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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 13, 2024

Grand Canyon Education, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**001-34211**	**20-3356009**
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2600 W. Camelback Road **Phoenix, Arizona**	**85017**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(602) 247-4400**

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	LOPE	Nasdaq Global Select Market

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

Emerging growth company ☐

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

Item 2.02. Results of Operations and Financial Condition.

On February 13, 2024, the Company reported its results for the fourth quarter of 2023. The press release dated February 13, 2024 is furnished as Exhibit 99.1 to this report.

Item 9.01. Consolidated Financial Statements and Exhibits.

99.1 Press Release dated February 13, 2024
104 Cover Page Interactive Date File (imbedded within the Inline XBRL document)

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated February 13, 2024
104	Cover Page Interactive Date File (imbedded within the XBRL document)

SIGNATURES

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

GRAND CANYON EDUCATION, INC.

Date: February 13, 2024

By: /s/ Daniel E. Bachus

Daniel E. Bachus
Chief Financial Officer
(Principal Financial Officer)

Exhibit 99.1

NEWS RELEASE

FOR IMMEDIATE RELEASE

Investor Relations Contact:
Daniel E. Bachus
Chief Financial Officer
Grand Canyon Education, Inc.
602-639-6648
Dan.bachus@gce.com

GRAND CANYON EDUCATION, INC. REPORTS FOURTH QUARTER 2023 RESULTS

PHOENIX, AZ., February 13, 2024—Grand Canyon Education, Inc. (NASDAQ: LOPE), ("GCE" or the "Company"), is a publicly traded education services company that currently provides services to 25 university partners. GCE provides a full array of support services in the post-secondary education sector and has developed significant technological solutions, infrastructure and operational processes to provide superior services in these areas on a large scale. GCE today announced financial results for the quarter ended December 31, 2023.

(more)

Grand Canyon Education, Inc. Reports Fourth Quarter 2023 Results

For the three months ended December 31, 2023:

- Service revenue for the three months ended December 31, 2023 was $278.3 million, an increase of $19.6 million, or 7.6%, as compared to service revenue of $258.7 million for the three months ended December 31, 2022. The increase year over year in service revenue was primarily due to an increase in GCU enrollments to 117,279 at December 31, 2023, an increase of 8.0% over enrollments at December 31, 2022 and an increase in revenue per student year over year. The increase in revenue per student between years is primarily due to the service revenue impact of the increased room, board and other ancillary revenues at GCU in the fourth quarter of 2023 as compared to the prior year period. In addition, service revenue per student for Accelerated Bachelor of Science in Nursing students at off-campus classroom and laboratory sites generates a significantly higher revenue per student than we earn under our agreement with GCU, as these agreements generally provide us with a higher revenue share percentage, the partners have higher tuition rates than GCU and the majority of their students take more credits on average per semester. The increase in revenue per student in the three months ended December 31, 2023 was negatively impacted by the timing of the Fall semester for the ground traditional campus. The Fall semester started one day earlier in 2023 than in 2022, which had the effect of shifting $1.2 million in service revenue from the fourth quarter of 2023 to the third quarter of 2023 in comparison to the prior year.

- Partner enrollments totaled 121,250 at December 31, 2023 as compared to 112,955 at December 31, 2022. University partner enrollments at our off-campus classroom and laboratory sites were 4,481, a decrease of 3.3% over enrollments at December 31, 2022, which includes 510 and 320 GCU students at December 31, 2023 and 2022, respectively. We opened six new off-campus classroom and laboratory sites in the year ended December 31, 2022 and five sites in the year ended December 31, 2023 increasing the total number of these sites to 40 at December 31, 2023. Enrollments for GCU ground students were 25,209 at December 31, 2023 up from 24,943 at December 31, 2022. GCU online enrollments were 92,070 at December 31, 2023, up from 83,696 at December 31, 2022, an increase of 10.0% between years.

- Operating income for the three months ended December 31, 2023 was $97.8 million, an increase of $7.1 million as compared to $90.7 million for the same period in 2022. The operating margin for each of the three months ended December 31, 2023 and 2022 was 35.1%. The fourth quarter operating margin was negatively impacted on a year over year basis by the timing difference between years in the start of the Fall semester for GCU's ground traditional campus.

- Income tax expense for the three months ended December 31, 2023 was $20.1 million, a decrease of $0.9 million, or 4.4%, as compared to income tax expense of $21.0 million for the three months ended December 31, 2022. Our effective tax rate was 19.9% during the fourth quarter of 2023 compared to 22.8% during the fourth quarter of 2022. The decrease in our effective tax rate between periods was primarily driven by other discrete tax items recorded in the respective periods.

- Net income increased 13.6% to $80.7 million for the fourth quarter of 2023, compared to $71.0 million for the same period in 2022. As adjusted net income was $82.5 million and $72.7 million for the fourth quarters of 2023 and 2022, respectively.

- Diluted net income per share was $2.71 and $2.30 for the fourth quarters of 2023 and 2022, respectively. As adjusted diluted net income per share was $2.77 and $2.36 for the fourth quarters of 2023 and 2022, respectively.

- Adjusted EBITDA increased 8.5% to $110.9 million for the fourth quarter of 2023, compared to $102.2 million for the same period in 2022.

For the year ended December 31, 2023:

- Service revenue for the year ended December 31, 2023 was $960.9 million, an increase of $49.6 million, or 5.4%, as compared to service revenue of $911.3 million for the year ended December 31, 2022. The increase year over year in service revenue was primarily due to an increase in GCU enrollments to 117,279 at December 31, 2023, an increase of 8.0% over enrollments at December 31, 2022.

- Operating income for the year ended December 31, 2023 was $249.3 million, an increase of $11.8 million as compared to $237.5 million for the same period in 2022. The operating margin for the year ended December 31, 2023 was 25.9%, compared to 26.1% for the same period in 2022.

- Income tax expense for the year ended December 31, 2023 was $54.7 million, a decrease of $0.7 million, or 1.4%, as compared to income tax expense of $55.4 million for the year ended December 31, 2022. Our effective tax rate was 21.1% during the year ended December 31, 2023 compared to 23.1% during the year ended December 31, 2022. The decrease in our effective tax rate between periods is attributable to other discrete tax items recorded in the respective periods and higher excess tax benefits of $0.9 million compared to excess tax benefits of $0.1 million for the year ended December 31, 2022, partially offset by a lower contribution in lieu of state income taxes of $3.5 million in 2023 compared to $5.0 million in 2022.

- Net income increased 11.0% to $205.0 million for the year ended December 31, 2023, compared to $184.7 million for the same period in 2022. As adjusted net income was $212.2 million and $192.1 million for the years ended December 31, 2023 and 2022, respectively.

- Diluted net income per share was $6.80 and $5.73 for the years ended December 31, 2023 and 2022, respectively. As adjusted diluted net income per share was $7.04 and $5.96 for the years ended December 31, 2023 and 2022, respectively.

- Adjusted EBITDA increased 3.8% to $302.3 million for the year ended December 31, 2023, compared to $291.3 million for the same period in 2022.

Liquidity and Capital Resources

Our liquidity position, as measured by cash and cash equivalents and investments increased by $62.8 million between December 31, 2022 and December 31, 2023, which was largely attributable to cash flows from operations exceeding share repurchases, investment purchases, net of proceeds and capital expenditures during the year ended December 31, 2023. Our unrestricted cash and cash equivalents and investments were $244.5 million and $181.7 million at December 31, 2023 and December 31, 2022, respectively.

(more)

2024 Outlook

Q1 2024:
- Service revenue of between $271.5 million and $273.0 million;
- Operating margin of between 29.8% and 30.0%;
- Effective tax rate of 23.4%;
- Diluted EPS of between $2.15 and $2.18; and
- 29.7 million diluted shares.

The diluted EPS guidance includes non-cash amortization of intangible assets net of taxes of $1.6 million, which equates to a $0.05 impact on diluted EPS. Thus, as adjusted, Non-GAAP diluted income per share of between $2.20 and $2.23.

Q2 2024:
- Service revenue of between $221.0 million and $224.0 million;
- Operating margin of between 16.1% and 17.0%;
- Effective tax rate of 24.9%;
- Diluted EPS of between $0.98 and $1.04; and
- 29.4 million diluted shares.

The diluted EPS guidance includes non-cash amortization of intangible assets net of taxes of $1.6 million, which equates to a $0.05 impact on diluted EPS. Thus, as adjusted, Non-GAAP diluted income per share of between $1.03 and $1.09.

Q3 2024:
- Service revenue of between $236.5 million and $244.0 million;
- Operating margin of between 20.4% and 22.2%;
- Effective tax rate of 24.9%;
- Diluted EPS of between $1.30 and $1.46; and
- 29.1 million diluted shares.

The diluted EPS guidance includes non-cash amortization of intangible assets net of taxes of $1.6 million, which equates to a $0.05 impact on diluted EPS. Thus, as adjusted, Non-GAAP diluted income per share of between $1.35 and $1.51.

Q4 2024:
- Service revenue of between $287.0 million and $299.0 million;
- Operating margin of between 34.9% and 37.0%;
- Effective tax rate of 22.8%;
- Diluted EPS of between $2.75 and $3.03; and
- 28.9 million diluted shares.

The diluted EPS guidance includes non-cash amortization of intangible assets net of taxes of $1.6 million, which equates to a $0.06 impact on diluted EPS. Thus, as adjusted, Non-GAAP diluted income per share of between $2.81 and $3.09.

Full Year 2024:
- Service revenue of between $1,016.0 million and $1,040.0 million;
- Operating margin of between 26.1% and 27.4%;
- Effective tax rate of 23.7%;
- Diluted EPS between $7.17 and $7.69; and
- 29.3 million diluted shares.

The diluted EPS guidance includes non-cash amortization of intangible assets net of taxes of $6.5 million, which equates to a $0.22 impact on diluted EPS. Thus, as adjusted, Non-GAAP diluted income per share of between $7.39 and $7.91.

Forward-Looking Statements

This news release contains "forward-looking statements" which include information relating to future events, future financial performance, strategies expectations, competitive environment, regulation, and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new programs; whether regulatory, economic, or business developments or other matters may or may not have a material adverse effect on our financial position, results of operations, or liquidity; projections, predictions, expectations, estimates, and forecasts as to our business, financial and operating results, and future economic performance; and management's goals and objectives and other similar expressions concerning matters that are not historical facts. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar expressions, the negative of these expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause our actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements include, but are not limited to: legal and regulatory actions taken against our university partners that impact their businesses and that directly or indirectly reduce the service revenue we can earn under our master services agreements; the occurrence of any event, change or other circumstance that could give rise to the termination of any of the key university partner agreements; our ability to properly manage risks and challenges associated with strategic initiatives, including potential acquisitions or divestitures of, or investments in, new businesses, acquisitions of new properties and new university partners, and expansion of services provided to our existing university partners; our failure to comply with the extensive regulatory framework applicable to us either directly as a third-party service provider or indirectly through our university partners, including Title IV of the Higher Education Act and the regulations thereunder, state laws and regulatory requirements, and accrediting commission requirements; the harm to our business, results of operations, and financial condition, and harm to our university partners resulting from epidemics, pandemics, or public health crises; the ability of our university partners' students to obtain federal Title IV funds, state financial aid, and private financing; potential damage to our reputation or other adverse effects as a result of negative publicity in the media, in the industry or in connection with governmental reports or investigations or otherwise, affecting us or other companies in the education services sector; risks associated with changes in applicable federal and state laws and regulations and accrediting commission standards, including pending rulemaking by the United States Department of Education applicable to us directly or indirectly through our university partners; competition from other education service companies in our geographic region and market sector, including competition for students, qualified executives and other personnel; our expected tax payments and tax rate; our ability to hire and train new, and develop and train existing employees; the pace of growth of our university partners' enrollment and its effect on the pace of our own growth; fluctuations in our revenues due to seasonality; our ability to, on behalf of our university partners, convert prospective students to enrolled students and to retain active students to graduation; our success in updating and expanding the content of existing programs and developing new programs in a cost-effective manner or on a timely basis for our university partners; risks associated with the competitive environment for marketing the programs of our university partners; failure on our part to keep up with advances in technology that could enhance the experience for our university partners' students; our ability to manage future growth effectively; the impact of any natural disasters or public health emergencies; general adverse economic conditions or other developments that affect the job prospects of our university partners' students; and other factors discussed in reports on file with the Securities and Exchange Commission, including as set forth in Part I, Item 1A of our Annual Report on Form 10-K for period ended December 31, 2023, as updated in our subsequent reports filed with the Securities and Exchange Commission on Form 10-Q or Form 8-K.

Forward-looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Conference Call

Grand Canyon Education, Inc. will discuss its fourth quarter 2023 results and full year 2024 outlook during a conference call scheduled for today, February 13, 2024 at 4:30 p.m. Eastern time (ET).

Live Conference Dial-In:

Those interested in participating in the question-and-answer session should follow the conference dial-in instructions below. Participants may register for the call here to receive the dial-in numbers and unique PIN to access the call seamlessly. Please dial in at least ten minutes prior to the start of the call. Journalists are invited to listen only.

Webcast and Replay:

Investors, journalists and the general public may access a live webcast of this event at: *Q4 2023 Grand Canyon Education Inc. Earnings Conference Call*. A webcast replay will be available approximately two hours following the conclusion of the call at the same link.

About Grand Canyon Education, Inc.

Grand Canyon Education, Inc. ("GCE"), incorporated in 2008, is a publicly traded education services company that currently provides services to 25 university partners. GCE is uniquely positioned in the education services industry in that its leadership has over 30 years of proven expertise in providing a full array of support services in the post-secondary education sector and has developed significant technological solutions, infrastructure and operational processes to provide superior services in these areas on a large scale. GCE provides services that support students, faculty and staff of partner institutions such as marketing, strategic enrollment management, counseling services, financial services, technology, technical support, compliance, human resources, classroom operations, content development, faculty recruitment and training, among others. For more information about GCE visit the Company's website at www.gce.com.

Grand Canyon Education, Inc., 2600 W. Camelback Road, Phoenix, AZ 85017, **www.gce.com**.

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GRAND CANYON EDUCATION, INC.
Consolidated Income Statements
(Unaudited)

(In thousands, except per share data)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
Service revenue	$ 278,284	$ 258,700	$ 960,899	$ 911,306
Costs and expenses:				
Technology and academic services	39,227	38,357	154,870	150,493
Counseling services and support	82,754	72,540	302,319	273,313
Marketing and communication	46,003	44,853	202,800	196,090
General and administrative	10,397	10,168	43,235	45,491
Amortization of intangible assets	2,104	2,104	8,419	8,419
Total costs and expenses	180,485	168,022	711,643	673,806
Operating income	97,799	90,678	249,256	237,500
Interest expense	(6)	3	(33)	(2)
Investment interest and other	2,970	1,327	10,452	2,621
Income before income taxes	100,763	92,008	259,675	240,119
Income tax expense	20,054	20,981	54,690	55,444
Net income	$ 80,709	$ 71,027	$ 204,985	$ 184,675
Earnings per share:				
Basic income per share	$ 2.73	$ 2.32	$ 6.83	$ 5.75
Diluted income per share	$ 2.71	$ 2.30	$ 6.80	$ 5.73
Basic weighted average shares outstanding	29,555	30,669	29,991	32,131
Diluted weighted average shares outstanding	29,761	30,835	30,147	32,237

GRAND CANYON EDUCATION, INC.
Consolidated Balance Sheets

(In thousands, except par value)	As of December 31, 2023	As of December 31, 2022
ASSETS:	(Unaudited)	
Current assets		
Cash and cash equivalents	$ 146,475	$ 120,409
Investments	98,031	61,295
Accounts receivable, net	78,811	77,413
Income taxes receivable	1,316	2,788
Other current assets	12,889	11,368
Total current assets	337,522	273,273
Property and equipment, net	169,699	147,504
Right-of-use assets	92,454	72,719
Amortizable intangible assets, net	168,381	176,800
Goodwill	160,766	160,766
Other assets	1,641	1,687
Total assets	$ 930,463	$ 832,749
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities		
Accounts payable	$ 17,676	$ 20,006
Accrued compensation and benefits	31,358	36,412
Accrued liabilities	26,725	22,473
Income taxes payable	10,250	12,167
Current portion of lease liability	11,024	8,648
Total current liabilities	97,033	99,706
Deferred income taxes, noncurrent	26,749	26,195
Other long-term liabilities	410	436
Lease liability, less current portion	88,257	68,793
Total liabilities	212,449	195,130
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value, 10,000 shares authorized; 0 shares issued and outstanding at December 31, 2022 and December 31, 2022	—	—
Common stock, $0.01 par value, 100,000 shares authorized; 53,970 and 53,830 shares issued and 29,953 and 31,058 shares outstanding at December 31, 2023 and December 31, 2022, respectively	540	538
Treasury stock, at cost, 24,017 and 22,772 shares of common stock at December 31, 2023 and December 31, 2022, respectively	(1,849,693)	(1,711,423)
Additional paid-in capital	322,512	309,310
Accumulated other comprehensive loss	(57)	(533)
Retained earnings	2,244,712	2,039,727
Total stockholders' equity	718,014	637,619
Total liabilities and stockholders' equity	$ 930,463	$ 832,749

GRAND CANYON EDUCATION, INC.
Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022
Cash flows provided by operating activities:		
Net income	$ 204,985	$ 184,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation	13,204	12,642
Depreciation and amortization	23,554	22,758
Amortization of intangible assets	8,419	8,419
Deferred income taxes	402	401
Other, including fixed asset disposals	(442)	853
Changes in assets and liabilities:		
Accounts receivable from university partners	(1,398)	(7,350)
Other assets	(1,639)	(2,604)
Right-of-use assets and lease liabilities	2,105	1,193
Accounts payable	(3,109)	(3,894)
Accrued liabilities	(1,974)	(1,023)
Income taxes receivable/payable	(445)	4,759
Deferred revenue	—	(10)
Net cash provided by operating activities	243,662	220,819
Cash flows used in investing activities:		
Capital expenditures	(44,537)	(35,232)
Additions of amortizable content	(897)	(397)
Purchases of investments	(98,853)	(171,549)
Proceeds from sale or maturity of investments	63,815	110,039
Net cash used in investing activities	(80,472)	(97,139)
Cash flows used in financing activities:		
Repurchase of common shares and shares withheld in lieu of income taxes	(137,124)	(604,212)
Net cash used in financing activities	(137,124)	(604,212)
Net increase (decrease) in cash and cash equivalents and restricted cash	26,066	(480,532)
Cash and cash equivalents and restricted cash, beginning of period	120,409	600,941
Cash and cash equivalents and restricted cash, end of period	$ 146,475	$ 120,409
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 33	$ 2
Cash paid for income taxes	$ 59,026	$ 48,573
Supplemental disclosure of non-cash investing and financing activities		
Purchases of property and equipment included in accounts payable	$ 1,909	$ 1,131
ROU Asset and Liability recognition	$ 19,735	$ 15,067
Excise tax on treasury stock repurchases	$ 1,146	$ —

GRAND CANYON EDUCATION, INC.

Adjusted EBITDA (Non-GAAP Financial Measure)

Adjusted EBITDA is defined as net income plus interest expense, less interest income and other gain (loss) recognized on investments, plus income tax expense, and plus depreciation and amortization (EBITDA), as adjusted for (i) contributions to private Arizona school tuition organizations in lieu of the payment of state income taxes; (ii) share-based compensation, and (iii) unusual charges or gains, such as litigation and regulatory reserves, impairment charges and asset write-offs, and exit or lease termination costs. We present Adjusted EBITDA because we consider it to be an important supplemental measure of our operating performance. We also make certain compensation decisions based, in part, on our operating performance, as measured by Adjusted EBITDA. All of the adjustments made in our calculation of Adjusted EBITDA are adjustments to items that management does not consider to be reflective of our core operating performance. Management considers our core operating performance to be that which can be affected by our managers in any particular period through their management of the resources that affect our underlying revenue and profit generating operations during that period and does not consider the items for which we make adjustments (as listed above) to be reflective of our core performance.

We believe Adjusted EBITDA allows us to compare our current operating results with corresponding historical periods and with the operational performance of other companies in our industry because it does not give effect to potential differences caused by variations in capital structures (affecting relative interest expense, including the impact of write-offs of deferred financing costs when companies refinance their indebtedness), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the book amortization of intangibles (affecting relative amortization expense), and other items that we do not consider reflective of underlying operating performance. We also present Adjusted EBITDA because we believe it is frequently used by securities analysts, investors, and other interested parties as a measure of performance.

In evaluating Adjusted EBITDA, investors should be aware that in the future we may incur expenses similar to the adjustments described above. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by expenses that are unusual, non-routine, or non-recurring. Adjusted EBITDA has limitations as an analytical tool in that, among other things it does not reflect:

- cash expenditures for capital expenditures or contractual commitments;
- changes in, or cash requirements for, our working capital requirements;
- interest expense, or the cash required to replace assets that are being depreciated or amortized; and
- the impact on our reported results of earnings or charges resulting from the items for which we make adjustments to our EBITDA, as described above and set forth in the table below.

In addition, other companies, including other companies in our industry, may calculate these measures differently than we do, limiting the usefulness of Adjusted EBITDA as a comparative measure. Because of these limitations, Adjusted EBITDA should not be considered as a substitute for net income, operating income, or any other performance measure derived in accordance with and reported under GAAP, or as an alternative to cash flow from operating activities or as a measure of our liquidity. We compensate for these limitations by relying primarily on our GAAP results and only use Adjusted EBITDA as a supplemental performance measure.

The following table provides a reconciliation of net income to Adjusted EBITDA, which is a non-GAAP measure for the periods indicated:

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(Unaudited, in thousands)		(Unaudited, in thousands)	
Net income	$ 80,709	$ 71,027	$ 204,985	$ 184,675
Plus: interest expense	6	(3)	33	2
Less: investment interest and other	(2,970)	(1,327)	(10,452)	(2,621)
Plus: income tax expense	20,054	20,981	54,690	55,444
Plus: amortization of intangible assets	2,104	2,104	8,419	8,419
Plus: depreciation and amortization	6,560	5,735	23,554	22,758
EBITDA	106,463	98,517	281,229	268,677
Plus: contributions in lieu of state income taxes	—	—	3,500	5,000
Plus: loss on fixed asset disposal	166	94	741	1,249
Plus: litigation and regulatory reserves	1,057	452	3,628	3,768
Plus: share-based compensation	3,246	3,158	13,204	12,642
Adjusted EBITDA	$ 110,932	$ 102,221	$ 302,302	$ 291,336

Non-GAAP Net Income and Non-GAAP Diluted Income Per Share

The Company believes the presentation of non-GAAP net income and non-GAAP diluted income per share information that excludes amortization of intangible assets and loss on disposal of fixed assets allows investors to develop a more meaningful understanding of the Company's performance over time. Accordingly, for the three-months and years ended December 31, 2023 and 2022, the table below provides reconciliations of these non-GAAP items to GAAP net income and GAAP diluted income per share, respectively:

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
	(Unaudited, in thousands except per share data)			
GAAP Net income	$ 80,709	$ 71,027	$ 204,985	$ 184,675
Amortization of intangible assets	2,104	2,104	8,419	8,419
Loss on disposal of fixed assets	166	94	741	1,249
Income tax effects of adjustments(1)	(452)	(501)	(1,929)	(2,232)
As Adjusted, Non-GAAP Net income	$ 82,527	$ 72,724	$ 212,216	$ 192,111
GAAP Diluted income per share	$ 2.71	$ 2.30	$ 6.80	$ 5.73
Amortization of intangible assets (2)	0.06	0.06	0.22	0.20
Loss on disposal of fixed assets (3)	0.00	0.00	0.02	0.03
As Adjusted, Non-GAAP Diluted income per share	$ 2.77	$ 2.36	$ 7.04	$ 5.96

(1) The income tax effects of adjustments are based on the effective income tax rate applicable to adjusted (non-GAAP) results.

(2) The amortization of acquired intangible assets per diluted share is net of an income tax benefit of $0.01 and $0.02 for the three months ended December 31, 2023 and 2022, respectively, and net of an income tax benefit of $0.06 for each of the years ended December 31, 2023 and 2022.

(3) The loss on disposal of fixed assets per diluted share is net of an income tax benefit of $0.00 for each of the three months ended December 31, 2023 and 2022, and net of an income tax benefit of $0.01 and $0.01 for the years ended December 31, 2023 and 2022, respectively.