity securities comprised the following:

	Three Months Ended June 30				Six Months Ended June 30			
(in thousands)	**2024**		2023		**2024**		2023	
Gain on marketable equity securities, net	**$**	**19,628**	$	78,648	**$**	**123,780**	$	96,670
Less: Net gains in earnings from marketable equity securities sold and donated		**(102)**		(9,132)		**(102)**		(5,475)
Net unrealized gains in earnings from marketable equity securities still held at the end of the period	**$**	**19,526**	$	69,516	**$**	**123,678**	$	91,195

Investments in Affiliates. As of June 30, 2024, the Company held a 49.9% and 42.2% interest in N2K Networks and Realm, respectively, on a fully diluted basis, and accounts for these investments under the equity method. The Company holds two of the five seats of N2K Networks' governing board with the other shareholders retaining substantive participation rights to control the financial and operating decisions of N2K Networks through representation on the board. In May 2024, the Company entered into a convertible promissory note agreement to loan N2K Networks $2.0 million. The convertible promissory note bears interest at a rate of 12% per annum and, subject to conversion provisions, all unpaid interest and principal are due by May 2027.

As of June 30, 2024, the Company held an approximate 18% interest in Intersection Holdings, LLC (Intersection), and accounts for its investment under the equity method. The Company holds two of the ten seats of Intersection's governing board, which allows the Company to exercise significant influence over Intersection. The Company loaned Intersection $30.0 million, which is repayable over 5 years at an interest rate of 9% per annum. The outstanding balance on this loan was $27.7 million as of June 30, 2024. The loan is repayable by May 2028.

As of June 30, 2024, the Company also held investments in several other affiliates; GHG held a 40% interest in each of the following affiliates: Residential Home Health Illinois, Residential Hospice Illinois, Mary Free Bed at Home, and Allegheny Health Network (AHN) Healthcare at Home. For the three and six months ended June 30, 2024, the Company recorded $4.4 million and $8.5 million, respectively, in revenue for services provided to the affiliates of GHG. For the three and six months ended June 30, 2023, the Company recorded $3.9 million and $7.4 million, respectively, in revenue for services provided to the affiliates of GHG.

Additionally, Kaplan International Holdings Limited (KIHL) held a 45% interest in a joint venture formed with University of York. KIHL loaned the joint venture £22 million, which is repayable over 25 years at an interest rate of 7% and guaranteed by the University of York. The outstanding balance on this loan was £19.9 million as of June 30, 2024. The loan is repayable by December 2041.

The Company had $37.6 million and $36.9 million in its investment account that represents cumulative undistributed income in its investments in affiliates as of June 30, 2024 and December 31, 2023, respectively.

Cost Method Investments. The Company held investments without readily determinable fair values in a number of equity securities that are accounted for as cost method investments, which are recorded at cost, less impairment, and adjusted for observable price changes for identical or similar investments of the same issuer. The carrying value of these investments was $74.4 million and $74.0 million as of June 30, 2024 and December 31, 2023, respectively. During the three and six months ended June 30, 2024, the Company recorded impairment losses of $0.3 million and $0.7 million, respectively, to those securities. During the three and six months ended June 30, 2023, the Company recorded gains of $1.3 million and $3.1 million, respectively, to those equity securities based on observable transactions.

4. ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE, VEHICLE FLOOR PLAN PAYABLE AND ACCRUED LIABILITIES

Accounts receivable consist of the following:

	As of	
(in thousands)	**June 30, 2024**	December 31, 2023
Receivables from contracts with customers, less estimated credit losses of $24,291 and $24,667	**$ 434,358**	$ 496,172
Other receivables	**31,661**	28,915
	$ 466,019	$ 525,087

Credit loss recovery was $0.1 million for the three months ended June 30, 2024, and credit loss expense was $1.4 million for the three months ended June 30, 2023. Credit loss expense was $1.6 million and $1.9 million for the six months ended June 30, 2024 and 2023, respectively.

Accounts payable, vehicle floor plan payable and accrued liabilities consist of the following:

	As of	
(in thousands)	**June 30, 2024**	December 31, 2023
Accounts payable	**$ 153,132**	$ 154,484
Vehicle floor plan payable	**174,911**	148,300
Accrued compensation and related benefits	**147,773**	154,580
Other accrued liabilities	**220,883**	237,157
	$ 696,699	$ 694,521

Cash overdrafts of $0.7 million and $0.5 million are included in accounts payable as of June 30, 2024 and December 31, 2023, respectively.

The Company finances new, used and service loaner vehicle inventory through standardized floor plan facilities with Truist Bank and Toyota Motor Credit Corporation (Truist and Toyota floor plan facility) and Ford Motor Credit Company (Ford floor plan facility). At June 30, 2024, the floor plan facilities bore interest at variable rates that are based on Secured Overnight Financing Rate (SOFR) and prime-based interest rates. The weighted average interest rate for the floor plan facilities was 6.7% and 6.1% for the three months ended June 30, 2024 and 2023, respectively. The weighted average interest rate for the floor plan facilities was 6.8% and 5.7% for the six months ended June 30, 2024 and 2023, respectively. Changes in the vehicle floor plan payable are reported as cash flows from financing activities in the Condensed Consolidated Statements of Cash Flows.

The floor plan facilities are collateralized by vehicle inventory and other assets of the relevant dealership subsidiary, and contain a number of covenants, including, among others, covenants restricting the dealership subsidiary with respect to the creation of liens and changes in ownership, officers and key management personnel. The Company was in compliance with all of these restrictive covenants as of June 30, 2024.

The floor plan interest expense related to the vehicle floor plan arrangements is offset by amounts received from manufacturers in the form of floor plan assistance capitalized in inventory and recorded against cost of goods sold in the Condensed Consolidated Statements of Operations when the associated inventory is sold. For the three months ended June 30, 2024 and 2023, the Company recognized a reduction in cost of goods sold of $2.4 million and $1.5 million, respectively, related to manufacturer floor plan assistance. For the six months ended June 30, 2024 and 2023, the Company recognized a reduction in cost of goods sold of $4.6 million and $2.9 million, respectively, related to manufacturer floor plan assistance.

As of June 30, 2024 and December 31, 2023, the Company had $159.1 million and $128.9 million, respectively, in obligations outstanding related to floor plan facilities associated with new vehicles.

5. INVENTORIES AND CONTRACTS IN PROGRESS

Inventories and contracts in progress consist of the following:

(in thousands)	As of June 30, 2024	As of December 31, 2023
Raw materials	**$ 51,876**	$ 63,884
Work-in-process	**16,744**	15,387
Finished goods	**251,039**	215,283
Contracts in progress	**3,883**	2,657
	$ 323,542	$ 297,211

6. GOODWILL AND OTHER INTANGIBLE ASSETS

In the second quarter of 2024, as a result of substantial digital advertising revenue declines and continued operating losses at WGB, the Company performed an interim review of the goodwill and intangible assets at the WGB reporting unit. As a result of the impairment review, the Company recorded goodwill and amortized intangible asset impairment charges totaling $26.3 million. The Company estimated the fair value of the reporting unit and amortized intangible asset by utilizing a discounted cash flow model. The carrying value of the reporting unit and amortized intangible asset exceeded their estimated fair values, resulting in goodwill and intangible asset impairment charges for the amount by which the carrying values exceeded their estimated fair values. WGB is included in other businesses.

Amortization of intangible assets for the three months ended June 30, 2024 and 2023, was $10.1 million and $13.3 million, respectively. Amortization of intangible assets for the six months ended June 30, 2024 and 2023, was $20.8 million and $27.2 million, respectively. Amortization of intangible assets is estimated to be approximately $16 million for the remainder of 2024, $28 million in 2025, $20 million in 2026, $5 million in 2027, $2 million in 2028 and $2 million thereafter.

The changes in the carrying amount of goodwill, by segment, were as follows:

(in thousands)	Education	Television Broadcasting	Manufacturing	Healthcare	Automotive	Other Businesses	Total
Balance as of December 31, 2023							
Goodwill	$ 1,163,991	$ 190,815	$ 234,993	$ 135,038	$ 129,280	$ 251,216	$ 2,105,333
Accumulated impairment losses	(331,151)	—	(82,062)	—	—	(166,926)	(580,139)
	832,840	190,815	152,931	135,038	129,280	84,290	1,525,194
Acquisitions	**4,011**	**—**	**—**	**—**	**—**	**—**	**4,011**
Impairments	**—**	**—**	**—**	**—**	**—**	**(7,502)**	**(7,502)**
Foreign currency exchange rate changes	**(9,256)**	**—**	**—**	**—**	**—**	**—**	**(9,256)**
Balance as of June 30, 2024							
Goodwill	**1,158,746**	**190,815**	**234,993**	**135,038**	**129,280**	**251,216**	**2,100,088**
Accumulated impairment losses	**(331,151)**	**—**	**(82,062)**	**—**	**—**	**(174,428)**	**(587,641)**
	$ 827,595	**$ 190,815**	**$ 152,931**	**$ 135,038**	**$ 129,280**	**$ 76,788**	**$ 1,512,447**

The changes in carrying amount of goodwill at the Company's education division were as follows:

(in thousands)	Kaplan International	Higher Education	Supplemental Education	Total
Balance as of December 31, 2023				
Goodwill	$ 598,000	$ 174,564	$ 391,427	$ 1,163,991
Accumulated impairment losses	—	(111,324)	(219,827)	(331,151)
	598,000	63,240	171,600	832,840
Acquisitions	**4,011**	**—**	**—**	**4,011**
Foreign currency exchange rate changes	**(9,191)**	**—**	**(65)**	**(9,256)**
Balance as of June 30, 2024				
Goodwill	**592,820**	**174,564**	**391,362**	**1,158,746**
Accumulated impairment losses	**—**	**(111,324)**	**(219,827)**	**(331,151)**
	$ 592,820	**$ 63,240**	**$ 171,535**	**$ 827,595**

Other intangible assets consist of the following:

		As of June 30, 2024			As of December 31, 2023		
(in thousands)	**Useful Life Range**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized Intangible Assets							
Student and customer relationships	**2–10 years**	**$ 282,234**	**$ 246,479**	**$ 35,755**	$ 283,098	$ 236,776	$ 46,322
Trade names and trademarks	**2–10 years (1)**	**117,971**	**90,563**	**27,408**	143,389	90,558	52,831
Network affiliation agreements	**10 years**	**17,400**	**12,977**	**4,423**	17,400	13,348	4,052
Databases and technology	**3–6 years**	**36,307**	**36,192**	**115**	36,538	35,712	826
Other	**1–8 years**	**41,514**	**36,207**	**5,307**	41,327	33,164	8,163
		$ 495,426	**$ 422,418**	**$ 73,008**	$ 521,752	$ 409,558	$ 112,194
Indefinite-Lived Intangible Assets							
Franchise agreements		**$ 92,158**			$ 92,158		
Trade names and trademarks		**84,050**			84,533		
FCC licenses		**11,000**			11,000		
Other		**171**			171		
		$ 187,379			$ 187,862		

(1) As of December 31, 2023, the trade names and trademarks' maximum useful life was 15 years.

7. DEBT

The Company's borrowings consist of the following:

(in thousands)	Maturities	Stated Interest Rate	Effective Interest Rate	As of June 30, 2024	As of December 31, 2023
Unsecured notes [1]	2026	5.75%	5.75%	**$ 398,624**	$ 398,266
Revolving credit facility	2027	6.56% - 8.88%	6.77%	**132,209**	97,879
Term loan [2]	2027	7.15% - 7.21%	7.29%	**143,739**	147,476
Real estate term loan [3]	2028	7.06% - 7.10%	7.18%	**72,668**	74,541
Capital term loan [4]	2028	7.31% - 7.35%	7.56%	**59,934**	63,097
Other indebtedness	2024 - 2032	0.00% - 8.00%		**27,598**	30,574
Total Debt				**834,772**	811,833
Less: current portion				**(101,874)**	(66,751)
Total Long-Term Debt				**$ 732,898**	$ 745,082

(1) The carrying value is net of $1.4 million and $1.7 million of unamortized debt issuance costs as of June 30, 2024 and December 31, 2023, respectively.

(2) The carrying value is net of $0.6 million of unamortized debt issuance costs as of June 30, 2024 and December 31, 2023.

(3) The carrying value is net of $0.1 million of unamortized debt issuance costs as of June 30, 2024 and December 31, 2023.

(4) The carrying value is net of $0.7 million and $0.8 million of unamortized debt issuance costs as of June 30, 2024 and December 31, 2023, respectively.

At June 30, 2024 and December 31, 2023, the fair value of the Company's 5.75% unsecured notes, based on quoted market prices (Level 2 fair value assessment), totaled $397.8 million and $400.4 million, respectively.

The outstanding balance on the Company's $300 million unsecured revolving credit facility was $132.2 million as of June 30, 2024, consisting of U.S. dollar borrowings of $69 million with interest payable at SOFR plus 1.375% or prime rate plus 0.375%, and British Pound (GBP) borrowings of £50 million with interest payable at Daily Sterling Overnight Index Average (SONIA) plus 1.375%.

The fair value of the Company's other debt, which is based on Level 2 inputs, approximates its carrying value as of June 30, 2024 and December 31, 2023. The Company is in compliance with all financial covenants of the revolving credit facility and term loans as of June 30, 2024.

During the three months ended June 30, 2024 and 2023, the Company had average borrowings outstanding of approximately $841.8 million and $742.1 million, respectively, at average annual interest rates of approximately 6.4% and 6.0%, respectively. During the three months ended June 30, 2024 and 2023, the Company incurred net interest expense of $89.3 million and $10.2 million, respectively.

During the six months ended June 30, 2024 and 2023, the Company had average borrowings outstanding of approximately $826.9 million and $738.3 million, respectively, at average annual interest rates of approximately 6.4% and 5.9%, respectively. During the six months ended June 30, 2024 and 2023, the Company incurred net interest expense of $106.4 million and $23.3 million, respectively.

During the three and six months ended June 30, 2024, the Company recorded interest expense of $73.5 million and $75.4 million, respectively, to adjust the fair value of the mandatorily redeemable noncontrolling interest. During the three months ended June 30, 2023, the Company recorded a credit to interest expense of $1.2 million to adjust the fair value of the mandatorily redeemable noncontrolling interest. During the six months ended June 30, 2023, the Company recorded interest expense of $0.3 million to adjust the fair value of the mandatorily redeemable noncontrolling interest. The fair value of the mandatorily redeemable noncontrolling interest was based on the fair value of the underlying subsidiaries owned by GHC One LLC (GHC One) and GHC Two LLC (GHC Two), after taking into account any debt and other noncontrolling interests of its subsidiary investments. The fair value of the owned subsidiaries is determined by reference to either a discounted cash flow or EBITDA multiple, which approximates fair value (Level 3 fair value assessment) (See Note 8).

8. FAIR VALUE MEASUREMENTS

The Company’s financial assets and liabilities measured at fair value on a recurring basis were as follows:

	As of June 30, 2024			
(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Money market investments (1)	**$ —**	**$ 9,050**	**$ —**	**$ 9,050**
Marketable equity securities (2)	**813,444**	**—**	**—**	**813,444**
Other current investments (3)	**8,590**	**—**	**—**	**8,590**
Total Financial Assets	**$ 822,034**	**$ 9,050**	**$ —**	**$ 831,084**
Liabilities				
Contingent consideration liabilities (4)	**$ —**	**$ —**	**$ 1,284**	**$ 1,284**
Interest rate swaps (5)	**—**	**1,307**	**—**	**1,307**
Mandatorily redeemable noncontrolling interest (6)	**—**	**—**	**115,895**	**115,895**
Total Financial Liabilities	**$ —**	**$ 1,307**	**$ 117,179**	**$ 118,486**

	As of December 31, 2023			
(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Money market investments (1)	$ —	$ 5,577	$ —	$ 5,577
Marketable equity securities (2)	690,153	—	—	690,153
Other current investments (3)	6,875	—	—	6,875
Total Financial Assets	$ 697,028	$ 5,577	$ —	$ 702,605
Liabilities				
Contingent consideration liabilities (4)	$ —	$ —	$ 788	$ 788
Interest rate swaps (5)	—	2,761	—	2,761
Foreign exchange swap (7)	—	86	—	86
Mandatorily redeemable noncontrolling interest (6)	—	—	40,764	40,764
Total Financial Liabilities	$ —	$ 2,847	$ 41,552	$ 44,399

(1) The Company’s money market investments are included in cash and cash equivalents and the value considers the liquidity of the counterparty.

(2) The Company’s investments in marketable equity securities are held in common shares of U.S. corporations that are actively traded on U.S. stock exchanges. Price quotes for these shares are readily available.

(3) Includes U.S. Government Securities, corporate bonds, mutual funds and time deposits. These investments are valued using a market approach based on the quoted market prices of the security or inputs that include quoted market prices for similar instruments and are classified as either Level 1 or Level 2 in the fair value hierarchy.

(4) Included in Accounts payable, vehicle floor plan payable and accrued liabilities and Other Liabilities. The Company determined the fair value of the contingent consideration liabilities using either a Monte Carlo simulation, Black-Scholes model, or probability-weighted analysis depending on the type of target included in the contingent consideration requirements (revenue, EBITDA, client retention). All analyses included estimated financial projections for the acquired businesses and acquisition-specific discount rates.

(5) Included in Other Liabilities. The Company utilized a market approach model using the notional amount of the interest rate swaps multiplied by the observable inputs of time to maturity and market interest rates.

(6) The fair value of the mandatorily redeemable noncontrolling interest is based on the fair value of the underlying subsidiaries owned by GHC One and GHC Two, after taking into account any debt and other noncontrolling interests of its subsidiary investments. The fair value of the owned subsidiaries is determined using enterprise value analyses which include an equal weighing between guideline public company and discounted cash flow analyses.

(7) Included in Accounts payable, vehicle floor plan payable and accrued liabilities, and valued based on a valuation model that calculates the differential between the contract price and the market-based forward rate.

The following tables provide a reconciliation of changes in the Company’s financial liabilities measured at fair value on a recurring basis, using Level 3 inputs:

(in thousands)	Contingent consideration liabilities	Mandatorily redeemable noncontrolling interest
As of December 31, 2023	$ 788	$ 40,764
Acquisition of business	**1,298**	**—**
Changes in fair value [(1)]	**(75)**	**75,415**
Capital contributions	**—**	**21**
Accretion of value included in net income [(1)]	**6**	**—**
Settlements or distributions	**(719)**	**(305)**
Foreign currency exchange rate changes	**(14)**	**—**
As of June 30, 2024	**$ 1,284**	**$ 115,895**

(in thousands)	Contingent consideration liabilities	Mandatorily redeemable noncontrolling interest
As of December 31, 2022	$ 8,423	$ 30,845
Acquisition of business	220	—
Changes in fair value [(1)]	(5,157)	289
Capital contributions	—	66
Accretion of value included in net income [(1)]	691	—
Settlements or distributions	(1,262)	(64)
As of June 30, 2023	$ 2,915	$ 31,136

(1) Changes in fair value and accretion of value of contingent consideration liabilities are included in Selling, general and administrative expenses and the changes in fair value of mandatorily redeemable noncontrolling interest is included in Interest expense in the Company’s Condensed Consolidated Statements of Operations.

Mandatorily Redeemable Noncontrolling Interest. The mandatorily redeemable noncontrolling interest represents the ownership portion of a group of minority shareholders, consisting of a group of senior managers of the healthcare business, in subsidiaries of GHG. The Company established GHC One and GHC Two as vehicles to invest in a portfolio of healthcare businesses together with the group of senior managers of GHG. As the holder of preferred units, the Company is obligated to contribute 95% of the capital required for the acquisition of portfolio investments with the remaining 5% of the capital coming from the group of senior managers. The operating agreements of GHC One and GHC Two require the dissolution of the entities on March 31, 2026, and March 31, 2029, respectively, at which time the net assets will be distributed to its members. As a preferred unit holder, the Company will receive an amount up to its contributed capital plus a preferred annual return of 8% (guaranteed return) after the group of senior managers has received the redemption of their 5% interest in net assets (manager return). All distributions in excess of the manager and guaranteed return will be paid to common unit holders, which currently comprise the group of senior managers of GHG. The Company may convert its preferred units to common units at any time after which it will receive 80% of all distributions in excess of the manager return, with the remaining 20% of excess distributions going to the group of senior managers as holders of the other common units. The mandatorily redeemable noncontrolling interest is reported as a noncurrent liability at June 30, 2024 and December 31, 2023 in the Condensed Consolidated Balance Sheets.

Other. During the three and six months ended June 30, 2024, the Company recorded goodwill and intangible asset impairment charges of $26.3 million. During the six months ended June 30, 2023, the Company recorded long-lived asset impairment charges of $0.7 million. The remeasurement of goodwill and other long-lived assets is classified as a Level 3 fair value assessment due to the significance of unobservable inputs developed in the determination of the fair value. The Company used a discounted cash flow model to determine the estimated fair value of the reporting unit and other long-lived assets. The Company made estimates and assumptions regarding future cash flows, discount rates and long-term growth rates.

During the three and six months ended June 30, 2024, the Company recorded impairment losses of $0.3 million and $0.7 million, respectively, to equity securities that are accounted for as cost method investments. During the three and six months ended June 30, 2023, the Company recorded gains of $1.3 million and $3.1 million, respectively, to equity securities that are accounted for as cost method investments based on observable transactions for identical or similar investments of the same issuer.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company generated 78% of its revenue from U.S. domestic sales for the three and six months ended June 30, 2024. The remaining 22% of revenue was generated from non-U.S. sales for the three and six months ended

June 30, 2024. For the three and six months ended June 30, 2023, 79% of revenue was from U.S domestic sales and the remaining 21% of revenue was generated from non-U.S. sales.

For the three and six months ended June 30, 2024, the Company recognized 54% of its revenue over time as control of the services and goods transferred to the customer, and the remaining 46% at a point in time, when the customer obtained control of the promised goods. For the three and six months ended June 30, 2023, the Company recognized 56% of its revenue over time, and the remaining 44% at a point in time.

Contract Assets. As of June 30, 2024, the Company recognized a contract asset of $43.9 million related to a contract at a Kaplan International business, which is included in Deferred Charges and Other Assets. The Company expects to recognize an additional $283.6 million related to the remaining performance obligation in the contract over the next five years. As of December 31, 2023, the contract asset was $39.8 million. Additional contract assets of $3.1 million are included in current assets on the Company's Condensed Consolidated Balance Sheet as of June 30, 2024.

Deferred Revenue. The Company records deferred revenue when cash payments are received or due in advance of the Company's performance which includes some payments that are refundable due to the contractual right of the customer to cancel the agreement. As of June 30, 2024 and December 31, 2023, 25% and 20% of the Company's deferred revenue consisted of prepaid amounts which are refundable. The following table presents the change in the Company's deferred revenue balance:

	As of		
(in thousands)	**June 30, 2024**	December 31, 2023	% Change
Deferred revenue	**$ 332,167**	$ 400,347	(17)

The majority of the change in the deferred revenue balance is related to the cyclical nature of services in the Kaplan international division. During the six months ended June 30, 2024, the Company recognized $311.6 million related to the Company's deferred revenue balance as of December 31, 2023, including $51.8 million of prepaid amounts which were refundable at the prior year-end.

Revenue allocated to remaining performance obligations represents deferred revenue amounts that will be recognized as revenue in future periods. As of June 30, 2024, the deferred revenue balance related to certain medical and nursing qualifications with an original contract length greater than twelve months at Kaplan Supplemental Education was $6.6 million. Kaplan Supplemental Education expects to recognize 72% of this revenue over the next twelve months and the remainder thereafter.

Costs to Obtain a Contract. The following table presents changes in the Company's costs to obtain a contract asset:

(in thousands)	Balance at Beginning of Period	Costs associated with new contracts	Less: Costs amortized during the period	Other	Balance at End of Period
2024	**$ 41,634**	**$ 31,159**	**$ (48,645)**	**$ (712)**	**$ 23,436**

The majority of other activity was related to currency translation adjustments for the six months ended June 30, 2024.

10. (LOSS) EARNINGS PER SHARE

The Company's unvested restricted stock awards contain nonforfeitable rights to dividends and, therefore, are considered participating securities for purposes of computing earnings per share pursuant to the two-class method. The diluted earnings per share computed under the two-class method is lower than the diluted earnings per share computed under the treasury stock method, resulting in the presentation of the lower amount in diluted earnings per share. The computation of the earnings per share under the two-class method excludes the income attributable to the unvested restricted stock awards from the numerator and excludes the dilutive impact of those underlying shares from the denominator.

The following reflects the Company's net (loss) income and share data used in the basic and diluted (loss) earnings per share computations using the two-class method:

(in thousands, except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Numerator:				
Numerator for basic (loss) earnings per share:				
Net (loss) income attributable to Graham Holdings Company common stockholders	**$ (21,040)**	$ 122,788	**$ 103,340**	$ 175,060
Less: Dividends paid-common stock outstanding and unvested restricted shares	**(7,574)**	(7,722)	**(22,926)**	(23,534)
Undistributed (loss) earnings	**(28,614)**	115,066	**80,414**	151,526
Percent allocated to common stockholders [1]	**100.00 %**	99.37 %	**99.32 %**	99.37 %
	(28,614)	114,337	**79,869**	150,566
Add: Dividends paid-common stock outstanding	**7,523**	7,673	**22,772**	23,388
Numerator for basic (loss) earnings per share	**$ (21,091)**	$ 122,010	**$ 102,641**	$ 173,954
Add: Additional undistributed earnings due to dilutive stock options	**—**	2	**3**	3
Numerator for diluted (loss) earnings per share	**$ (21,091)**	$ 122,012	**$ 102,644**	$ 173,957
Denominator:				
Denominator for basic (loss) earnings per share:				
Weighted average shares outstanding	**4,401**	4,700	**4,416**	4,729
Add: Effect of dilutive stock options	**—**	13	**26**	15
Denominator for diluted (loss) earnings per share	**4,401**	4,713	**4,442**	4,744
Graham Holdings Company Common Stockholders:				
Basic (loss) earnings per share	**$ (4.79)**	$ 25.96	**$ 23.24**	$ 36.78
Diluted (loss) earnings per share	**$ (4.79)**	$ 25.89	**$ 23.11**	$ 36.67

(Loss) earnings per share amounts may not recalculate due to rounding.

(1) Percent of undistributed losses allocated to common stockholders is 100% in the three months ended June 30, 2024 as participating securities are not contractually obligated to share in losses.

Diluted (loss) earnings per share excludes the following weighted average potential common shares, as the effect would be antidilutive, as computed under the treasury stock method:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Weighted average restricted stock	**20**	10	**19**	10
Weighted average stock options	**27**	—	**—**	—

The diluted (loss) earnings per share amounts for the three and six months ended June 30, 2024 exclude the effects of 27,742 stock options and contingently issuable shares as their inclusion would have been antidilutive due to a market condition. The diluted earnings per share amounts for the three and six months ended June 30, 2023 exclude the effects of 105,000 stock options and contingently issuable shares outstanding as their inclusion would have been antidilutive due to a market condition.

In the three and six months ended June 30, 2024, the Company declared regular dividends totaling $1.72 and $5.16 per common share, respectively. In the three and six months ended June 30, 2023, the Company declared regular dividends totaling $1.65 and $4.95 per common share, respectively.

11. PENSION AND POSTRETIREMENT PLANS

Defined Benefit Plans. The total benefit arising from the Company's defined benefit pension plans consists of the following components:

(in thousands)	Three Months Ended June 30 **2024**	Three Months Ended June 30 2023	Six Months Ended June 30 **2024**	Six Months Ended June 30 2023
Service cost	**$ 14,071**	$ 7,573	**$ 28,105**	$ 16,816
Interest cost	**11,246**	11,559	**22,440**	23,093
Expected return on assets	**(41,239)**	(38,085)	**(82,929)**	(76,423)
Amortization of prior service (credit) cost	**(482)**	412	**(976)**	822
Recognized actuarial gain	**(11,263)**	(9,888)	**(23,781)**	(20,028)
Net Periodic Benefit	**(27,667)**	(28,429)	**(57,141)**	(55,720)
Early retirement program and special separation benefit expense	**16,410**	5,517	**16,828**	9,646
Total Benefit	**$ (11,257)**	$ (22,912)	**$ (40,313)**	$ (46,074)

In the second quarter of 2024, the Company recorded $14.8 million in expenses related to a Voluntary Retirement Incentive Program (VRIP) for certain Graham Media Group and Corporate employees, which will be funded from the assets of the Company's pension plan. Also in the second quarter of 2024, the Company recorded $1.6 million in expenses related to Separation Incentive Programs (SIPs) for certain Framebridge and Code3 employees, which will be funded from the assets of the Company's pension plan. In the first quarter of 2024, the Company recorded $0.4 million in expenses related to a SIP for certain Framebridge employees, which was funded from the assets of the Company's pension plans.

In the second quarter of 2023, the Company recorded $5.5 million in expenses related to SIPs for certain Kaplan, Graham Media Group, Leaf Group, Code3 and Pinna employees, which was funded from the assets of the Company's pension plans. In the first quarter of 2023, the Company recorded $4.1 million in expenses related to SIPs for certain Leaf and Code3 employees, which was funded from the assets of the Company's pension plans.

The total cost arising from the Company's Supplemental Executive Retirement Plan (SERP) consists of the following components:

(in thousands)	Three Months Ended June 30 **2024**	Three Months Ended June 30 2023	Six Months Ended June 30 **2024**	Six Months Ended June 30 2023
Service cost	**$ 288**	$ 148	**$ 575**	$ 296
Interest cost	**1,129**	1,165	**2,257**	2,330
Net Periodic Cost	**$ 1,417**	$ 1,313	**$ 2,832**	$ 2,626

Defined Benefit Plan Assets. The Company's defined benefit pension obligations are funded by a portfolio made up of private investment funds, a U.S. stock index fund, and a relatively small number of stocks and high-quality fixed-income securities that are held by a third-party trustee. The assets of the Company's pension plans were allocated as follows:

	As of **June 30, 2024**	As of December 31, 2023
U.S. equities	**56 %**	59 %
U.S. fixed income	**18 %**	7 %
Private investment funds	**15 %**	17 %
International equities	**11 %**	14 %
U.S. stock index fund	**— %**	3 %
	100 %	100 %

The Company manages approximately 48% of the pension assets internally, of which the majority is invested in private investment funds with the remaining investments in Berkshire Hathaway and Markel stock, and short-term fixed-income securities. The remaining 52% of plan assets are managed by two investment companies. The goal of the investment managers is to produce moderate long-term growth in the value of these assets, while protecting them against large decreases in value. Both investment managers may invest in a combination of equity and fixed-income securities and cash. The managers are not permitted to invest in securities of the Company or in alternative investments. One investment manager cannot invest more than 15% of the assets at the time of purchase in the stock of Alphabet and Berkshire Hathaway, and no more than 35% of the assets it manages in specified international exchanges at the time the investment is made. The other investment manager cannot invest more than 20% of the assets at the time of purchase in the stock of Berkshire Hathaway, and no more than 15% of the assets it manages in specified international exchanges at the time the investment is made, and no less than 5% of the assets could be invested in fixed-income securities. Excluding the exceptions noted above, the investment managers cannot invest more than 10% of the assets in the securities of any other single issuer, except for obligations of the U.S. Government, without receiving prior approval from the Plan administrator.

In determining the expected rate of return on plan assets, the Company considers the relative weighting of plan assets, the historical performance of total plan assets and individual asset classes and economic and other indicators of future performance. In addition, the Company may consult with and consider the input of financial and other professionals in developing appropriate return benchmarks.

The Company evaluated its defined benefit pension plan asset portfolio for the existence of significant concentrations (defined as greater than 10% of plan assets) of credit risk as of June 30, 2024. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country and individual fund. At June 30, 2024, the pension plan held investments in one common stock, one private investment fund, and one U.S. Treasury securities fund that exceeded 10% of total plan assets, valued at $1,602.3 million, or approximately 49% of total plan assets. At December 31, 2023, the pension plan held investments in one common stock and one private investment fund that exceeded 10% of total plan assets, valued at $1,011.1 million, or approximately 34% of total plan assets. Assets also included $91.4 million and $82.4 million of Markel shares at June 30, 2024 and December 31, 2023, respectively.

Other Postretirement Plans. The total benefit arising from the Company's other postretirement plans consists of the following components:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2024**	2023	**2024**	2023
Interest cost	**$ 14**	$ 52	**$ 28**	$ 74
Amortization of prior service credit	**—**	(1)	**—**	(2)
Recognized actuarial gain	**(470)**	(546)	**(939)**	(1,172)
Net Periodic Benefit	**$ (456)**	$ (495)	**$ (911)**	$ (1,100)

12. OTHER NON-OPERATING INCOME

A summary of non-operating income is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands)	**2024**	2023	**2024**	2023
Gain on sale of businesses	**$ 3,483**	$ 12,232	**$ 4,358**	$ 13,232
Foreign currency (loss) gain, net	**(1,700)**	1,604	**(1,083)**	100
Impairment of cost method investments	**(338)**	—	**(744)**	—
Gain on sale of investment in affiliate	**15**	—	**15**	15
Gain on sale of cost method investments	**—**	46	**6**	831
Gain on cost method investments	**—**	1,273	**—**	3,104
Other gain, net	**331**	639	**886**	1,595
Total Other Non-Operating Income	**$ 1,791**	$ 15,794	**$ 3,438**	$ 18,877

The gain on cost method investments results from observable price changes in the fair value of the underlying equity securities accounted for under the cost method (see Notes 3 and 8).

During the six months ended June 30, 2024, the Company recorded contingent consideration gains of $0.9 million related to the disposition of Kaplan University (KU) in 2018. During the three and six months ended June 30, 2023, the Company recorded contingent consideration gains of $2.2 million and $3.2 million, respectively.

In the second quarter of 2024, the Company recorded a $3.5 million gain related to the sale of a small business by WGB, which included five websites (see Note 2).

In the second quarter of 2023, the Company recorded a $10.0 million gain related to the Pinna transaction (see Notes 2 and 3). The Company used a market approach to determine the fair value of the noncontrolling financial interest received in Realm in exchange for the Pinna business.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The other comprehensive loss consists of the following components:

	Three Months Ended June 30					
	2024			2023		
(in thousands)	**Before-Tax Amount**	**Income Tax**	**After-Tax Amount**	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:						
Translation adjustments arising during the period	**$ 3,517**	**$ —**	**$ 3,517**	$ 2,384	$ —	$ 2,384
Pension and other postretirement plans:						
Amortization of net prior service (credit) cost included in net income	**(482)**	**124**	**(358)**	411	(106)	305
Amortization of net actuarial gain included in net income	**(11,733)**	**3,004**	**(8,729)**	(10,434)	2,684	(7,750)
	(12,215)	**3,128**	**(9,087)**	(10,023)	2,578	(7,445)
Cash flow hedges:						
Gains for the period	**346**	**(91)**	**255**	1,188	(273)	915
Other Comprehensive Loss	**$ (8,352)**	**$ 3,037**	**$ (5,315)**	$ (6,451)	$ 2,305	$ (4,146)

	Six Months Ended June 30					
	2024			2023		
(in thousands)	**Before-Tax Amount**	**Income Tax**	**After-Tax Amount**	Before-Tax Amount	Income Tax	After-Tax Amount
Foreign currency translation adjustments:						
Translation adjustments arising during the period	**$ (9,767)**	**$ —**	**$ (9,767)**	$ 11,378	$ —	$ 11,378
Pension and other postretirement plans:						
Amortization of net prior service (credit) cost included in net income	**(976)**	**250**	**(726)**	820	(211)	609
Amortization of net actuarial gain included in net income	**(24,720)**	**6,329**	**(18,391)**	(21,200)	5,453	(15,747)
	(25,696)	**6,579**	**(19,117)**	(20,380)	5,242	(15,138)
Cash flow hedges:						
Gains for the period	**1,457**	**(380)**	**1,077**	258	(59)	199
Other Comprehensive Loss	**$ (34,006)**	**$ 6,199**	**$ (27,807)**	$ (8,744)	$ 5,183	$ (3,561)

The accumulated balances related to each component of other comprehensive income (loss) are as follows:

(in thousands, net of taxes)	**Cumulative Foreign Currency Translation Adjustment**	**Unrealized Gain on Pensions and Other Postretirement Plans**	**Cash Flow Hedges**	**Accumulated Other Comprehensive Income**
Balance as of December 31, 2023	$ (32,711)	$ 649,185	$ (2,137)	$ 614,337
Other comprehensive (loss) income before reclassifications	**(9,767)**	**—**	**1,322**	**(8,445)**
Net amount reclassified from accumulated other comprehensive income (loss)	**—**	**(19,117)**	**(245)**	**(19,362)**
Net other comprehensive (loss) income	**(9,767)**	**(19,117)**	**1,077**	**(27,807)**
Balance as of June 30, 2024	**$ (42,478)**	**$ 630,068**	**$ (1,060)**	**$ 586,530**

The amounts and line items of reclassifications out of Accumulated Other Comprehensive Income (Loss) are as follows:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30		Affected Line Item in the Condensed Consolidated Statements of Operations
	2024	2023	**2024**	2023	
Pension and Other Postretirement Plans:					
Amortization of net prior service (credit) cost	**$ (482)**	$ 411	**$ (976)**	$ 820	(1)
Amortization of net actuarial gain	**(11,733)**	(10,434)	**(24,720)**	(21,200)	(1)
	(12,215)	(10,023)	**(25,696)**	(20,380)	Before tax
	3,128	2,578	**6,579**	5,242	Provision for Income Taxes
	(9,087)	(7,445)	**(19,117)**	(15,138)	Net of Tax
Cash Flow Hedges	**(120)**	(235)	**(245)**	(409)	Interest expense
Total reclassification for the period	**$ (9,207)**	$ (7,680)	**$ (19,362)**	$ (15,547)	Net of Tax

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(1) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and postretirement plan cost (see Note 11) and are included in non-operating pension and postretirement benefit income in the Company's Condensed Consolidated Statements of Operations.

14. CONTINGENCIES

Litigation, Legal and Other Matters. The Company and its subsidiaries are subject to complaints and administrative proceedings and are defendants in various civil lawsuits that have arisen in the ordinary course of their businesses, including contract disputes; actions alleging negligence, libel, defamation and invasion of privacy; trademark, copyright and patent infringement; real estate lease and sublease disputes; violations of employment laws and applicable wage and hour laws; and statutory or common law claims involving current and former students and employees. Although the outcomes of the legal claims and proceedings against the Company cannot be predicted with certainty, based on currently available information, management believes that there are no existing claims or proceedings that are likely to have a material effect on the Company's business, financial condition, results of operations or cash flows. However, based on currently available information, management believes it is reasonably possible that future losses from existing and threatened legal, regulatory and other proceedings in excess of the amounts recorded could reach approximately $10 million.

15. BUSINESS SEGMENTS

The Company has seven reportable segments: Kaplan International, Kaplan Higher Education, Kaplan Supplemental Education, Television Broadcasting, Manufacturing, Healthcare and Automotive.

As of June 30, 2024, Kaplan had a total outstanding accounts receivable balance of $114.0 million from Purdue Global related to amounts due for reimbursements for services, fees earned and a deferred fee. Included in this total, Kaplan has a $19.6 million long-term receivable balance due from Purdue Global at June 30, 2024, related to the advance of $20.0 million during the initial KU Transaction.

During the three and six months ended June 30, 2024, the automotive group recorded expense of $2.0 million and $4.0 million, respectively, for operating and management services provided by Christopher J. Ourisman and his team of industry professionals. During the three and six months ended June 30, 2023, the automotive group recorded expense of $1.8 million and $3.4 million, respectively, for these services.

The following tables summarize the financial information related to each of the Company's business segments:

(in thousands)	Three Months Ended June 30 **2024**	Three Months Ended June 30 2023	Six Months Ended June 30 **2024**	Six Months Ended June 30 2023
Operating Revenues				
Education	**$ 422,899**	$ 402,227	**$ 845,497**	$ 780,268
Television broadcasting	**115,478**	118,829	**228,536**	231,706
Manufacturing	**103,626**	120,082	**205,529**	234,666
Healthcare	**147,528**	113,282	**275,729**	215,341
Automotive	**308,814**	260,672	**612,654**	493,233
Other businesses	**86,991**	90,449	**170,289**	182,457
Corporate office	**575**	850	**1,151**	850
Intersegment elimination	**(631)**	(1,392)	**(1,443)**	(1,976)
	$ 1,185,280	$ 1,104,999	**$ 2,337,942**	$ 2,136,545
Income (Loss) from Operations before Amortization of Intangible Assets and Impairment of Goodwill and Other Long-Lived Assets				
Education	**$ 38,149**	$ 34,100	**$ 71,710**	$ 61,556
Television broadcasting	**32,488**	34,553	**63,471**	64,498
Manufacturing	**6,913**	16,314	**13,102**	28,504
Healthcare	**13,335**	9,259	**20,062**	13,149
Automotive	**10,208**	9,460	**19,860**	20,303
Other businesses	**(24,100)**	(21,118)	**(50,383)**	(49,024)
Corporate office	**(14,737)**	(11,209)	**(29,373)**	(25,282)
	$ 62,256	$ 71,359	**$ 108,449**	$ 113,704
Amortization of Intangible Assets and Impairment of Goodwill and Other Long-Lived Assets				
Education	**$ 2,872**	$ 3,984	**$ 5,846**	$ 8,400
Television broadcasting	**1,360**	1,363	**2,710**	2,725
Manufacturing	**2,648**	4,332	**5,768**	9,194
Healthcare	**598**	882	**1,234**	1,836
Automotive	**5**	—	**5**	—
Other businesses	**28,862**	2,743	**31,533**	5,838
Corporate office	**—**	—	**—**	—
	$ 36,345	$ 13,304	**$ 47,096**	$ 27,993
Income (Loss) from Operations				
Education	**$ 35,277**	$ 30,116	**$ 65,864**	$ 53,156
Television broadcasting	**31,128**	33,190	**60,761**	61,773
Manufacturing	**4,265**	11,982	**7,334**	19,310
Healthcare	**12,737**	8,377	**18,828**	11,313
Automotive	**10,203**	9,460	**19,855**	20,303
Other businesses	**(52,962)**	(23,861)	**(81,916)**	(54,862)
Corporate office	**(14,737)**	(11,209)	**(29,373)**	(25,282)
	$ 25,911	$ 58,055	**$ 61,353**	$ 85,711
Equity in Earnings (Losses) of Affiliates, Net	**2,560**	(6,115)	**4,891**	(1,454)
Interest Expense, Net	**(89,272)**	(10,226)	**(106,422)**	(23,316)
Non-Operating Pension and Postretirement Benefit Income, Net	**24,655**	29,815	**67,072**	61,660
Gain on Marketable Equity Securities, Net	**19,628**	78,648	**123,780**	96,670
Other Income, Net	**1,791**	15,794	**3,438**	18,877
(Loss) Income Before Income Taxes	**$ (14,727)**	$ 165,971	**$ 154,112**	$ 238,148

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Depreciation of Property, Plant and Equipment				
Education	**$ 8,855**	$ 9,460	**$ 18,160**	$ 18,428
Television broadcasting	**2,870**	3,087	**5,738**	6,123
Manufacturing	**2,694**	2,287	**5,409**	4,569
Healthcare	**1,683**	1,287	**3,277**	2,391
Automotive	**1,716**	1,148	**3,429**	2,261
Other businesses	**4,204**	3,681	**8,387**	7,050
Corporate office	**151**	153	**300**	306
	$ 22,173	$ 21,103	**$ 44,700**	$ 41,128
Pension Service Cost				
Education	**$ 4,712**	$ 2,256	**$ 8,822**	$ 4,454
Television broadcasting	**1,416**	805	**3,055**	1,665
Manufacturing	**292**	281	**919**	556
Healthcare	**4,851**	2,685	**9,609**	7,042
Automotive	**42**	5	**57**	10
Other businesses	**1,674**	613	**3,614**	1,185
Corporate office	**1,084**	928	**2,029**	1,904
	$ 14,071	$ 7,573	**$ 28,105**	$ 16,816
Capital Expenditures				
Education	**$ 5,138**	$ 7,166	**$ 12,657**	$ 15,200
Television broadcasting	**1,708**	1,680	**3,337**	3,177
Manufacturing	**2,608**	4,805	**8,268**	10,591
Healthcare	**2,890**	3,446	**4,826**	5,153
Automotive	**1,165**	1,854	**2,369**	4,103
Other businesses	**6,898**	3,574	**10,375**	6,612
Corporate office	**357**	—	**405**	3
	$ 20,764	$ 22,525	**$ 42,237**	$ 44,839

Asset information for the Company’s business segments is as follows:

(in thousands)	As of	
	June 30, 2024	December 31, 2023
Identifiable Assets		
Education	**$ 1,924,838**	$ 2,021,471
Television broadcasting	**413,786**	419,557
Manufacturing	**420,789**	431,712
Healthcare	**293,406**	265,150
Automotive	**616,260**	597,267
Other businesses	**333,875**	368,542
Corporate office	**102,959**	93,760
	$ 4,105,913	$ 4,197,459
Investments in Marketable Equity Securities	**813,444**	690,153
Investments in Affiliates	**185,500**	186,480
Prepaid Pension Cost	**2,129,196**	2,113,638
Total Assets	**$ 7,234,053**	$ 7,187,730

The Company’s education division comprises the following operating segments:

(in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Operating Revenues				
Kaplan international	**$ 267,026**	$ 237,663	**$ 536,824**	$ 464,739
Higher education	**81,041**	90,291	**161,163**	168,632
Supplemental education	**73,133**	74,616	**145,255**	148,203
Kaplan corporate and other	**2,993**	2,887	**5,581**	5,259
Intersegment elimination	**(1,294)**	(3,230)	**(3,326)**	(6,565)
	$ 422,899	$ 402,227	**$ 845,497**	$ 780,268
Income (Loss) from Operations before Amortization of Intangible Assets and Impairment of Long-Lived Assets				
Kaplan international	**$ 25,824**	$ 20,751	**$ 57,136**	$ 42,052
Higher education	**14,354**	17,795	**19,873**	24,878
Supplemental education	**5,672**	3,512	**10,252**	7,263
Kaplan corporate and other	**(8,055)**	(7,824)	**(15,640)**	(12,662)
Intersegment elimination	**354**	(134)	**89**	25
	$ 38,149	$ 34,100	**$ 71,710**	$ 61,556
Amortization of Intangible Assets	**$ 2,872**	$ 3,984	**$ 5,846**	$ 7,923
Impairment of Long-Lived Assets	**$ —**	$ —	**$ —**	$ 477
Income (Loss) from Operations				
Kaplan international	**$ 25,824**	$ 20,751	**$ 57,136**	$ 42,052
Higher education	**14,354**	17,795	**19,873**	24,878
Supplemental education	**5,672**	3,512	**10,252**	7,263
Kaplan corporate and other	**(10,927)**	(11,808)	**(21,486)**	(21,062)
Intersegment elimination	**354**	(134)	**89**	25
	$ 35,277	$ 30,116	**$ 65,864**	$ 53,156
Depreciation of Property, Plant and Equipment				
Kaplan international	**$ 7,177**	$ 6,903	**$ 14,533**	$ 13,233
Higher education	**799**	1,071	**1,702**	2,173
Supplemental education	**857**	1,461	**1,876**	2,970
Kaplan corporate and other	**22**	25	**49**	52
	$ 8,855	$ 9,460	**$ 18,160**	$ 18,428
Pension Service Cost				
Kaplan international	**$ 166**	$ 81	**$ 329**	$ 161
Higher education	**2,045**	923	**3,826**	1,845
Supplemental education	**2,094**	1,023	**3,912**	2,047
Kaplan corporate and other	**407**	229	**755**	401
	$ 4,712	$ 2,256	**$ 8,822**	$ 4,454
Capital Expenditures				
Kaplan international	**$ 4,503**	$ 6,161	**$ 11,520**	$ 13,302
Higher education	**174**	566	**233**	638
Supplemental education	**461**	417	**904**	1,238
Kaplan corporate and other	**—**	22	**—**	22
	$ 5,138	$ 7,166	**$ 12,657**	$ 15,200

Asset information for the Company’s education division is as follows:

(in thousands)	As of	
	June 30, 2024	December 31, 2023
Identifiable Assets		
Kaplan international	**$ 1,440,409**	$ 1,537,989
Higher education	**205,601**	187,972
Supplemental education	**231,916**	249,519
Kaplan corporate and other	**46,912**	45,991
	$ 1,924,838	$ 2,021,471

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.

This analysis should be read in conjunction with the condensed consolidated financial statements and the notes thereto.

Results of Operations

The Company reported a net loss attributable to common shares of $21.0 million ($4.79 per share) for the second quarter of 2024, compared to income of $122.8 million ($25.89 per share) for the second quarter of 2023.

Items included in the Company's net loss for the second quarter of 2024:

- $26.3 million in goodwill and intangible asset impairment charges at World of Good Brands (WGB) (after tax impact of $20.6 million, or $4.62 per share);
- $16.4 million in non-operating expenses related to a Voluntary Retirement Incentive Program (VRIP) at the television broadcasting division and the corporate office, and Separation Incentive Programs (SIPs) at other businesses (after tax-impact of $12.2 million, or $2.74 per share);
- $73.5 million in interest expense to adjust the fair value of the mandatorily redeemable noncontrolling interest (after-tax impact of $61.4 million, or $13.77 per share);
- $19.6 million in net gains on marketable equity securities (after-tax impact of $14.6 million, or $3.28 per share);
- $1.1 million in net losses of affiliates whose operations are not managed by the Company (after-tax impact of $0.8 million, or $0.19 per share);
- a non-operating gain of $3.5 million from the sale of certain WGB websites (after-tax impact of $2.7 million, or $0.61 per share); and
- non-operating loss of $0.3 million from the impairment of a cost method investment (after-tax impact of $0.3 million, or $0.06 per share).

Items included in the Company's net income for the second quarter of 2023:

- a $4.8 million net credit related to a fair value change in contingent consideration from prior acquisitions (after-tax impact of $4.7 million, or $0.98 per share);
- $5.5 million in expenses related to non-operating SIPs at other businesses and the education and television broadcasting divisions (after-tax impact of $4.1 million, or $0.86 per share);
- a $1.2 million credit to interest expense to adjust the fair value of the mandatorily redeemable noncontrolling interest (after-tax impact of $1.2 million, or $0.24 per share);
- $78.6 million in net gains on marketable equity securities (after-tax impact of $57.9 million, or $12.22 per share);
- $8.6 million in net losses of affiliates whose operations are not managed by the Company (after-tax impact of $6.4 million, or $1.34 per share);
- a non-operating gain of $10.0 million on the sale of Pinna (after-tax impact of $7.4 million, or $1.56 per share); and
- non-operating gain of $1.3 million from the write-up and sale of cost method investments (after-tax impact of $1.0 million, or $0.21 per share).

Revenue for the second quarter of 2024 was $1,185.3 million, up 7% from $1,105.0 million in the second quarter of 2023. Revenues increased at education, healthcare and automotive, partially offset by declines at television broadcasting, manufacturing and other businesses. The Company reported operating income of $25.9 million for the second quarter of 2024, compared to $58.1 million for the second quarter of 2023. The decrease in operating results is due to goodwill and intangible asset impairment charges at WGB and declines at television broadcasting, manufacturing and other businesses, partially offset by increases at education, healthcare and automotive.

For the first six months of 2024, the Company recorded net income attributable to common shares of $103.3 million ($23.11 per share), compared to $175.1 million ($36.67 per share) for the first six months of 2023.

Items included in the Company's net income for the first six months of 2024:

- $26.3 million in goodwill and intangible asset impairment charges at WGB (after tax impact of $20.6 million, or $4.60 per share);
- $16.8 million in non-operating expenses related to a VRIP at the television broadcasting division and the corporate office, and SIPs at other businesses (after tax-impact of $12.5 million, or $2.80 per share);
- $75.4 million in interest expense to adjust the fair value of the mandatorily redeemable noncontrolling interest (after-tax impact of $63.2 million, or $14.13 per share);
- $123.8 million in net gains on marketable equity securities (after-tax impact of $92.1 million, or $20.59 per share);
- $2.6 million in net losses of affiliates whose operations are not managed by the Company (after-tax impact of $1.9 million, or $0.43 per share);
- a non-operating gain of $3.5 million from the sale of certain WGB websites (after-tax impact of $2.7 million, or $0.61 per share); and
- non-operating loss of $0.7 million from the impairment of cost method investments (after-tax impact of $0.6 million, or $0.12 per share).

Items included in the Company's net income for the first six months of 2023:

- a $4.7 million net credit related to a fair value change in contingent consideration from prior acquisitions (after-tax impact of $4.5 million, or $0.95 per share);
- $9.6 million in expenses related to non-operating SIPs at other businesses and the education and television broadcasting divisions (after-tax impact of $7.2 million, or $1.50 per share);
- $0.3 million in interest expense to adjust the fair value of the mandatorily redeemable noncontrolling interest (after-tax impact of $0.2 million, or $0.05 per share);
- $96.7 million in net gains on marketable equity securities (after-tax impact of $71.2 million, or $14.92 per share);
- $6.8 million in net losses of affiliates whose operations are not managed by the Company (after-tax impact of $5.0 million, or $1.05 per share);
- a non-operating gain of $10.0 million on the sale of Pinna (after-tax impact of $7.4 million, or $1.55 per share); and
- non-operating gain of $3.9 million from the write-up and sales of cost method investments (after-tax impact of $2.9 million, or $0.61 per share).

Revenue for the first six months of 2024 was $2,337.9 million, up 9% from $2,136.5 million in the first six months of 2023. Revenues increased at education, healthcare and automotive, partially offset by declines at television broadcasting, manufacturing and other businesses. The Company recorded operated income of $61.4 million for the first six months of 2024, compared to $85.7 million for the first six months of 2023. The decrease in operating results is due to goodwill and intangible asset impairment charges at WGB and declines at television broadcasting, manufacturing, automotive and other businesses, partially offset by increases at education and healthcare.

Division Results

Education

Education division revenue totaled $422.9 million for the second quarter of 2024, up 5% from $402.2 million for the same period of 2023. Kaplan reported operating income of $35.3 million for the second quarter of 2024, compared to $30.1 million for the second quarter of 2023.

For the first six months of 2024, education division revenue totaled $845.5 million, up 8% from $780.3 million for the same period of 2023. Kaplan reported operating income of $65.9 million for the first six months of 2024, compared to $53.2 million for the first six months of 2023.

A summary of Kaplan's operating results is as follows:

(in thousands)	Three Months Ended June 30 2024	Three Months Ended June 30 2023	% Change	Six Months Ended June 30 2024	Six Months Ended June 30 2023	% Change
Revenue						
Kaplan international	**$ 267,026**	$ 237,663	12	**$ 536,824**	$ 464,739	16
Higher education	**81,041**	90,291	(10)	**161,163**	168,632	(4)
Supplemental education	**73,133**	74,616	(2)	**145,255**	148,203	(2)
Kaplan corporate and other	**2,993**	2,887	4	**5,581**	5,259	6
Intersegment elimination	**(1,294)**	(3,230)	—	**(3,326)**	(6,565)	—
	$ 422,899	$ 402,227	5	**$ 845,497**	$ 780,268	8
Operating Income (Loss)						
Kaplan international	**$ 25,824**	$ 20,751	24	**$ 57,136**	$ 42,052	36
Higher education	**14,354**	17,795	(19)	**19,873**	24,878	(20)
Supplemental education	**5,672**	3,512	62	**10,252**	7,263	41
Kaplan corporate and other	**(8,055)**	(7,824)	(3)	**(15,640)**	(12,662)	(24)
Amortization of intangible assets	**(2,872)**	(3,984)	28	**(5,846)**	(7,923)	26
Impairment of long-lived assets	**—**	—	—	**—**	(477)	—
Intersegment elimination	**354**	(134)	—	**89**	25	—
	$ 35,277	$ 30,116	17	**$ 65,864**	$ 53,156	24

Kaplan International includes postsecondary education, professional training and language training businesses largely outside the United States (U.S.). Kaplan International revenue increased 12% and 16% for the second quarter and first six months of 2024, respectively (12% and 14%, respectively, on a constant currency basis). The increase is due largely to growth at Pathways, Australia, UK Professional and Singapore. Kaplan International reported operating income of $25.8 million in the second quarter of 2024, compared to $20.8 million in the second quarter of 2023. The increase is due largely to improved results at Australia, UK Professional and Pathways. Operating income increased to $57.1 million in the first six months of 2024, compared to $42.1 million in the first six months of 2023. The increase is due largely to improved results at Australia, UK Professional, Pathways and Singapore, partially offset by a decline at Languages.

Higher Education includes the results of Kaplan as a service provider to higher education institutions. Higher Education revenue declined 10% and 4% for the second quarter and first six months of 2024, respectively, due primarily to a decrease in the Purdue Global fee recorded and reduced reimbursable expenses. The lower Purdue Global fee recorded was primarily due to timing of academic term starts. Enrollments at Purdue Global, the largest institutional client, increased 3% for the first half of 2024 compared to the first half of 2023. For the second quarter and first six months of 2024 and 2023, Kaplan recorded a portion of the fee from Purdue Global. The Company will continue to assess the fee it records from Purdue Global on a quarterly basis to make a determination as to whether to record all or part of the fee in the future and whether to adjust fee amounts recognized in earlier periods. Higher Education operating results declined in the second quarter and first six months of 2024 due to a lower Purdue Global fee recorded compared to the second quarter and first six months of 2023 and an increase in higher education development costs.

Supplemental Education includes Kaplan's standardized test preparation programs and domestic professional and other continuing education businesses. Supplemental Education revenue declined 2% for the second quarter and first six months of 2024, driven mostly by softness in Medical Licensure test preparation and publishing activities and Real Estate, offset in part by growth in Insurance, CFA, Architecture and Engineering and MCAT test preparation. Operating results improved in the second quarter and first six months of 2024 due to cost reductions from lower headcount, partially offset by lower revenues.

Kaplan corporate and other represents unallocated expenses of Kaplan, Inc.'s corporate office, other minor businesses and certain shared activities. Kaplan corporate and other expenses increased in the second quarter and first six months of 2024, largely due to increased employee benefit and incentive compensation costs.

Television Broadcasting

A summary of television broadcasting's operating results is as follows:

(in thousands)	Three Months Ended June 30 2024	Three Months Ended June 30 2023	% Change	Six Months Ended June 30 2024	Six Months Ended June 30 2023	% Change
Revenue	**$ 115,478**	$ 118,829	(3)	**$ 228,536**	$ 231,706	(1)
Operating Income	**31,128**	33,190	(6)	**60,761**	61,773	(2)

Graham Media Group, Inc. owns seven television stations located in Houston, TX; Detroit, MI; Orlando, FL; San Antonio, TX; Jacksonville, FL; and Roanoke, VA, as well as SocialNewsDesk, a provider of social media management tools designed to connect newsrooms with their users. Revenue at the television broadcasting division decreased 3% to $115.5 million in the second quarter of 2024, from $118.8 million in the same period of 2023. The revenue decline is due to a $2.7 million decrease in retransmission revenue and declines in local and digital advertising revenues, partially offset by a $4.8 million increase in political advertising revenue. Operating income for the second quarter of 2024 was down 6% to $31.1 million, from $33.2 million in the same period of 2023, due to lower revenues and increased pension expense, partially offset by lower network fees.

Revenue at the television broadcasting division was down 1% to $228.5 million in the first six months of 2024, from $231.7 million in the same period of 2023. The revenue decline is due to a $2.7 million decrease in retransmission revenue and a decline in local advertising revenue, partially offset by a $6.2 million increase in political advertising revenue; digital advertising revenue was flat in the first six months of 2024. Operating income for the first six months of 2024 was down 2% to $60.8 million, from $61.8 million in the same period of 2023, due to modestly lower revenues and increased pension expense, partially offset by lower network fees and lower overall costs. While per subscriber rates from cable, satellite and OTT providers have grown, overall cable and satellite subscribers are down due to cord cutting, resulting in retransmission revenue net of network fees in 2024 expected to decline compared with 2023, and this trend is expected to continue.

In the second quarter of 2024, the Company offered a VRIP to certain employees at the television broadcasting division. The early retirement program expense for this program will be funded by the assets of the Company's pension plan; $14.3 million in related non-operating pension expense was recorded in the second quarter of 2024.

Manufacturing

A summary of manufacturing's operating results is as follows:

	Three Months Ended June 30			Six Months Ended June 30		
(in thousands)	**2024**	2023	% Change	**2024**	2023	% Change
Revenue	**$ 103,626**	$ 120,082	(14)	**$ 205,529**	$ 234,666	(12)
Operating Income	**4,265**	11,982	(64)	**7,334**	19,310	(62)

Manufacturing includes four businesses: Hoover, a supplier of pressure impregnated kiln-dried lumber and plywood products for fire retardant and preservative applications; Dekko, a manufacturer of electrical workspace solutions, architectural lighting and electrical components and assemblies; Joyce/Dayton, a manufacturer of screw jacks and other linear motion systems; and Forney, a global supplier of products and systems that control and monitor combustion processes in electric utility and industrial applications.

Manufacturing revenues decreased 14% and 12% in the second quarter and first six months of 2024, respectively. The revenue decline in the second quarter of 2024 is due to lower revenues at Hoover, Forney and Joyce, partially offset by a modest increase in revenues at Dekko. The revenue decline in the first six months of 2024 is due to lower revenues at all of the manufacturing businesses. The revenue decline at Hoover is due largely to a decrease in volumes and overall product demand, particularly for multi-family housing. Revenues declined at Dekko due to lower product demand. Overall, Hoover results included wood gains on inventory sales in the first half of 2024 and 2023, with gains in the first half of 2024 lower than the prior year. For the second quarter of 2024, Hoover results included modest wood losses on inventory sales compared with wood gains on inventory sales in the second quarter of 2023. Manufacturing operating results were down in the second quarter and first six months 2024 due largely to significant declines at Hoover and Dekko, along with declines at Joyce and Forney.

Healthcare

A summary of healthcare's operating results is as follows:

	Three Months Ended June 30			Six Months Ended June 30		
(in thousands)	**2024**	2023	% Change	**2024**	2023	% Change
Revenue	**$ 147,528**	$ 113,282	30	**$ 275,729**	$ 215,341	28
Operating Income	**12,737**	8,377	52	**18,828**	11,313	66

Graham Healthcare Group (GHG) provides home health and hospice services in seven states. GHG also provides nursing care and prescription services for patients receiving in-home infusion treatments through its 86.7% interest in CSI Pharmacy Holding Company, LLC (CSI), and other healthcare services. Healthcare revenues increased 30% and 28% for the second quarter and first six months of 2024, respectively, due largely to significant growth at CSI from an expansion of infusion treatment offerings and patient service areas; revenues also grew in home health and hospice services and at the other healthcare businesses. The increase in GHG operating results in the second quarter and first six months of 2024 is due to substantially higher operating results at CSI from significant revenue growth, along with improved results at home health, partially offset by a decline in hospice results and increased pension expense. In January 2022, GHC implemented a pension credit retention program offering a pension credit up to $50,000 per employee, cliff vested after three years of continuous employment for certain existing employees and new employees. Effective April 1, 2024, this program is no longer being offered to new employees.

The Company also holds interests in four home health and hospice joint ventures managed by GHG, whose results are included in equity in earnings of affiliates in the Company's Condensed Consolidated Statements of Operations. The Company recorded equity in earnings of $3.4 million and $2.3 million for the second quarter of 2024 and 2023, respectively, from these joint ventures. The Company recorded equity in earnings of $6.8 million and $5.0 million for the first six months of 2024 and 2023, respectively.

Automotive

A summary of automotive's operating results is as follows:

	Three Months Ended June 30			Six Months Ended June 30		
(in thousands)	**2024**	2023	% Change	**2024**	2023	% Change
Revenue	**$ 308,814**	$ 260,672	18	**$ 612,654**	$ 493,233	24
Operating Income	**10,203**	9,460	8	**19,855**	20,303	(2)

Automotive includes eight automotive dealerships in the Washington, DC metropolitan area and Richmond, VA: Ourisman Lexus of Rockville, Ourisman Honda of Tysons Corner, Ourisman Jeep Bethesda, Ourisman Ford of Manassas, Toyota of Woodbridge, Ourisman Chrysler-Dodge-Jeep-Ram (CDJR) of Woodbridge and Ourisman Toyota of Richmond, which was acquired on September 27, 2023 from McGeorge Toyota. The automotive group was awarded a Kia Open Point dealership in Bethesda, MD, which commenced operations at the end of December 2023. Christopher J. Ourisman, a member of the Ourisman Automotive Group family of dealerships, and his team of industry professionals operate and manage the dealerships; the Company holds a 90% stake.

Revenues for the second quarter of 2024 increased 18% due largely to the Toyota of Richmond acquisition and the addition of the Kia dealership, as well as sales growth for new vehicles and for services and parts, partially offset by a decline in used vehicle sales. Revenues for the first six months of 2024 increased 24% due largely to the Toyota of Richmond acquisition and the addition of the Kia dealership, as well as sales growth for new and used vehicles and for services and parts. Operating results increased for the second quarter of 2024 due largely to earnings from the Toyota of Richmond acquisition and higher overall gross margins on services and parts, partially offset by lower overall gross margins on new and used vehicles. Operating results declined modestly for first six months of 2024 due largely to lower overall gross margins on new and used vehicles, partially offset by earnings from the Toyota of Richmond acquisition and higher overall gross margins on services and parts.

Other Businesses

A summary of revenue by category for other businesses:

	Three Months Ended June 30		%	Six Months Ended June 30		%
(in thousands)	**2024**	2023	Change	**2024**	2023	Change
Operating Revenues						
Retail [(1)]	**$ 26,573**	$ 29,373	(10)	**$ 52,610**	$ 61,770	(15)
Media [(2)]	**22,948**	25,283	(9)	**46,044**	50,686	(9)
Specialty [(3)]	**37,470**	35,793	5	**71,635**	70,001	2
	$ 86,991	$ 90,449	(4)	**$ 170,289**	$ 182,457	(7)

(1) Includes Society6 and Saatchi Art (formerly Leaf Marketplace) and Framebridge

(2) Includes World of Good Brands (formerly Leaf Media), Code3, Slate, Foreign Policy, Pinna and City Cast

(3) Includes Clyde's Restaurant Group, Decile and Supporting Cast

Overall, revenue from other businesses declined 4% and 7% in the second quarter and first six months of 2024, respectively. Retail revenue declined in the first half of 2024 largely due to lower revenue at Society6, partially offset by revenue growth at Saatchi Art and Framebridge. Media revenue declined in the first half of 2024 due to lower revenue at WGB and Code3, partially offset by revenue growth at Slate and City Cast. Specialty revenue increased modestly in the first half of 2024 due to revenue growth at Clyde's Restaurant Group (CRG), Decile and Supporting

Cast. Excluding the former Leaf businesses, revenue from other businesses grew in the second quarter and first six months of 2024.

Overall, operating results at other businesses declined significantly in the first six months of 2024 due to $26.3 million in goodwill and intangible asset impairment charges at WGB and increased pension expense. Excluding these impairment charges and increased pension expense, operating results at other businesses improved modestly in the first half of 2024.

Leaf Group

On June 14, 2021, the Company acquired Leaf Group Ltd. (Leaf), a consumer internet company headquartered in Santa Monica, CA, that builds enduring, creator-driven brands that reach passionate audiences in large and growing lifestyle categories, including fitness and wellness (Well+Good and Livestrong.com), and home, art and design (Saatchi Art and Society6).

In the second quarter of 2023, the Company restructured Leaf into three stand-alone businesses: Society6 (formerly included in Leaf Marketplace), Saatchi Art (formerly included in Leaf Marketplace) and WGB (formerly Leaf Media). The transition process for this restructuring involves various cost reduction initiatives, including elimination of shared services costs and functions; transitioning financial and human resources systems; and rationalizing physical facilities and data centers. In the first and second quarters of 2023, Leaf implemented a SIP to reduce the number of employees, which was funded by the assets of the Company's pension plan; $2.9 million and $3.9 million in related non-operating pension expense was recorded in the first and second quarters of 2023, respectively. Each of Society6, Saatchi Art and WGB has continued with the transition and cost reduction process, which was largely complete at the end of the second quarter of 2024.

Revenues at Society6 and WGB declined substantially in the second quarter and first six months of 2024. Revenue declines at Society6 are due to declines in traffic, largely driven by a significant decrease in advertising spend, as well as softer demand in the home decor category. Revenue declines at WGB are due to reduced traffic and the soft digital advertising market for programmatic. Revenues at Saatchi Art grew in the second quarter and first six months of 2024. Overall, the Leaf businesses reported significant operating losses in each of the second quarters and first six months of 2024 and 2023.

In the second quarter of 2024, the Company recorded $26.3 million in goodwill and intangible asset impairment charges at WGB, resulting from continued sustained weakness in digital advertising demand. Excluding impairment charges, losses increased modestly at the Leaf businesses in the second quarter and first six months of 2024.

Clyde's Restaurant Group

CRG owns and operates 13 restaurants and entertainment venues in the Washington, DC metropolitan area, including Old Ebbitt Grill and The Hamilton. Revenue increased in the second quarter and first six months of 2024 due to overall higher guest traffic and modest price increases. Operating results were flat in the second quarter of 2024 and declined in the first six months of 2024. Excluding pre-opening expenses incurred for new restaurants, operating results improved for the second quarter and first six months of 2024. CRG reported an operating profit in each of the second quarters and first six months of 2024 and 2023.

CRG opened a new restaurant in Baltimore, MD in July 2024 and plans to open new restaurants in Washington, DC and Reston, VA in late 2024 and late 2025, respectively.

Framebridge

Framebridge is a custom framing service company, headquartered in Washington, DC, with 23 retail locations, and two manufacturing facilities in Kentucky and New Jersey. In the second quarter of 2024, Framebridge opened one new retail store in Austin, TX. Framebridge plans to open additional stores in the second half of 2024 and continues to actively explore other opportunities for further store expansion.

Revenues increased modestly in the second quarter and first six months of 2024 due to an increase in retail revenue from same-store sales growth and operating additional retail stores compared to the same periods in 2023. Framebridge is an investment stage business and reported significant operating losses in the first six months of 2024 and 2023, with increased losses in the first six months of 2024.

In the first and second quarters of 2024, Framebridge implemented a SIP, which will be funded by the assets of the Company's pension plan; $0.4 million and $1.0 million in related non-operating pension expense was recorded in the first and second quarters of 2024, respectively.

Other

Other businesses also include Code3, a performance marketing agency focused on driving performance for brands though three core elements of digital success: media, creative and commerce; Slate and Foreign Policy, which publish online and print magazines and websites; and three investment stage businesses, Decile, City Cast and Supporting Cast. Slate, Supporting Cast, City Cast and Decile reported revenue growth in the first six months of 2024, while Code3 reported a revenue decline. Losses from City Cast, Decile, Code3, Foreign Policy and Supporting Cast in the first six months of 2024 adversely affected operating results, while Slate reported an operating profit during this period.

Other businesses also included Pinna, which was sold in June 2023 when the Company entered into a merger agreement with Realm of Possibility, Inc. (Realm), a provider of audio entertainment services, to merge Pinna with Realm in return for a noncontrolling financial interest in the merged entity. In connection with the merger, the Company recorded a $10.0 million non-cash, non-operating gain related to the transaction. The Company’s investment in Realm is reported as an equity method investment.

In the second quarter of 2024, Code3 implemented a SIP to reduce the number of employees, which will be funded by the assets of the Company’s pension plan; $0.6 million in related non-operating pension expense was recorded in the second quarter of 2024. In the first and second quarters of 2023, Code3 implemented a SIP to reduce the number of employees, which was funded by the assets of the Company’s pension plan; $1.2 million and $0.6 million in related non-operating pension expense was recorded in the first and second quarters of 2023.

Corporate Office

Corporate office includes the expenses of the Company’s corporate office and certain continuing obligations related to prior business dispositions. Corporate office expenses in the first half of 2023 benefited from a $4.2 million net credit related to a fair value change in contingent consideration from a prior acquisition.

Employee Benefit Plan Changes

Effective January 1, 2024, the Company’s defined benefit pension plan was amended to provide many of the current employees who are current plan participants with an increased pension benefit, and to provide certain current employees from several business units with a new pension benefit offering. The increased and new pension benefits will be funded by the assets of the Company’s pension plan. As a result of these changes, the Company’s matching contribution to certain of its 401(k) Savings Plans was eliminated.

Equity in Earnings (Losses) of Affiliates

At June 30, 2024, the Company held an approximate 18% interest in Intersection Holdings, LLC (Intersection), a company that provides digital marketing and advertising services and products for cities, transit systems, airports, and other public and private spaces; a 49.9% interest on a fully diluted basis in N2K Networks, a cybersecurity workforce intelligence company; and a 42.2% interest on a fully diluted basis in Realm. The Company also holds interests in several other affiliates, including a number of home health and hospice joint ventures managed by GHG and two joint ventures managed by Kaplan. Overall, the Company recorded equity in earnings of affiliates of $2.6 million for the second quarter of 2024, compared to losses of $6.1 million for the second quarter of 2023. These amounts include $1.1 million and $8.6 million in net losses for the second quarter of 2024 and 2023, respectively, from affiliates whose operations are not managed by the Company.

The Company recorded equity in earnings of affiliates of $4.9 million for the first six months of 2024, compared to losses of $1.5 million for the first six months of 2023. These amounts include $2.6 million and $6.8 million in net losses for the first six months of 2024 and 2023, respectively, from affiliates whose operations are not managed by the Company.

Net Interest Expense and Related Balances

The Company incurred net interest expense of $89.3 million and $106.4 million for the second quarter and first six months of 2024, respectively, compared to $10.2 million and $23.3 million for the second quarter and first six months of 2023, respectively.

The Company recorded interest expense of $73.5 million and $75.4 million in the second quarter and first six months of 2024, respectively, to adjust the fair value of the mandatorily redeemable noncontrolling interest at GHG. The significant adjustment recorded in the first half of 2024 is largely related to a substantial increase in the estimated fair value of CSI. The Company recorded a credit to interest expense of $1.2 million in the second quarter of 2023 and interest expense of $0.3 million in the first six months of 2023, respectively, to adjust the fair value of the mandatorily redeemable noncontrolling interest at GHG.

Excluding these adjustments, the increase in net interest expense relates primarily to higher debt balances, higher interest rates on the Company's variable debt, and increased floor plan interest expense.

At June 30, 2024, the Company had $834.8 million in borrowings outstanding at an average interest rate of 6.4%, and cash, marketable equity securities and other investments of $1,009.6 million. At June 30, 2024, the Company had $132.2 million outstanding on its $300 million revolving credit facility.

Non-operating Pension and Postretirement Benefit Income, net

The Company recorded net non-operating pension and postretirement benefit income of $24.7 million and $67.1 million for the second quarter and first six months of 2024, respectively, compared to $29.8 million and $61.7 million for the second quarter and first six months of 2023, respectively.

In the second quarter of 2024, the Company recorded $14.8 million in expenses related to a VRIP at the television broadcasting division and the corporate office and $1.6 million in expenses related to non-operating SIPs at other businesses. In the first quarter of 2024, the Company recorded $0.4 million in expenses related to a non-operating SIP at other businesses.

In the second quarter of 2023, the Company recorded $5.5 million in expenses related to non-operating SIPs at other businesses and the education and television broadcasting divisions. In the first quarter of 2023, the Company recorded $4.1 million in expenses related to non-operating SIPs at other businesses.

Gain on Marketable Equity Securities, net

Overall, the Company recognized $19.6 million and $123.8 million in net gains on marketable equity securities in the second quarter and first six months of 2024, respectively, compared to $78.6 million and $96.7 million in net gains on marketable equity securities in the second quarter and first six months of 2023, respectively.

Other Non-Operating Income

The Company recorded total other non-operating income, net, of $1.8 million for the second quarter of 2024, compared to $15.8 million for the second quarter of 2023. The 2024 amounts included a gain of $3.5 million on the sale of certain WGB websites, and other items; partially offset by $1.7 million in foreign currency losses and a $0.3 million impairment on a cost method investment. The 2023 amounts included a non-cash gain of $10.0 million on the sale of Pinna; $2.2 million in gains related to the sale of businesses and contingent consideration; $1.6 million in foreign currency gains; a $1.3 million fair value increase on a cost method investment, and other items.

The Company recorded total other non-operating income, net, of $3.4 million for the first six months of 2024, compared to $18.9 million for the first six months of 2023. The 2024 amounts included a gain of $3.5 million on the sale of certain WGB websites; $0.9 million in gains related to the sale of businesses and contingent consideration, and other items; partially offset by $1.1 million in foreign currency losses and a $0.7 million impairment on cost method investments. The 2023 amounts included a non-cash gain of $10.0 million on the sale of Pinna; $3.2 million in gains related to the sale of businesses and contingent consideration; a $3.1 million fair value increase on cost method investments; a $0.8 million gain on sales of cost method investments; $0.1 million in foreign currency gains, and other items.

Provision for Income Taxes

The Company's effective tax rate for the first six months of 2024 and 2023 was 30.9% and 25.6%, respectively. The Company's effective tax rate for the first six months of 2024 is based on the estimated full year 2024 effective tax rate, which includes the adverse impact of the permanent differences related to the interest expense recorded to adjust the fair value of the mandatorily redeemable noncontrolling interest at GHG and goodwill and intangible asset impairment charges.

(Loss) Earnings Per Share

The calculation of diluted (loss) earnings per share for the second quarter and first six months of 2024 was based on 4,400,745 and 4,442,214 weighted average shares outstanding, respectively, compared to 4,712,626 and 4,744,076, respectively, for the second quarter and first six months of 2023. At June 30, 2024, there were 4,410,542 shares outstanding. On May 4, 2023, the Board of Directors authorized the Company to acquire up to 500,000 shares of its Class B common stock; the Company has remaining authorization for 167,617 shares as of June 30, 2024.

Other

The Company continuously assesses relevant events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In the second quarter of 2024, the Company performed an interim impairment review at the WGB reporting unit.

As a result of continued sustained weakness in digital advertising demand resulting in substantial revenue declines and continued significant operating losses at WGB, the Company recorded a $7.5 million goodwill impairment charge at WGB. After the impairment charge, no goodwill remains at the WGB reporting unit, which is included in other businesses. Additionally, the Company recorded a $18.8 million intangible asset impairment charge at WGB.

It is possible that impairment charges, which may be material, could occur in the future, given changes in market conditions and the inherent variability in projecting future operating performance.

Financial Condition: Liquidity and Capital Resources

The Company considers the following when assessing its liquidity and capital resources:

	As of	
(In thousands)	**June 30, 2024**	December 31, 2023
Cash and cash equivalents	**$ 140,717**	$ 169,897
Restricted cash	**46,898**	31,994
Investments in marketable equity securities and other investments	**822,034**	697,028
Total debt	**834,772**	811,833

Cash generated by operations is the Company's primary source of liquidity. The Company maintains investments in a portfolio of marketable equity securities, which is considered when assessing the Company's sources of liquidity. An additional source of liquidity includes the undrawn portion of the Company's $300 million revolving credit facility, amounting to $167.8 million at June 30, 2024 and the undrawn $50.0 million delayed draw term loan at the automotive subsidiary.

During the first six months of 2024, the Company's cash and cash equivalents decreased by $29.2 million, due to share repurchases, capital expenditures, and dividend payments, which was offset by operating cash flow and net proceeds from the vehicle floor plan payable and net borrowings. In the first six months of 2024, the Company's borrowings increased by $22.9 million, primarily due to additional borrowings under the revolving credit facility, partially offset by repayments under the revolving credit facility, term loan and commercial notes at the automotive subsidiary.

As of June 30, 2024 and December 31, 2023, the Company had money market investments of $9.0 million and $5.6 million, that are included in cash and cash equivalents. At June 30, 2024, the Company held approximately $91 million in cash and cash equivalents in businesses domiciled outside the U.S., of which approximately $8 million is not available for immediate use in operations or for distribution. Additionally, Kaplan's business operations outside the U.S. retain cash balances to support ongoing working capital requirements, capital expenditures, and regulatory requirements. As a result, the Company considers a significant portion of the cash and cash equivalents balance held outside the U.S. as not readily available for use in U.S. operations.

At June 30, 2024, the fair value of the Company's investments in marketable equity securities was $813.4 million, which includes investments in the common stock of four publicly traded companies. There were no purchases or sales of marketable equity securities during the first six months of 2024. At June 30, 2024, the unrealized gain related to the Company's investments totaled $587.6 million.

In May 2024, the Company entered into a convertible promissory note agreement to loan N2K Networks $2.0 million. The convertible promissory note bears interest at a rate of 12% per annum and, subject to conversion provisions, all unpaid interest and principal are due by May 2027.

In April 2023, the Company entered into a term note agreement to loan Intersection $30.0 million at an interest rate of 9% per annum. The principal and interest on the note are payable in monthly installments over 5 years with the final payment due by May 2028. The outstanding balance on this loan was $27.7 million as of June 30, 2024.

The Company had working capital of $731.2 million and $619.6 million at June 30, 2024 and December 31, 2023, respectively. The Company maintains working capital levels consistent with its underlying business requirements and consistently generates cash from operations in excess of required interest or principal payments.

At June 30, 2024 and December 31, 2023, the Company had borrowings outstanding of $834.8 million and $811.8 million, respectively. The Company's borrowings at June 30, 2024 were mostly from $400.0 million of 5.75%

unsecured notes due June 1, 2026, $132.2 million in outstanding borrowings under the Company's revolving credit facility, a term loan of $143.7 million, and real estate and capital term loans of $132.6 million at the automotive subsidiary. The Company's borrowings at December 31, 2023 were mostly from $400.0 million of 5.75% unsecured notes due June 1, 2026, $97.9 million in outstanding borrowings under the Company's revolving credit facility, a term loan of $147.5 million, and real estate and capital term loans of $137.6 million at the automotive subsidiary. The interest on the $400.0 million of 5.75% unsecured notes is payable semiannually on June 1 and December 1.

During the six months ended June 30, 2024 and 2023, the Company had average borrowings outstanding of approximately $826.9 million and $738.3 million, respectively, at average annual interest rates of approximately 6.4% and 5.9%, respectively. During the six months ended June 30, 2024 and 2023, the Company incurred net interest expense of $106.4 million and $23.3 million, respectively. Included in the interest expense for the six months ended June 30, 2024 and 2023 is $75.4 million and $0.3 million, respectively, to adjust the fair value of the mandatorily redeemable noncontrolling interest (see Note 7 and 8).

On April 2, 2024, Standard & Poor's affirmed the Company's credit rating and maintained the outlook as Stable. On August 17, 2023, Moody's affirmed the Company's credit rating and maintained the outlook as Stable.

The Company's current credit ratings are as follows:

	Moody's	**Standard & Poor's**
Long-term	Ba1	BB
Outlook	Stable	Stable

The Company expects to fund its estimated capital needs primarily through existing cash balances and internally generated funds, and, as needed, from borrowings under its revolving credit facility. As of June 30, 2024, the Company had $132.2 million outstanding under the $300 million revolving credit facility. In management's opinion, the Company will have sufficient financial resources to meet its business requirements in the next 12 months, including working capital requirements, capital expenditures, interest payments, potential acquisitions and strategic investments, dividends and stock repurchases.

In summary, the Company's cash flows for each period were as follows:

	Six Months Ended June 30	
(In thousands)	**2024**	2023
Net cash provided by operating activities	**$ 53,108**	$ 62,239
Net cash used in investing activities	**(41,784)**	(22,972)
Net cash used in financing activities	**(21,261)**	(77,880)
Effect of currency exchange rate change	**(4,339)**	561
Net decrease in cash and cash equivalents and restricted cash	**$ (14,276)**	$ (38,052)

Operating Activities. Cash provided by operating activities is net income adjusted for certain non-cash items and changes in assets and liabilities. The Company's net cash flow provided by operating activities were as follows:

	Six Months Ended June 30	
(In thousands)	**2024**	2023
Net Income	**$ 106,512**	$ 177,148
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and goodwill and other long-lived asset impairments	**91,796**	69,121
Amortization of lease right-of-use asset	**32,614**	33,245
Net pension benefit, early retirement programs and special separation benefit expense	**(40,313)**	(46,074)
Other non-cash activities	**(109,547)**	(76,273)
Change in operating assets and liabilities	**(27,954)**	(94,928)
Net Cash Provided by Operating Activities	**$ 53,108**	$ 62,239

Net cash provided by operating activities consists primarily of cash receipts from customers, less disbursements for costs, benefits, income taxes, interest and other expenses.

For the first six months of 2024 compared to the first six months of 2023, the decrease in net cash provided by operating activities is primarily driven by lower net income, net of non-cash adjustments, partially offset by the changes in operating assets and liabilities. Changes in operating assets and liabilities were driven by a significant increase in the value of the mandatorily redeemable noncontrolling interest, offset by a decrease in customer collections.

Investing Activities. The Company's net cash flow used in investing activities were as follows:

(In thousands)	Six Months Ended June 30 2024	2023
Purchases of property, plant and equipment	$ **(39,560)**	$ (40,909)
Loan to related party	**(2,000)**	(30,000)
Investments in equity affiliates and cost method investments	**(1,759)**	(11,982)
Net proceeds from sales of marketable equity securities	**—**	55,817
Other	**1,535**	4,102
Net Cash Used in Investing Activities	$ **(41,784)**	$ (22,972)

Capital Expenditures. The amounts reflected in the Company's Condensed Consolidated Statements of Cash Flows are based on cash payments made during the relevant periods, whereas the Company's capital expenditures for the first six months of 2024 and 2023 disclosed in Note 15 to the Condensed Consolidated Financial Statements include assets acquired during the period. The Company estimates that its capital expenditures will be in the range of $95 million to $105 million in 2024.

Loan to related party. In May 2024, the Company entered into a convertible promissory note agreement to loan N2K Networks $2.0 million. The convertible promissory note bears interest at a rate of 12% per annum and, subject to conversion provisions, all unpaid interest and principal are due by May 2027. In April 2023, the Company entered into a term note agreement to loan Intersection $30.0 million at an interest rate of 9% per annum. The principal and interest on the note are payable in monthly installments over 5 years with the final payment due by May 2028. The outstanding balance on this loan was $27.7 million as of June 30, 2024.

Net proceeds from sale of marketable equity securities. There were no purchases or sales of marketable equity securities during the first six months of 2024. During the first six months of 2023, the Company sold marketable equity securities that generated proceeds of $62.0 million and purchased $4.6 million of marketable equity securities.

Financing Activities. The Company's net cash flow used in financing activities were as follows:

(In thousands)	Six Months Ended June 30 2024	2023
Common shares repurchased	$ **(49,514)**	$ (69,082)
Net borrowings (payments) under revolving credit facility	**33,245**	(15,000)
Repayments of borrowings	**(9,883)**	(7,983)
Net proceeds from vehicle floor plan payable	**26,612**	28,982
Dividends paid	**(15,352)**	(15,746)
Other	**(6,369)**	949
Net Cash Used in Financing Activities	$ **(21,261)**	$ (77,880)

Common Stock Repurchases. During the first six months of 2024, the Company purchased a total of 68,786 shares of its Class B common stock at a cost of approximately $50.0 million, including commissions and accrued excise tax of $0.5 million. On May 4, 2023, the Board of Directors authorized the Company to acquire up to 500,000 shares of its Class B common stock. The Company did not announce a ceiling price or time limit for the purchases. At June 30, 2024, the Company had remaining authorization from the Board of Directors to purchase up to 167,617 shares of Class B common stock.

Borrowings and Vehicle Floor Plan Payable. In the first six months of 2024, the Company made additional borrowings on the $300 million revolving credit facility. In the first six months of 2023, the Company made repayments on the $300 million revolving credit facility. In the first six months of 2024 and 2023, the Company used vehicle floor plan financing to fund the purchase of new, used and service loaner vehicles at its automotive subsidiary. The proceeds from the vehicle floor plan payable fluctuates with changes in the amount of vehicle inventory held by the automotive dealerships.

Dividends. The quarterly dividend rate per share was $1.72 and $1.65 for the first six months of 2024 and 2023, respectively. The Company expects to pay a dividend of $6.88 per share in 2024.

There were no other significant changes to the Company's contractual obligations or other commercial commitments from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Forward-Looking Statements

All public statements made by the Company and its representatives that are not statements of historical fact, including certain statements in this report, in the Company's Annual Report on Form 10-K and in the Company's 2023 Annual Report to Stockholders, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by the Company's management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ from those stated, including, without limitation, comments about expectations related to acquisitions or dispositions or related business activities, the Company's business strategies and objectives, the prospects for growth in the Company's various business operations, the Company's future financial performance, and the risks and uncertainties described in Item 1A of the Company's Annual Report on Form 10-K. Accordingly, undue reliance should not be placed on any forward-looking statement made by or on behalf of the Company. The Company assumes no obligation to update any forward-looking statement after the date on which such statement is made, even if new information subsequently becomes available.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The Company is exposed to market risk in the normal course of its business due primarily to its ownership of marketable equity securities, which are subject to equity price risk; to its borrowing and cash-management activities, which are subject to interest rate risk; and to its foreign business operations, which are subject to foreign exchange rate risk. The Company's market risk disclosures set forth in its 2023 Annual Report filed on Form 10-K have not otherwise changed significantly.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

An evaluation was performed by the Company's management, with the participation of the Company's Chief Executive Officer (principal executive officer) and the Company's Chief Financial Officer (principal financial officer), of the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), as of June 30, 2024. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as designed and implemented, are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the quarter ended June 30, 2024, the Company purchased shares of its Class B Common Stock as set forth in the following table:

Period	Total Number of Shares Purchased	Average Price Paid per Share(1)	Total Number of Shares Purchased as Part of Publicly Announced Plan(2)	Maximum Number of Shares that May Yet Be Purchased Under the Plan(2)
April 1 - 30	13,807	$ 740.83	13,807	193,990
May 1 - 31	13,834	756.86	13,834	180,156
June 1 - 30	12,539	724.26	12,539	167,617
	40,180	$ 741.18	40,180	

(1) Average price paid per share includes costs associated with repurchases, including commissions and excise taxes.

(2) On May 4, 2023, the Company's Board of Directors authorized the Company to purchase, on the open market or otherwise, up to 500,000 shares of its Class B Common Stock. This authorization includes shares that remained under the previous authorization. There is no expiration date for this authorization. All purchases made during the quarter ended June 30, 2024 were open market transactions and some of these shares were purchased under a 10b5-1 plan.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended June 30, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Company dated November 13, 2003 (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2003).
3.2	Certificate of Amendment, effective November 29, 2013, to the Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's current Report on Form 8-K dated November 29, 2013).
3.3	By-Laws of the Company as amended and restated through November 29, 2013 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated November 29, 2013).
4.1	Senior Notes Indenture dated as of May 30, 2018, between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated May 30, 2018).
4.2	First Supplemental Indenture, dated as of March 24, 2020, among Graham Healthcare Group, Inc., a Delaware corporation, a subsidiary of the Company, and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020).
4.3	Second Supplemental Indenture, dated as of January 6, 2022, among Graham Automotive LLC, a Delaware limited liability company, a subsidiary of Graham Holdings Company, a Delaware corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021).
4.4	Third Supplemental Indenture, dated as of August 15, 2023, among Graham Digital Holding Company LLC, a Delaware limited liability company, a subsidiary of Graham Holdings Company, a Delaware corporation, and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023).
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
32	Section 1350 Certification of the Chief Executive Officer and the Chief Financial Officer. *
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File, formatted in Inline XBRL and included as Exhibit 101

* Furnished herewith.

SIGNATURES

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

GRAHAM HOLDINGS COMPANY
(Registrant)

Date: July 31, 2024	/s/ Timothy J. O'Shaughnessy
	Timothy J. O'Shaughnessy, **President & Chief Executive Officer** **(Principal Executive Officer)**
Date: July 31, 2024	/s/ Wallace R. Cooney
	Wallace R. Cooney, **Chief Financial Officer** **(Principal Financial Officer)**

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy J. O’Shaughnessy, Chief Executive Officer (principal executive officer) of Graham Holdings Company (the “Registrant”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;

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

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

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of Registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

/s/ Timothy J. O’Shaughnessy

Timothy J. O’Shaughnessy
Chief Executive Officer
July 31, 2024

Exhibit 31.2

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

I, Wallace R. Cooney, Chief Financial Officer (principal financial officer) of Graham Holdings Company (the “Registrant”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;

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

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

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of Registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

/s/ Wallace R. Cooney

Wallace R. Cooney
Chief Financial Officer
July 31, 2024

Exhibit 32

SECTION 1350 CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Graham Holdings Company (the “Company”) on Form 10-Q for the period ended June 30, 2024 (the “Report”), Timothy J. O’Shaughnessy, Chief Executive Officer (principal executive officer) of the Company and Wallace R. Cooney, Chief Financial Officer (principal financial officer) of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy J. O’Shaughnessy

Timothy J. O’Shaughnessy
Chief Executive Officer
July 31, 2024

/s/ Wallace R. Cooney

Wallace R. Cooney
Chief Financial Officer
July 31, 2024