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): November 8, 2023 (November 8, 2023)

Carriage Services, Inc.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-11961 (Commission File Number) 76-0423828 (IRS Employer Identification No.)

3040 Post Oak Boulevard, Suite 300 Houston, Texas 77056 (Address, including zip code, of principal executive offices)

Registrant's telephone number, including area code: (713) 332-8400

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

☐ 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))

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$.01 per share	CSV	New York Stock Exchange

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

Emerging growth company \square	company \square
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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. \Box

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

In the press release dated November 8, 2023, Carriage Services, Inc. (the "Company") announced and commented on its financial results for its quarter ended September 30, 2023. A copy of the press release issued by the Company is attached hereto as Exhibit 99.1 and incorporated by this reference.

In accordance with General Instruction B.2 of Form 8-K, the foregoing information, including the press release attached hereto as Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liabilities of that Section, nor shall such information, including Exhibit 99.1, be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The Company's press release dated November 8, 2023, contains non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with United States generally accepted accounting principles, or GAAP. Pursuant to the requirements of Regulation G, the Company has provided quantitative reconciliations within the press release of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

The following are furnished as part of this Current Report on Form 8-K:

99.1 Press Release dated November 8, 2023

101 Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

104 The cover page from this Current Report on Form 8-K, formatted as Inline XBRL

SIGNATURE

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

CARRIAGE SERVICES, INC.

Dated: November 8, 2023 By: /s/ Steven D. Metzger

Steven D. Metzger President and Secretary

INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release dated November 8, 2023
101	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document
104	The cover page from this Current Report on Form 8-K, formatted as Inline XBRL



Carriage Services Announces Third Quarter 2023 Results

Conference call on Thursday, November 9, 2023 at 9:30 a.m. central time.

HOUSTON - November 8, 2023 - (GLOBE NEWSWIRE) Carriage Services, Inc. (NYSE: CSV) today announced its financial results for the third quarter ended September 30, 2023.

Company Highlights:

- 15.5% growth in cemetery operating revenue helped drive an increase of \$3.0 million in total revenue over the prior year quarter;
- Adjusted consolidated EBITDA increased \$1.4 million over the prior year quarter, or 6.1%, and adjusted consolidated EBITDA margin increased 70 basis points to 26.8%;
- Reported adjusted free cash flow of \$21.4 million, a 30% increase over the third quarter of 2022;
- The Company paid down \$16.7 million of debt on the credit facility during the quarter; and
- The Company has updated its full-year 2023 outlook to \$375-\$380 million in total revenue, adjusted consolidated EBITDA of \$105-\$110 million, adjusted diluted earnings per share of \$1.90-\$2.00; free cash flow of \$50-\$60 million remains unchanged.

Carlos Quezada, Vice Chairman and CEO, stated, "We are very pleased to report strong third-quarter results, demonstrating meaningful growth compared to the prior year. Our revenue growth has been primarily driven by preneed cemetery sales, resulting in substantial growth of 15.5% of our total cemetery operating revenue. Despite facing inflationary cost pressures and macroeconomic and pull-forward headwinds, we successfully maintained a 39.9% total field EBITDA margin. Moreover, we increased our adjusted consolidated EBITDA by 6.1%, and grew our adjusted consolidated EBITDA margin by 70 basis points.

Our strong operating results translated into robust free cash flow generation of \$21.4 million for the quarter, allowing us to reduce our variable rate credit facility by \$16.7 million. Nevertheless, despite this paydown, we experienced a significant increase in interest expense compared to last year's quarter. After accounting for the approximately 12 cent increase in interest expense, our adjusted diluted earnings per share aligns closely with last year's quarter.

Following three quarters of strong operational performance, we remain focused on navigating the current macroeconomic environment, which includes continued cost inflation and higher variable interest rates, along with death rate normalization, as the pull-forward effect of COVID continues to impact volume. Consequently, we are tightening our full-year guidance, with revenue anticipated to range between \$375 million to \$380 million, adjusted consolidated EBITDA of \$105 million to \$110 million, and adjusted diluted earnings per share between \$1.90 to \$2.00; additionally, we are reaffirming our strong adjusted free cash flow of \$50 million to \$60 million.

We remain focused on our revenue growth strategies, managing our cost structure and maintaining strong margins, and executing our capital allocation plan to accelerate debt payment. We are confident our team will continue to sustain **High Performance** and create long-term value for our shareholders," concluded Mr. Quezada.

FINANCIAL HIGHLIGHTS

	Th	ree Months Er	ided Sept		Nine Months Ended September 30,													
(in millions except margins and EPS)		2022		2022		2022		2022		2022		2022		2023		2022		2023
GAAP Metrics:					-													
Total revenue	\$	87.5	\$	90.5	\$	276.3	\$	283.7										
Net income	\$	5.9	\$	4.6	\$	33.2	\$	21.8										
Net income margin		6.7%		5.1%		12.0%		7.7%										
Diluted EPS	\$	0.38	\$	0.30	\$	2.09	\$	1.39										
Cash provided by operating activities	\$	19.9	\$	22.7	\$	50.0	\$	61.8										
Non-GAAP Metrics ⁽¹⁾ :																		
Adjusted consolidated EBITDA	\$	22.9	\$	24.3	\$	80.7	\$	80.7										
Adjusted consolidated EBITDA margin		26.1%		26.8%		29.2%		28.5%										
Adjusted diluted EPS	\$	0.45	\$	0.33	\$	1.96	\$	1.42										
Adjusted free cash flow	\$	16.5	\$	21.4	\$	40.9	\$	42.3										

- (1) We present both GAAP and non-GAAP measures to provide investors with additional information and to allow for the increased comparability of our ongoing performance from period to period. The most comparable GAAP measures to the Non-GAAP measures presented in this table can be found in the Reconciliation of Non-GAAP Financial Measures section of this press release.
 - Revenue for the three months ended September 30, 2023 increased \$3.0 million compared to the three months ended September 30, 2022, as we experienced a 13.4% increase in the number of preneed interment rights (property) sold and a 12.4% increase in the average price per interment right sold, while the funeral contract volume and the average revenue per funeral contract remained flat.
 - Revenue for the nine months ended September 30, 2023 increased \$7.4 million compared to the nine months ended September 30, 2022, as we experienced a 12.2% increase in the average price per preneed interment right sold, a 4.0% increase in the number of preneed interment rights (property) sold and a 0.9% increase in the average revenue per funeral contract, offset by a 2.0% decrease in the funeral contract volume.
 - Net income for the three months ended September 30, 2023 decreased \$1.2 million compared to the three months ended September 30, 2022, primarily due to a \$2.6 million increase in interest expense and a \$0.9 million increase in general and administrative expenses, offset by a \$1.8 million increase in gross profit.
 - Net income for the nine months ended September 30, 2023 decreased \$11.4 million compared to the nine months ended September 30, 2022, primarily due to a \$9.0 million increase in interest expense and a \$3.7 million impact from divestitures, disposals and insurance reimbursements.

REVISED 2023 OUTLOOK

	Previous 2023 Outlook	Revised 2023 Outlook
(in millions except per share amounts)		
Total revenue	\$375 - \$385	\$375 - \$380
Adjusted consolidated EBITDA	\$110 - \$115	\$105 - \$110
Adjusted diluted EPS	\$2.25 - \$2.40	\$1.90 - \$2.00
Adjusted free cash flow	\$50 - \$60	\$50 - \$60

The most comparable GAAP measures to the Non-GAAP measures presented in this table can be found in the Reconciliation of Non-GAAP Financial Measures section of this press release.

CALL AND INVESTOR RELATIONS CONTACT

Carriage Services has scheduled a conference call for tomorrow, November 9, 2023 at 9:30 a.m. central time. To participate in the call, please dial 888-254-3590 (Conference ID - 8216887) or live over the Internet via webcast click link. An audio archive of the call will be available on demand via the Company's website at www.carriageservices.com. For any investor relations questions, please email InvestorRelations@carriageservices.com.

CARRIAGE SERVICES, INC.

CONDENSED OPERATING AND FINANCIAL TREND REPORT

(in thousands - except per share amounts)

Puneral peramene		Three Months Ended September 30,				Nine Months Ended September 30,						
Gener properating revenue 21,268 5,346 1,718,8 7,783 Flanacial prevenue 1,704 1,136 1,049 2,043 Drivest overue 463 1,166 2,020 2,020 Fundar prevenue 2,020 9,049 2,700 3 Fundar poperating EBITDA 2,170 3,040 4,000 3,000 Gendercy operating EBITDA margin 7,800 3,000 2,700 1,000 Fundaria EBITDA margin 3,130 4,045 1,500 3,000 Fundaria EBITDA margin 3,130 4,045 1,500 3,000 Fundaria EBITDA margin 1,130 1,227 1,100 1,000 Fundaria EBITDA margin 1,130 1,228 1,100 1,000 Fundaria EBITDA margin 1,130 1,228 1,100 1,000 Fundaria EBITDA margin 1,130 1,212 1,100 1,000 Fundaria EBITDA margin 1,130 1,212 1,100 1,000 Fundaria EBITDA margin 1,130 1,21				•		-	2022		2023			
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Audity revenue 1,049 1,104 1,204 2,204 3,204 2,204 3,204 2,204 3,204 3,204 2,204 3,204	Cemetery operating revenue		21,285		24,577		66,864		75,324			
Charberwein 5 87.99 5 80.90 2 776,205 2 80.806 Tucle rouge organits FBITDA \$ 21,007 \$ 2,020 \$ 5,000 \$ 3,000 Cemeerly operating FBITDA \$ 3,000 \$ 3,000 \$ 3,000 \$ 3,000 Cemeerly operating EBITDA \$ 3,000 \$ 3,000 \$ 3,000 \$ 3,000 \$ 3,000 Financial EBITDA \$ 3,000 \$ 25,000 \$ 16,000 \$ 16,000 \$ 16,000 Financial EBITDA margin \$ 3,000 \$ 2,000 \$ 18,000 \$ 10,000	Financial revenue		5,781		5,346		17,188		17,861			
Puesa	Ancillary revenue		1,049		1,156		3,099		3,445			
Funeral operating EBITDA \$ 21,707 \$ 20,005 \$ 70,007 \$ 37,006 \$ 37	Divested revenue											
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Non-cash stock compensation 1,493 1,992 4,578 6,158 Interest expense 6,678 9,278 18,208 27,213 Net (gain) loss on divestitures and sale of real property — 24 (575) (550) Net gain on property damage, net of insurance claims — 211 — 44 Other, net — 102 199 64 380 Other, net — 2,779 2,119 10,082 9,049 Net ax expense — 2,779 2,131 1,002 9,049 Net income — 5,869 \$ 4,645 33,161 \$ 2,049 Net income — 5,869 \$ 4,645 33,161 \$ 2,175 Net income — 3,731 \$ 2,258 \$ 3,043 \$ 2,258 \$ 3,045 \$ 1,275 \$ 1,245 \$ 3,045 \$ 1,275 \$ 1,245 \$ 1,245 \$ <td< td=""><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	-											
Interest expense 6,678 9,278 18,208 27,213 Net (gain) loss on divestitures and sale of real property — 24 (575) (550) Net gain on property damage, net of insurance claims — (379) (3,275) (343) Impairment of goodwill, intangibles and PPE — 219 — 452 Other, net 10,208 — 199 64 3808 Pretax income \$ 8,639 \$ 6,776 \$ 45,243 30,824 Net tax expense 2,779 2,131 12,082 9,049 Net act ax expense \$ 5,560 \$ 46,45 \$ 33,161 \$ 21,775 Net tax expense \$ 1,431 \$ 829 2,554 \$ 32,04 \$ 3,04 \$ 3,04 \$ 3,04 \$ 2,175 \$ 3,04 \$ 3,04 \$ 3,04 \$ 3,04 \$ 3,04 \$ 3,04 \$ 3,04 \$	-	\$		\$		\$		\$				
Net (gain) loss on divestitures and sale of real property General property damage, net of insurance claims − (379) (375) (343) Net gain on property damage, net of insurance claims − (379) (3275) (343) Impairment of goodwill, intangibles and PPE − 211 − 454 Other, net (102) 199 645 3862 Pretax income 8,8639 8,676 \$ 15,243 3,082 Pretax expense 2,779 2,131 1,062 9,049 Net income 5,5860 4,665 33,161 2,1775 Special items ⁽¹⁾ 3 2,23 (570) 154 Adjusted net income 3 3,56 238 (570) 154 Adjusted net income margin 5 6,93 5 3,147 22,157 Adjusted de basic earnings per share \$ 0,47 0,35 1,36 1,48 Adjusted de arnings per share \$ 0,45 0,33 1,26 1,49 GAAP basic earnings per share \$ 0,45 1,68												
Net gain on property damage, net of insurance claims — (379) (3275) (343) Impairment of goodwill, intangibles and PPE — 211 — 454 Other, net (102) 199 — 64 389 Pretax income \$ 8,639 \$ 6,776 \$ 45243 \$ 30,824 Net ax expense 2,779 2,131 1,202 9,042 \$ 9,042 \$ 9,042 \$ 9,042 \$ 30,824 \$ 33,161 \$ 21,775 \$ 1,213 1,202 9,042 \$ 30,824 \$ 3,042 \$ 9,042 \$ 30,824 \$ 30,824 \$ 30,824 \$ 30,024 \$ 9,042 \$ 30,424 \$ 33,161 \$ 21,775 \$ \$ 3,042 \$ 3,042 \$ 3,042 \$ 3,042 \$ 3,042 \$ 3,042 \$ 3,148 \$ 3,042 \$ 3,1	-		6,678									
Impairment of goodwill, intangibles and PPE — 211 — 454 Other, net (102) 199 64 389 Pretax income \$ 8,639 \$ 6,776 \$ 45,243 \$ 30,824 Net income 2,779 2,131 12,082 9,049 Net income \$ 5,860 \$ 4,645 \$ 33,161 \$ 21,775 Special items ⁽¹⁾ \$ 1431 \$ 829 \$ 2,584 \$ 13,775 Special items \$ 6,935 \$ 5,866 \$ 31,417 \$ 22,155 Adjusted net income \$ 6,935 \$ 5,236 \$ 31,417 \$ 22,155 Adjusted basic earnings per share \$ 0,45 \$ 0,35 \$ 2.08 \$ 1,48 Adjusted dearnings per share \$ 0,45 \$ 0,33 \$ 1,29 \$ 1,48 Adjusted lituted earnings per share \$ 0,45 \$ 0,33 \$ 1,29 \$ 1,48 Adjusted dearnings per share \$ 0,45 \$ 0,33 \$ 2,22 \$ 1,49 GAAP diluted earnings per share \$ 0,46 \$ 14,820 \$ 1,49 \$ 1,49 \$ 1,49			_						, ,			
Other, net (102) 199 64 389 Pretax income 8,633 8,633 6,776 45,243 3,0824 Net tax expense 2,779 2,131 12,082 9,049 Net income 5,860 4,645 3,3161 2,1775 Special items ⁽¹⁾ 3,141 82 82 (5,784) 5,344 Tax on special items 3,56 1,341 82 2,32 (5,794) 1,534 Adjusted net income 5,635 5,236 31,47 22,158 Adjusted het income margin 7,976 5,876 11,33 2,786 Adjusted basic earnings per share 8,047 8,035 2,035 1,348 1,486 GAAP basic earnings per share 8,048 9,035 1,536 1,222 1,469 GAAP diluted earnings per share 1,468 1,480 1,490 1,479 Weighted average shares o/s - basic 1,534 1,534 1,549 1,548 Reconciliation of Consolidated EBITDA to substitute (BITDA) 2,142 <td></td> <td></td> <td>_</td> <td></td> <td>, ,</td> <td></td> <td>(3,275)</td> <td></td> <td></td>			_		, ,		(3,275)					
Pretax income \$ 8,639 \$ 6,776 \$ 45,243 \$ 30,824 Net tax expense 2,779 2,131 12,082 9,049 Net income \$ 5,860 \$ 46,645 \$ 33,161 \$ 534 Special items(1) \$ 1,431 \$ 829 \$ (5,786) \$ 534 Tax on special items 356 238 (570) 154 Adjusted net income \$ 6,935 \$ 5,236 \$ 11,34 \$ 22,155 Adjusted net income margin 7.9% 5.8% 11,36 7.8% Adjusted basic earnings per share \$ 0,43 \$ 0,33 \$ 1,46 \$ 1,48 Adjusted dearnings per share \$ 0,43 \$ 0,33 \$ 1,96 \$ 1,48 Adjusted earnings per share \$ 0,43 \$ 0,33 \$ 2,22 \$ 1,48 GAAP diluted earnings per share \$ 0,43 \$ 0,33 \$ 2,22 \$ 1,49 Weighted average shares o/s - basic \$ 14,689 \$ 14,80 \$ 14,90 \$ 14,90 \$ 14,90 Weighted average shares o/s - basic \$ 14,689 \$ 15,51 \$ 15,80 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td>_</td><td></td><td></td></t<>							_					
Net tax expense 2,779 2,131 12,082 9,049 Net income 5,860 4,645 33,161 21,775 Special items ⁽¹⁾ 3,1431 829 (2,584) 5,334 Expose of items 3,561 238 (2,584) 5,334 Adjusted net income 5,6935 5,236 31,147 22,155 Adjusted net income margin 7,99 5,89 11,39 2,2155 Adjusted basic earnings per share 8,047 0,35 2,038 1,149 1,480 Adjusted diluted earnings per share 8,040 9,033 1,96 1,479 GAAP basic earnings per share 8,040 0,03 1,02 2,02 1,480 GAAP diluted earnings per share 1,4689 1,4820 1,490 1,479 1,479 Weighted average shares o/s - basic 1,537 1,515 1,534 1,534 1,534 1,534 1,534 1,534 1,534 1,534 1,534 1,534 1,534 1,534 1,534 1,534 1,534 <td>•</td> <td><u></u></td> <td></td> <td></td> <td>-</td> <td></td> <td></td> <td>Φ.</td> <td></td>	•	<u></u>			-			Φ.				
Net income \$ 5,860 \$ 4,645 \$ 33,161 \$ 21,775 Special items(1) \$ 1,431 \$ 829 \$ (2,584) \$ 534 Tax on special items 356 238 (570) 154 Adjusted net income \$ 6,935 \$ 5,236 \$ 31,147 \$ 22,155 Adjusted net income margin 7.9% 5.8% 11.3% 7.8% Adjusted basic earnings per share \$ 0.47 \$ 0.35 \$ 2.08 \$ 1.48 Adjusted diluted earnings per share \$ 0.45 \$ 0.33 \$ 1.96 \$ 1.48 GAAP basic earnings per share \$ 0.40 \$ 0.31 \$ 2.22 \$ 1.46 GAAP diluted earnings per share \$ 0.38 \$ 0.30 \$ 2.09 \$ 1.39 Weighted average shares o/s - basic 14,689 14,820 14,908 15,480 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 79,765 Special items(1) 1,431 973 1,799 973		\$		\$		\$		\$				
Special items ⁽¹⁾ \$ 1,431 \$ 829 (2,584) 534 Tax on special items 356 238 (570) 154 Adjusted net income \$ 6,935 \$ 5,236 31,147 22,155 Adjusted net income margin 7.9% 5.8% 11.3% 7.8% Adjusted basic earnings per share \$ 0.47 \$ 0.35 \$ 2.08 \$ 1.48 Adjusted diluted earnings per share \$ 0.45 \$ 0.33 \$ 1.96 \$ 1.42 GAAP basic earnings per share \$ 0.40 \$ 0.31 \$ 2.22 \$ 1.46 GAAP diluted earnings per share \$ 0.38 0.30 \$ 2.09 \$ 1.39 Weighted average shares o/s - basic 14,689 14,820 14,908 14,791 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA \$ 21,424 \$ 23,287 78,854 \$ 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA 22,855	•	¢		•		<u>¢</u>		<u>¢</u>				
Tax on special items 356 238 5700 154 Adjusted net income 6,935 5,236 31,147 22,155 Adjusted net income margin 7.9% 5.8% 11.3% 7.8% Adjusted basic earnings per share \$ 0,47 \$ 0.35 \$ 2.08 \$ 1.48 Adjusted diluted earnings per share \$ 0,45 \$ 0.33 \$ 1.96 \$ 1.46 GAAP basic earnings per share \$ 0,40 \$ 0.31 \$ 2.22 \$ 1.46 GAAP diluted earnings per share \$ 0,38 \$ 0.30 \$ 2.09 \$ 1.49 Weighted average shares o/s - basic 14,689 14,820 14,908 14,791 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted EBITDA to Adjusted EBITDA Consolidated EBITDA \$ 21,424 \$ 23,287 78,854 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted Consolidated EBITDA 22,285 24,260 80,653 80,738												
Adjusted net income \$ 6,935 \$ 5,236 \$ 31,147 \$ 22,155 Adjusted net income margin 7.9% 5.8% 11.3% 7.8% Adjusted basic earnings per share \$ 0.47 \$ 0.35 \$ 2.08 \$ 1.48 Adjusted diluted earnings per share \$ 0.45 \$ 0.31 \$ 2.22 \$ 1.46 GAAP basic earnings per share \$ 0.40 \$ 0.31 \$ 2.22 \$ 1.46 GAAP diluted earnings per share \$ 0.38 \$ 0.30 \$ 2.09 \$ 1.39 Weighted average shares o/s - basic 14,689 14,820 14,908 14,791 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738	•	Ф		Ф		Þ		Þ				
Adjusted net income margin 7.9% 5.8% 11.3% 7.8% Adjusted basic earnings per share \$ 0.47 \$ 0.35 \$ 2.08 \$ 1.48 Adjusted diluted earnings per share \$ 0.45 \$ 0.33 \$ 1.96 \$ 1.42 GAAP basic earnings per share \$ 0.40 \$ 0.31 \$ 2.22 \$ 1.46 GAAP diluted earnings per share \$ 0.38 \$ 0.30 \$ 2.09 \$ 1.39 Weighted average shares o/s - basic 14,689 14,820 14,908 14,791 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738	-	<u>¢</u>		•		<u>¢</u>		•				
Adjusted basic earnings per share \$ 0.47 \$ 0.35 \$ 2.08 \$ 1.48 Adjusted diluted earnings per share \$ 0.45 \$ 0.33 \$ 1.96 \$ 1.42 GAAP basic earnings per share \$ 0.40 \$ 0.31 \$ 2.22 \$ 1.46 GAAP diluted earnings per share \$ 0.38 \$ 0.30 \$ 2.09 \$ 1.39 Weighted average shares o/s - basic 14,689 14,820 14,908 14,791 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA to Adjusted consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items(1) 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738	-	Ψ		Ψ		Ψ		Ψ				
Adjusted diluted earnings per share \$ 0.45 \$ 0.33 \$ 1.96 \$ 1.42 GAAP basic earnings per share \$ 0.40 \$ 0.31 \$ 2.22 \$ 1.46 GAAP diluted earnings per share \$ 0.38 \$ 0.30 \$ 2.09 \$ 1.39 Weighted average shares o/s - basic 14,689 14,820 14,908 14,791 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA Consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738		<u> </u>		¢		<u>ф</u>		d.				
GAAP basic earnings per share \$ 0.40 \$ 0.31 \$ 2.22 \$ 1.46 GAAP diluted earnings per share \$ 0.38 \$ 0.30 \$ 2.09 \$ 1.39 Weighted average shares o/s - basic 14,689 14,820 14,908 14,791 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA Consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738												
GAAP diluted earnings per share \$ 0.38 \$ 0.30 \$ 2.09 \$ 1.39 Weighted average shares o/s - basic 14,689 14,820 14,908 14,791 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA Consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items(1) 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738												
Weighted average shares o/s - basic 14,689 14,820 14,908 14,791 Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA Consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738	- ·											
Weighted average shares o/s - diluted 15,537 15,514 15,849 15,480 Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738		\$		\$		\$		\$				
Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA Consolidated EBITDA \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738	-											
consolidated EBITDA Special items ⁽¹⁾ \$ 21,424 \$ 23,287 \$ 78,854 \$ 79,765 Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738	Weighted average shares o/s - diluted		15,537		15,514		15,849		15,480			
Special items ⁽¹⁾ 1,431 973 1,799 973 Adjusted consolidated EBITDA 22,855 24,260 80,653 80,738												
Adjusted consolidated EBITDA \$ 22,855 \$ 24,260 \$ 80,653 \$ 80,738	Consolidated EBITDA	\$	21,424	\$	23,287	\$	78,854	\$	79,765			
	Special items ⁽¹⁾		1,431		973		1,799		973			
Adjusted consolidated EBITDA margin 26.1% 26.8% 29.2% 28.5%	-	\$		\$		\$		\$				
	Adjusted consolidated EBITDA margin		26.1%		26.8%		29.2%		28.5%			

⁽¹⁾ A detail of our Special items presented in this table can be found in the Reconciliation of Non-GAAP Financial Measures section of this press release.

CARRIAGE SERVICES, INC. CONDENSED CONSOLIDATED BALANCE SHEET (unaudited and in thousands)

Carrent assers	· ·	Dece	ember 31, 2022	September 30, 2023			
Cash and cash equivalents \$ 1,176 \$ 2,628 Accounts receivable, net 24,488 25,228 Inventiones 6,163 9,088 Prapald and other current assets 3,797 40,317 Total current assets 35,976 92,588 Preneed cemetery trust investments 95,065 92,588 Preneed funeral trust investments 104,533 106,433 Preneed cemetery receivables, net 26,672 3,332 Receivables from preneed funeral trusts, net 104,173 22,936 Property, plant and equipment, net 27,810 28,846 Conciency property, net 104,173 423,648 Goodwill 104,173 423,648 Cemetery perpetud care trust investments 80,922 17,222 Cemetery perpetud care trust investments 80,022 17,252 Total cases 80,022 1,252 Total cases right-of-use assets 10,022 1,252 Total current portion of debt and lease obligations 81,022 3,332 Accrued and other liabilities 30,021 3,352	ASSETS						
Accounts receivable, net 24,486 25,524 Inventories 7,613 9,084 Prepaid and other current assets 37,974 40,317 Total current assets 30,3974 40,317 Preneed cemetery trust investments 9,065 2,583 Preneed cemetery receivables, net 26,672 34,332 Receivables from preneed fineral trusts, net 19,976 2,284,07 Receivables from preneed fineral trusts, net 19,976 2,840,07 Cenetery property, net 104,171 113,196 Goodwill 410,173 43,248 Operating lease right-foruse assets 1,066 15,987 Operating lease right-foruse assets 1,066 15,987 Cemetery perpetual care trust investments 8 1,19,29 1,255,945 Cemetery perpetual care trust investments 8 1,19,29 3,232 3,222 Cemetery perpetual care trust investments 8 1,19,29 3,232 3,232 Cemetery perpetual care trust investments 1,100 3,232 3,232 3,232 3,232	Current assets:						
Inventories 7,613 9,083 Prepaid and other current assets 4,733 4,030 Total current assets 37,974 40,317 Preneed cemetery tust investments 59,505 9,2583 Preneed cemetery treceivables, net 10,453 3,032 Receivables from preneed funeral trusts, net 26,672 34,332 Receivables from preneed funeral trusts, net 279,106 28,840 Property, plant and equipment, net 279,106 28,840 Goodwill 410,137 42,363 I tangible and other non-current assets, net 21,902 3,222 Operating lease right-of-use assets 1,100 15,987 Cemetery perpetual care trust investments 6,307 8,202 Total assets 5 1,102 1,255,459 Total assets 5 1,102 1,255,459 Total assets 5 1,102 1,255,459 Turnett labilities 5 3,172 5 3,811 Accrued and other labilities 3,062 3,335 3,325 Ac	Cash and cash equivalents	\$	1,170	\$	1,675		
Prepaid and other current assets 4,733 4,031 Total current assets 37,974 9,258 Preneed funeral trust investments 104,553 106,433 Preneed cemetery precivables, net 26,672 34,332 Receivables from preneed funeral trusts, net 19,976 21,295 Receivables from preneed funeral trusts, net 19,976 21,295 Cemetry property, pell 104,137 423,643 Cemetry property, net 32,931 37,221 Goodwill 410,137 423,643 Intangible and other non-current assets, net 32,931 32,231 Operating lease right-of-use assets 17,002 82,042 Cemetry preputul care trust investments \$ 65,077 82,052 Tall assets 31,002 82,052 Poperating lease right-of-use assets 17,002 82,052 Cemetry preputul care trust investments \$ 32,002 \$ 32,022 Cemetry propertil acide trust investments \$ 32,002 \$ 32,022 Cemetry preputul care trust investments \$ 32,022 \$ 32,022 Cemetry preputul car	Accounts receivable, net		24,458		25,524		
Total current assets 37,974 40,317 Preneed cemetery tust investments 95,065 92,583 Preneed femetery tust investments 104,532 106,433 Preneed cemetery receivables, net 26,672 34,322 Receivables from preneed funeral trusts, net 19,976 21,295 Property, plant and equipment, net 278,106 288,407 Cemetery property, net 104,170 113,199 Goodwill 410,137 423,643 Intangible and other non-current assets, net 32,930 37,221 Operating lease right-of-use assets 1,7000 15,987 Cemetery perpetual care trust investments 66,307 82,042 Total assets 1,1000 15,987 Cemetery perptual care trust investments 8,102,930 1,255,450 Total assets 1,1000 15,987 Cemetery perptual care trust investments 8,119,295 1,255,875 Total tabilities 3,112 8,125,865 Accurate part perturb of controlled to a set and the control trust perturb of controlled to a set a se	Inventories		7,613		9,088		
Preneed cemetery trust investments 95,065 92,583 Preneed funeral trust investments 104,533 104,533 106,333 Preneed funeral trusts, net 26,672 34,332 Receivables from preneed funeral trusts, net 19,976 22,840 Property, plant and equipment, net 278,106 288,407 Cemetery property, net 10,117 423,433 Goodwill 410,137 423,433 Intangible and other non-current assets, net 32,92 32,221 Operating lease right-of-use assets 17,000 15,000 Total assets 1,000 15,000 Total contract trust investments 8 1,000 2,000 Total tribitifies 4,000 3,000	Prepaid and other current assets		4,733		4,030		
Preneed funeral trust investments 104,53 106,433 Preneed cemetery receivables, net 26,672 34,332 Receivables from preneed funeral trusts, net 19,976 21,229 Property, plant and equipment, net 278,106 288,407 Cemetery property, net 104,173 423,634 Goodwill 410,137 423,634 Intargable and other non-current assets, net 32,930 37,221 Operating lease right-of-use assets 17,060 15,987 Cemetery perpetual care trust investments 5 1,92,950 \$ 1,255,459 Total assets 1,7060 82,040 Total assets 1,107,000 82,040 Total assets 1,107,000 82,040 Current portion of obt and lease obligations 3,172 \$ 3,811 Accounts payable 1,1675 11,558 Accrued and other liabilities 3,062 3,937 Total current liabilities 3,438 3,335 Acquisition debt, net of current portion 4,448 5,346 Sepical acquirent portion 4,743 6,724	Total current assets		37,974		40,317		
Preneed cemetery receivables, net 26,672 34,332 Receivables from preneed funeral trusts, net 19,976 21,985 Property, plant and equipment, net 278,106 288,407 Cemetery property, net 104,170 113,199 Goodwill 410,137 423,643 Intangible and other non-current assets, net 12,000 15,987 Cemetery perpetual care trust investments 66,307 82,002 Total assets 1,100 15,987 Total sests 1,100 15,987 LIABILITIES AND STOCKHOLDERS' EQUITY 11,655 13,181 Current portion of debt and lease obligations 3,122 37,977 Accounts payable 11,655 13,585 Accounts payable 11,655 33,481 Acquisition debt, net of current portion 45,468 53,346 Certificality 188,365 185,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384	Preneed cemetery trust investments		95,065		92,583		
Receivables from preneed funeral trusts, net 19,976 21,208 Property, plant and equipment, net 278,106 288,407 Cemetery property, net 104,173 423,643 Goodwill 410,137 423,643 Intangible and other non-current assets, net 32,930 37,221 Operating lease right-of-use assets 66,307 82,042 Cemetery perpetual care trust investments 66,307 82,042 Total assets 5,179,259 31,182 LABILITIES AND STOCKHOLDERS' EQUITY 5 3,181 Current portion of debt and lease obligations 3,162 3,981 Accousing payable 11,675 1,815 Accruced and other liabilities 30,621 3,932 Total current liabilities 3,48 3,335 Acquisition beth, net of current portion 4,48 3,335 Credit facility 18,836 18,586 Solijagations under inance leases, net of current portion 17,315 15,746 Obligations under inance leases, net of current portion 1,735 15,746 Deferred preneed funeral re	Preneed funeral trust investments		104,553		106,433		
Property, plant and equipment, net 278,106 288,407 Cemetery property, net 104,173 131,3193 Goodwill 32,930 37,221 Intangible and other non-current assets, net 32,930 37,221 Operating lease right-of-use assets 17,060 82,040 Cemetery perpetual care trust investments 66,307 8,025 Commeter portion of debt and lease obligations 3,192,000 1,155 Current portion of debt and lease obligations 3,312 3,312 Accounts payable 11,675 11,558 Accounts payable 11,675 3,331 Acquisition debt, net of current portion 3,438 3,379 Total current liabilities 3,438 3,355 Credit facility 88,854 18,856 Senior note 38,824 3,857 Obligations under finance leases, net of current portion 4,743 6,244 Obligations under operating leases, net of current portion 1,731 1,573 Obeferred preneed funeral revenue 3,202 4,034 Deferred preneed funeral revenue	Preneed cemetery receivables, net		26,672		34,332		
Cemetery property, ner 104,170 423,643 Goodwill 410,137 423,643 Intangible and other non-current assets, net 32,930 37,221 Operating lease right-of-use assets 17,060 15,087 Cemetery perpetual care trust investments 66,307 82,042 Total assets 1,192,050 3,021 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities Accounts payable	Receivables from preneed funeral trusts, net		19,976		21,295		
Goodwill 410,137 423,643 Intangible and other non-current assets, net 32,93 37,212 Operating lease right-of-use assets 17,060 15,987 Cemetery perpetual care trust investments 66,307 82,042 Total assets 1,192,050 \$ 1,255,450 LIABILITIES AND STOCKHOLDERS' EQUITY Current portion of debt and lease obligations 3,172 \$ 3,811 Accounts payable 11,655 1,558 Accrued and other liabilities 30,621 3,797 Total current liabilities 30,621 3,797 Total current portion 343,48 33,35 Credit facility 188,836 18,586 Senior notes 385,243 395,73 Obligations under finance leases, net of current portion 4,743 6,234 Obligations under operating leases, net of current portion 4,743 6,2384 Deferred preneed cemetery revenue 5,1746 6,2384 Deferred preneed funeral revenue 3,065 1,504 Other long-term liabilities 3,065 1,504	Property, plant and equipment, net		278,106		288,407		
Intangible and other non-current assets, net 32,930 37,221 Operating lease right-of-use assets 17,060 15,987 Cemetery perpetual care trust investments 66,307 \$ 2,042 Total assets 1,192,950 \$ 1,255,439 LIABILITIES AND STOCKHOLDER'S EQUITY Current loabilities 3,172 \$ 3,811 Accounts payable 11,675 11,558 Accrued and other liabilities 30,621 37,977 Total current liabilities 3,438 33,335 Acquisition debt, net of current portion 45,468 35,348 Acquisition debt, net of current portion 47,436 35,573 Credit facility 188,836 185,586 Senior notes 35,243 395,737 Obligations under operating leases, net of current portion 4,743 6,234 Deferred preneed emetery revenue 31,746 62,384 Deferred preneed funeral revenue 30,652 92,583 Deferred preneed funeral receipts held in trust 50,455 92,583 Deferred preneed funeral receipts held in trust	Cemetery property, net		104,170		113,199		
Operating lease right-of-use assets 17,000 15,087 Centerry perpetual care trust investments 66,307 82,042 Total assets 1,192,955 \$ 1,255,459 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Current portion of debt and lease obligations \$ 3,172 \$ 3,811 Accounts payable 11,558 3,621 3,979 Total current liabilities 30,621 33,936 Acqueil and other liabilities 45,468 53,348 Acqueil and other net of current portion 3,438 3,335 Credit facility 88,268 18,586 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,234 Deferred preneed cenetery revenue 32,025 40,343 Deferred preneed funceral revenue 32,025 40,343 Deferred preneed funceral revenue 3,065 1,504 Deferred preneed funceral revenue 3,065 1,504 Deferred preneed funceral revenue 1,045,33 1,064 <td>Goodwill</td> <td></td> <td>410,137</td> <td></td> <td>423,643</td>	Goodwill		410,137		423,643		
Cemetery perpetual care trust investments 66,307 82,042 Total assets 1,192,950 \$ 1,255,459 LABILITIES AND STOCKHOLDERS' EQUITY Current portion of debt and lease obligations \$ 3,172 \$ 3,811 Accounts payable 11,675 11,558 Accrued and other liabilities 30,621 3,977 Total current liabilities 45,468 53,346 Acquisition debt, net of current portion 3438 33,335 Credit facility 188,836 185,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under finance leases, net of current portion 4,743 6,238 Deferred preneed cemetery revenue 32,029 40,343 Deferred preneed funeral revenue 3,065 15,746 Obeferred preneed funeral revenue 95,065 9,585 Deferred preneed funeral receipts held in trust 95,065 9,586 Deferred preneed	Intangible and other non-current assets, net		32,930		37,221		
Total assets \$ 1,192,950 \$ 1,255,450 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities Current portion of debt and lease obligations \$ 3,172 \$ 3,811 Accounts payable 11,675 11,558 Accrued and other liabilities 30,621 37,977 Total current liabilities 3,436 33,336 Acquisition debt, net of current portion 3,438 33,358 Credit facility 188,836 188,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed cemetery revenue 30,022 40,343 Deferred preneed funeral revenue 3,062 1,504 Other long-term liabilities 5,565 92,583 Deferred preneed cemetery receipts held in trust 5,565 92,583 Deferred preneed funeral receipts held in trust 1,055,810 1,094,181	Operating lease right-of-use assets		17,060		15,987		
LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Current portion of debt and lease obligations \$ 3,172 \$ 3,811 Accounts payable 11,675 11,558 Accrued and other liabilities 30,621 37,977 Total current liabilities 45,468 53,346 Acquisition debt, net of current portion 348,836 185,856 Credit facility 188,836 185,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred tax liability 3,065 1,504 Other long-term liabilities 3,065 9,505 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 1,055,816 1,094,187 </td <td>Cemetery perpetual care trust investments</td> <td></td> <td>66,307</td> <td></td> <td>82,042</td>	Cemetery perpetual care trust investments		66,307		82,042		
Current portion of debt and lease obligations \$ 3,172 \$ 3,811 Accounts payable 11,675 11,558 Accrued and other liabilities 30,621 37,977 Total current liabilities 45,468 53,346 Acquisition debt, net of current portion 3,438 3,335 Credit facility 188,836 185,856 Senior notes 352,43 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred tax liability 48,820 49,343 Other long-term liabilities 3,065 1,504 Other long-term liabilities 95,065 92,583 Deferred preneed cemetery receipts held in trust 95,065 92,583 Care trusts' corpus 10,453 106,433 Care trusts' corpus 1,055,810 1,094,187 Common stock 264 <t< td=""><td>Total assets</td><td>\$</td><td>1,192,950</td><td>\$</td><td>1,255,459</td></t<>	Total assets	\$	1,192,950	\$	1,255,459		
Current portion of debt and lease obligations \$ 3,172 \$ 13,155 Accounts payable 11,675 11,558 Accrued and other liabilities 30,621 37,977 Total current liabilities 45,648 53,346 Acquisition debt, net of current portion 3,438 185,856 Credit facility 188,836 185,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred preneed funeral revenue 3,065 1,504 Deferred preneed funeral reveipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 10,643 Care trusts' corpus 55,495 1,094,182 Commitments and contingencies: 26 5,495 1,094,182 Stockholders' equity: 23,878 241,141 24	LIABILITIES AND STOCKHOLDERS' EQUITY		:				
Accounts payable 11,675 11,558 Accrued and other liabilities 30,621 37,977 Total current liabilities 45,468 53,346 Acquisition debt, net of current portion 3,438 3,335 Credit facility 18,836 185,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred preneed funeral revenue 3,065 1,504 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 10,5316 10,94,187 Care trusts' corpus 1,505,816 1,994,187 Total liabilities 2,645 81,299 Total liabilities 2,645 1,904,187 Commitments and contingencies: 2	Current liabilities:						
Accrued and other liabilities 30,621 37,977 Total current liabilities 45,468 53,346 Acquisition debt, net of current portion 3,438 3,335 Credit facility 18,836 185,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred preneed funeral revenue 3,065 1,504 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 264 266 Commitments and contingencies: 25 25 Scokholders' equity: 238,780 241,141 Retained earnings 176,843	Current portion of debt and lease obligations	\$	3,172	\$	3,811		
Total current liabilities 45,468 53,346 Acquisition debt, net of current portion 3,438 3,335 Credit facility 188,836 185,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred ax liability 48,820 48,907 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,004,187 Commitments and contingencies: 264 266 Stockholders' equity: 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618	Accounts payable		11,675		11,558		
Acquisition debt, net of current portion 3,438 3,335 Credit facility 188,836 185,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred preneed funeral revenue 48,820 48,907 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,994,187 Commitments and contingencies: 264 266 Stockholders' equity: 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753)	Accrued and other liabilities		30,621		37,977		
Credit facility 188,836 185,856 Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred tax liability 48,820 48,907 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 55,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Total current liabilities		45,468		53,346		
Senior notes 395,243 395,737 Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred tax liability 48,820 48,907 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: Stockholders' equity: Common stock 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Acquisition debt, net of current portion		3,438		3,335		
Obligations under finance leases, net of current portion 4,743 6,724 Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred tax liability 48,820 48,907 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: 264 266 Stockholders' equity: 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Credit facility		188,836		185,856		
Obligations under operating leases, net of current portion 17,315 15,736 Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred tax liability 48,820 48,907 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: 264 266 Stockholders' equity: 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Senior notes		395,243		395,737		
Deferred preneed cemetery revenue 51,746 62,384 Deferred preneed funeral revenue 32,029 40,343 Deferred tax liability 48,820 48,907 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: 250 264 266 Stockholders' equity: 264 266 266 264 266 Additional paid-in capital 238,780 241,141 241,1	Obligations under finance leases, net of current portion		4,743		6,724		
Deferred preneed funeral revenue 32,029 40,343 Deferred tax liability 48,820 48,907 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: Stockholders' equity: 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Obligations under operating leases, net of current portion		17,315		15,736		
Deferred tax liability 48,820 48,907 Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: Stockholders' equity: 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Deferred preneed cemetery revenue		51,746		62,384		
Other long-term liabilities 3,065 1,504 Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: 264 266 Stockholders' equity: 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Deferred preneed funeral revenue		32,029		40,343		
Deferred preneed cemetery receipts held in trust 95,065 92,583 Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: Stockholders' equity: 264 266 Common stock 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Deferred tax liability		48,820		48,907		
Deferred preneed funeral receipts held in trust 104,553 106,433 Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: 264 266 Stockholders' equity: 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Other long-term liabilities		3,065		1,504		
Care trusts' corpus 65,495 81,299 Total liabilities 1,055,816 1,094,187 Commitments and contingencies: Stockholders' equity: Common stock 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Deferred preneed cemetery receipts held in trust		95,065		92,583		
Total liabilities 1,055,816 1,094,187 Commitments and contingencies: Stockholders' equity: Common stock 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Deferred preneed funeral receipts held in trust		104,553		106,433		
Commitments and contingencies: Stockholders' equity: Common stock 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Care trusts' corpus		65,495		81,299		
Stockholders' equity: 264 266 Common stock 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Total liabilities		1,055,816		1,094,187		
Common stock 264 266 Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Commitments and contingencies:			-			
Additional paid-in capital 238,780 241,141 Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Stockholders' equity:						
Retained earnings 176,843 198,618 Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Common stock		264		266		
Treasury stock (278,753) (278,753) Total stockholders' equity 137,134 161,272	Additional paid-in capital		238,780		241,141		
Total stockholders' equity 137,134 161,272	Retained earnings		176,843		198,618		
	Treasury stock		(278,753)		(278,753)		
	Total stockholders' equity		137,134	•	161,272		
	Total liabilities and stockholders' equity	\$	1,192,950	\$	-		

CARRIAGE SERVICES, INC. CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited and in thousands, except per share data)

		Three months ended September 30,		Nine months ended September 30,					
		2022		2023		2022			2023
Revenue:									
Service revenue	\$	42,992	\$	43,708	\$	135,279	\$	}	136,437
Property and merchandise revenue		37,607		40,287		120,495			125,928
Other revenue		6,898		6,499		20,484			21,321
		87,497	_	90,494		276,258	_		283,686
Field costs and expenses:									
Cost of service		22,317		22,650		65,805			69,202
Cost of merchandise		28,668		30,302		87,304			92,255
Cemetery property amortization		1,278		1,318		4,314			4,411
Field depreciation expense		3,281		3,634		9,831			10,546
Regional and unallocated funeral and cemetery costs	S	5,096		3,771		17,409			13,339
Other expenses		1,259		1,407		3,807			4,264
		61,899		63,082		188,470			194,017
Gross profit		25,598	_	27,412		87,788	_		89,669
Corporate costs and expenses:									
General, administrative and other		10,383		11,303		28,123			31,682
Net (gain) loss on divestitures, disposals and									
impairments charges		(7)	_	423		(433)	_		929
Operating income		15,222		15,686		60,098			57,058
Interest expense		6,678		9,278		18,208			27,213
Net gain on property damage, net of insurance claims				(379)		(3,275)			(343)
Other, net		(95)		11		(78)			(636)
Income before income taxes		8,639	_	6,776		45,243	_		30,824
Expense for income taxes		2,640		2,058		12,578			8,899
Tax adjustment related to discrete items		139		73		(496)			150
Total expense for income taxes		2,779	_	2,131		12,082	_		9,049
Net income	\$	5,860	\$	4,645	\$	33,161	\$,	21,775
Basic earnings per common share:	\$	0.40	\$		\$	2.22	\$		1.46
Diluted earnings per common share:	\$	0.38	\$	0.30	\$	2.09	\$		1.39
Dividends declared per common share:	\$	0.1125	\$	0.1125	\$	0.3375	\$;	0.3375
Weighted average number of common and common equivalent shares outstanding:									
Basic		14,689		14,820		14,908			14,791
Diluted		15,537	_	15,514		15,849	_		15,480

CARRIAGE SERVICES, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited and in thousands)

Nine Months Ended September 30, 2022 2023 Cash flows from operating activities: \$ 33,161 \$ 21,775 Net income Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization 14,611 15,623 Provision for credit losses 2,292 2,314 Stock-based compensation expense 4,577 6.155 Deferred income tax expense 1,699 87 Amortization of intangibles 957 982 Amortization of debt issuance costs 397 524 Amortization and accretion of debt 368 384 Net (gain) loss on divestitures, disposals and impairment charges (433)929 Net gain on property damage, net of insurance claims (3,275)(343)Gain on sale of real property (658)Other (153)Changes in operating assets and liabilities that provided (used) cash: Accounts and preneed receivables (3,053)(4,607)Inventories, prepaid and other current assets 2,785 (52)Intangible and other non-current assets (1,381)(2,285)Preneed funeral and cemetery trust investments (12,585)990 Accounts payable (2,451)(117)Accrued and other liabilities 5,297 (3,080)Incentive payment from vendor 6.000 Deferred preneed funeral and cemetery revenue 2,852 11,110 Deferred preneed funeral and cemetery receipts held in trust 12,758 (2,259)Net cash provided by operating activities 50,046 61,849 Cash flows from investing activities: Acquisitions of businesses and real property (8,876)(44,000)Proceeds from divestitures and sale of other assets 2,296 4,313 Proceeds from insurance claims 2,209 1,388 Capital expenditures (20,346)(13,069)Net cash used in investing activities (53,385)(22,700)Cash flows from financing activities: Borrowings from the credit facility 114,600 68,100 Payments against the credit facility (101,000)(71,500)Payment of debt issuance costs for the credit facility and senior notes (339)Payments on acquisition debt and obligations under finance leases (314)(491)Proceeds from the exercise of stock options and employee stock purchase plan 1,207 1,438 contributions Taxes paid on restricted stock vestings and exercise of stock options (287)(252)Dividends paid on common stock (5,108)(5,023)Purchase of treasury stock (36,663)Net cash used in financing activities (27,673)(7,959)Net increase (decrease) in cash and cash equivalents (327)505 Cash and cash equivalents at beginning of period 1,170 1,148 Cash and cash equivalents at end of period 821 1,675

NON-GAAP FINANCIAL MEASURES

This press release uses Non-GAAP financial measures to present the financial performance of the Company. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported operating results or cash flow from operations or any other measure of performance as determined in accordance with GAAP. We believe the Non-GAAP results are useful to investors to compare our results to previous periods, to provide insight into the underlying long-term performance trends in our business and to provide the opportunity to differentiate ourselves as the best consolidation platform in the industry against the performance of other funeral and cemetery companies.

Reconciliations of the Non-GAAP financial measures to GAAP measures are also provided in this press release.

The Non-GAAP financial measures used in this press release and the definitions of them used by the Company for our internal management purposes in this press release are described below.

- Special items are defined as charges or credits included in our GAAP financial statements that can vary from period to period and are not reflective of costs incurred in the ordinary course of our operations. The change in uncertain tax reserves was not tax effected. Special items were taxed at the operating tax rate.
- Adjusted net income is defined as net income after adjustments for special items that we believe do not directly reflect our core
 operations and may not be indicative of our normal business operations. Adjusted net income margin is defined as adjusted net
 income as a percentage of total revenue.
- Consolidated EBITDA is defined as net income before income taxes, interest expense, non-cash stock compensation, depreciation and amortization, net (gain) loss on divestitures and sale of real property, net gain on property damage, net of insurance claims, impairment of goodwill, intangibles and PPE, and other, net. Consolidated EBITDA margin is defined as consolidated EBITDA as a percentage of total revenue.
- Adjusted consolidated EBITDA is defined as consolidated EBITDA after adjustments for severance and separation costs, litigation
 reserves, disaster recovery and pandemic costs and other special items. Adjusted consolidated EBITDA margin is defined as adjusted
 consolidated EBITDA as a percentage of total revenue.
- Adjusted free cash flow is defined as cash provided by operating activities, adjusted by special items as deemed necessary, less cash
 for maintenance capital expenditures, which include facility repairs and improvements, equipment, furniture and vehicle purchases
 and information technology infrastructure improvements. Adjusted free cash flow margin is defined as adjusted free cash flow as a
 percentage of total revenue.
- Funeral operating EBITDA is defined as funeral gross profit, plus depreciation and amortization and regional and unallocated costs, less financial EBITDA, ancillary EBITDA and divested EBITDA related to the Funeral Home segment. Funeral operating EBITDA margin is defined as funeral operating EBITDA as a percentage of funeral operating revenue.
- Cemetery operating EBITDA is defined as cemetery gross profit, plus depreciation and amortization and regional and unallocated costs, less financial EBITDA and divested EBITDA related to the Cemetery segment. Cemetery operating EBITDA margin is defined as cemetery operating EBITDA as a percentage of cemetery operating revenue.
- Preneed cemetery sales is defined as cemetery property, merchandise and services sold prior to death.
- Financial EBITDA is defined as financial revenue, less the related expenses. Financial revenue and the related expenses are presented within *Other revenue* and *Other expenses*, respectively, on the Consolidated Statement of Operations. Financial EBITDA margin is defined as financial EBITDA as a percentage of financial revenue.
- Ancillary revenue is defined as revenues from our ancillary businesses, which include a flower shop, a monument company, a pet cremation business and our online cremation businesses. Ancillary revenue and the related expenses are presented within *Other revenue* and *Other expenses*, respectively, on the Consolidated Statement of Operations.
- Ancillary EBITDA is defined as ancillary revenue, less expenses related to our ancillary businesses noted above. Ancillary EBITDA margin is defined as ancillary EBITDA as a percentage of ancillary revenue.
- Divested revenue is defined as revenues from certain funeral home and cemetery businesses that we have divested.

- Divested EBITDA is defined as divested revenue, less field level and financial expenses related to the divested businesses noted above. Divested EBITDA margin is defined as divested EBITDA as a percentage of divested revenue.
- Overhead expenses are defined as *regional and unallocated funeral and cemetery costs* and *general, administrative and other* costs, excluding home office depreciation and non-cash stock compensation.
- Adjusted basic earnings per share (EPS) is defined as GAAP basic earnings per share, adjusted for special items.
- Adjusted diluted earnings per share (EPS) is defined as GAAP diluted earnings per share, adjusted for special items.

Funeral Operating EBITDA and Cemetery Operating EBITDA

Our operations are reported in two business segments: Funeral Home operations and Cemetery operations. Our operating level results highlight trends in volumes, revenue, operating EBITDA (the individual business' cash earning power/locally controllable business profit) and operating EBITDA margin (the individual business' controllable profit margin).

Funeral operating EBITDA and cemetery operating EBITDA are defined above. Funeral and cemetery gross profit is defined as revenue less "field costs and expenses" — a line item encompassing these areas of costs: i) funeral and cemetery field costs, ii) field depreciation and amortization expense, and iii) regional and unallocated funeral and cemetery costs. Funeral and cemetery field costs include cost of service, funeral and cemetery merchandise costs, operating expenses, labor and other related expenses incurred at the business level.

Regional and unallocated funeral and cemetery costs presented in our GAAP statement consist primarily of salaries and benefits of our regional leadership, incentive compensation opportunity to our field employees and other related costs for field infrastructure. These costs, while necessary to operate our businesses as currently operated within our unique, decentralized platform, are not controllable operating expenses at the field level as the composition, structure and function of these costs are determined by executive leadership in the Houston Support Center. These costs are components of our overall overhead platform presented within consolidated EBITDA and adjusted consolidated EBITDA. We do not directly or indirectly "push down" any of these expenses to the individual business' field level margins.

We believe that our "regional and unallocated funeral and cemetery costs" are necessary to support our decentralized, high performance culture operating framework, and as such, are included in consolidated EBITDA and adjusted consolidated EBITDA, which more accurately reflects the cash earning power of the Company as an operating and consolidation platform.

Usefulness and Limitations of These Measures

When used in conjunction with GAAP financial measures, our total EBITDA, consolidated EBITDA and adjusted consolidated EBITDA are supplemental measures of operating performance that we believe are useful measures to facilitate comparisons to our historical consolidated and business level performance and operating results.

We believe our presentation of adjusted consolidated EBITDA, a key metric used internally by our management, provides investors with a supplemental view of our operating performance that facilitates analysis and comparisons of our ongoing business operations because it excludes items that may not be indicative of our ongoing operating performance.

Our total field EBITDA, consolidated EBITDA and adjusted consolidated EBITDA are not necessarily comparable to similarly titled measures used by other companies due to different methods of calculation. Our presentation is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Funeral operating EBITDA, cemetery operating EBITDA, financial EBITDA, ancillary EBITDA and divested EBITDA are not consolidated measures of profitability.

Our total field EBITDA excludes certain costs presented in our GAAP statement that we do not allocate to the individual business' field level margins, as noted above. A reconciliation to gross profit, the most directly comparable GAAP measure, is set forth below.

Consolidated EBITDA excludes certain items that we believe do not directly reflect our core operations and may not be indicative of our normal business operations. A reconciliation to net income, the most directly comparable GAAP measure, is set forth below.

Therefore, these measures may not provide a complete understanding of our performance and should be reviewed in conjunction with our GAAP financial measures. We strongly encourage investors to review the Company's consolidated financial statements and publicly filed reports in their entirety and not rely on any single financial measure.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The Non-GAAP financial measures are presented for additional information and are reconciled to their most comparable GAAP measures, all of which are reflected in the tables below.

Reconciliation of Net Income to Consolidated EBITDA, Adjusted Consolidated EBITDA (in thousands) and Adjusted Consolidated EBITDA margin for the three and nine months ended September 30, 2022 and 2023:

5 1	,										
	Three Months Ended September 30,			Nine Months Ended Septembe 30,							
	2022		2023		2022			2023			
Net income	\$	5,860	\$	4,645	\$	33,161	\$	21,775			
Total expense for income taxes		2,779		2,131		12,082		9,049			
Income before income taxes	\$	8,639	\$	6,776	\$	45,243	\$	30,824			
Depreciation & amortization		4,716		5,186		14,611		15,623			
Non-cash stock compensation		1,493		1,992		4,578		6,155			
Interest expense		6,678		9,278		18,208		27,213			
Net (gain) loss on divestitures and sale of real property		_		24		(575)		(550)			
Net gain on property damage, net of insurance claims		_		(379)		(3,275)		(343)			
Impairment of goodwill, intangibles and PPE		_		211		_		454			
Other, net		(102)		199		64		389			
Consolidated EBITDA	\$	21,424	\$	23,287	\$	78,854	\$	79,765			
Adjusted for:											
Severance and Separation Costs	\$	1,431	\$		\$	1,431	\$	_			
Litigation reserve				_		200					
Disaster recovery and pandemic costs		_				168		_			
Other special items		_		973		_		973			
Adjusted consolidated EBITDA	\$	22,855	\$	24,260	\$	80,653	\$	80,738			
Total revenue	\$	87,497	\$	90,494	\$	276,258	\$	283,686			
Adjusted consolidated EBITDA margin		26.1%		26.8%		29.2%		28.5%			

Special Items affecting Adjusted Net Income (in thousands) for the three and nine months ended September 30, 2022 and 2023:

	Three Months Ended September 30,			Nine Months Ended September 30,				
		2022		2023		2022		2023
Severance and separation costs	\$	1,431	\$	_	\$	1,431	\$	_
Net (gain) loss on divestitures and sale of real property				24		(575)		(550)
Impairment of goodwill, intangibles and PPE				211		_		454
Litigation reserve						200		_
Net gain on property damage, net of insurance claims				(379)		(3,275)		(343)
Disaster recovery and pandemic costs						168		_
Change in uncertain tax reserves				_		(533)		_
Other special items				973		_		973
Total	\$	1,431	\$	829	\$	(2,584)	\$	534

Reconciliation of Gross Profit to Total Field EBITDA (in thousands) and Total Field EBITDA margin for the three and nine months ended September 30, 2022 and 2023:

	Three Months Ended September 30,			Nine Months Ended September 30,				
		2022		2023		2022		2023
Gross profit (GAAP)	\$	25,598	\$	27,412	\$	87,788	\$	89,669
Cemetery property amortization		1,278		1,318		4,314		4,411
Field depreciation expense		3,281		3,634		9,831		10,546
Regional and unallocated funeral and cemetery costs		5,096		3,771		17,409		13,339
Total field EBITDA	\$	35,253	\$	36,135	\$	119,342	\$	117,965
Total revenue	\$	87,497	\$	90,494	\$	276,258	\$	283,686
Total field EBITDA margin		40.3%		39.9%		43.2%		41.6%
Gross profit margin		29.3%		30.3%		31.8%		31.6%

Reconciliation of GAAP Basic Earnings Per Share to Adjusted Basic Earnings Per Share for the three and nine months ended September 30, 2022 and 2023:

	Three	Three Months Ended September 30,			Nine Months Ended September 30,			
		2022		2023		2022		2023
GAAP basic earnings per share	\$	0.40	\$	0.31	\$	2.22	\$	1.46
Special items		0.07		0.04		(0.14)		0.02
Adjusted basic earnings per share	\$	0.47	\$	0.35	\$	2.08	\$	1.48

Reconciliation of GAAP Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share for the three and nine months ended September 30, 2022 and 2023:

	Three Months Ended September 30,			Nine Months Ended September 30,				
		2022		2023		2022		2023
GAAP diluted earnings per share	\$	0.38	\$	0.30	\$	2.09	\$	1.39
Special items		0.07		0.03		(0.13)		0.03
Adjusted diluted earnings per share	\$	0.45	\$	0.33	\$	1.96	\$	1.42

Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow (in thousands) for the three and nine months ended September 30, 2022 and 2023:

	Three Months Ended September 30,				Nine Months Ended September 30,				
		2022		2023		2022		2023	
Cash provided by operating activities Cash used for maintenance capital	\$	19,869	\$	22,662	\$	50,046	\$	61,849	
expenditures		(3,728)		(2,203)		(9,710)		(5,926)	
Free cash flow	\$	16,141	\$	20,459	\$	40,336	\$	55,923	
Plus: incremental special items: Withdrawal from preneed funeral and									
cemetery trust investments ⁽¹⁾	\$	_	\$	_	\$	_	\$	(8,599)	
Vendor incentive payment ⁽²⁾		_		_		_		(6,000)	
Severance and separation costs		384		_		384		_	
Disaster recovery and pandemic costs		_		_		168		_	
Other special items		_		973		_		973	
Adjusted free cash flow	\$	16,525	\$	21,432	\$	40,888	\$	42,297	

During the nine months ended September 30, 2023, we withdrew \$8.6 million of realized capital gains and earnings from our preneed funeral and cemetery trust investments. In certain states, we are allowed to withdraw these funds prior to the delivery of preneed merchandise and service contracts. While the realized capital gains and earnings are not recognized as revenue, they increase our cash flow from operations.

Reconciliation of the Revised 2023 Outlook for the Estimated Year Ended December 31, 2023:

Reconciliation of Net Income to Consolidated EBITDA, Adjusted Consolidated EBITDA (in thousands) and Adjusted Consolidated EBITDA Margin for the estimated year ended December 31, 2023:

	2023E
Net income	\$ 29,000
Total expense for income taxes	11,750
Income before income taxes	\$ 40,750
Depreciation & amortization	20,900
Non-cash stock compensation	8,100
Interest expense	36,250
Other	 <u> </u>
Consolidated EBITDA	\$ 106,000
Adjusted for:	
Special items	1,000
Adjusted consolidated EBITDA	\$ 107,000
Total revenue	\$ 376,000
Adjusted consolidated EBITDA margin	28.5%

Reconciliation of GAAP Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share for the estimated year ended December 31, 2023:

	2	023E
GAAP diluted earnings per share	\$	1.87
Special items		0.05
Adjusted diluted earnings per share	\$	1.92

During the nine months ended September 30, 2023, we received a \$6.0 million incentive payment from a vendor for entering into a strategic partnership agreement to market and sell prearranged funeral services in the future. While the incentive payment was not recognized as revenue, it increased our cash flow from operations.

Reconciliation of Cash Provided by Operating Activities to Adjusted Free Cash Flow (in thousands) for the estimated year ended December 31, 2023:

	:	2023E
Cash provided by operating activities	\$	75,000
Cash used for maintenance capital expenditures		(8,000)
Free cash flow	\$	67,000
Special items		(14,000)
Adjusted free cash flow	\$	53,000

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This earnings release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and contains certain statements and information that may constitute forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements made herein or elsewhere by us, or on our behalf, other than statements of historical information, should be deemed to be forward-looking statements, which include, but are not limited to, statements regarding any expectations and projections of earnings, revenue, cash flow, investment returns, capital allocation, debt levels, equity performance, death rates, market share growth, cost inflation, overhead, preneed sales or other financial items; any statements of the plans, strategies, objectives, and expectations of management for future operations or financing activities, including, but not limited to, capital allocation, organizational performance, execution of our strategic growth plan, anticipated integration, performance and other benefits of recently completed acquisitions, and cost management and debt reductions; any statements regarding the timing of the strategic alternatives review; the outcome of the strategic alternatives review, including whether any transaction occurs, if at all; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing and are based on our current expectations and beliefs concerning future developments and their potential effect on us. Words such as "may", "will", "estimate", "intend", "believe", "expect", "seek", "project", "forecast", "foresee", "should", "would", "could", "plan", "anticipate" and other similar words may be used to identify forward-looking statements; however, the absence of these words does not mean that the statements are not forward-looking. While we believe these assumptions concerning future events are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenue and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions, except where specifically noted. Our forwardlooking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Important factors that could cause actual results to differ materially from those in the forward-looking statements include but are not limited to: our ability to find and retain skilled personnel; the effects of our talent recruitment efforts, incentive and compensation plans and programs, including such effects on our Standards Operating Model and the Company's operational and financial performance; our ability to execute our growth strategy, if at all; our ability to execute and meet the objectives of our High Performance and Credit Profile Restoration Plan, if at all; the execution of our Standards Operating, 4E Leadership and Strategic Acquisition Models; the effects of competition; changes in the number of deaths in our markets, which are not predictable from market to market or over the short term; changes in consumer preferences and our ability to adapt to or meet those changes; our ability to generate preneed sales, including implementing our cemetery portfolio sales strategy, product development and optimization plans; the investment performance of our funeral and cemetery trust funds; fluctuations in interest rates, including, but not limited to, the effects of increased borrowing costs under our Credit Facility and our ability to minimize such costs, if at all: the effects of inflation on our operational and financial performance, including the increased overall costs for our goods and services, the impact on customer preferences as a result of changes in discretionary income, and our ability, if at all, to mitigate such effects; our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness; our ability to meet the timing, objectives and expectations related to our capital allocation framework, including our forecasted rates of return, planned uses of free cash flow and future capital allocation, including share

repurchases, potential strategic acquisitions, internal growth projects, dividend increases, or debt repayment plans; our ability to meet the projected financial and equity performance goals to our updated full year outlook, if at all; the timely and full payment of death benefits related to preneed funeral contracts funded through life insurance contracts; the financial condition of third-party insurance companies that fund our preneed funeral contracts; increased or unanticipated costs, such as merchandise, goods, insurance or taxes, and our ability to mitigate or minimize such costs, if at all; our level of indebtedness and the cash required to service our indebtedness; changes in federal income tax laws and regulations and the implementation and interpretation of these laws and regulations by the Internal Revenue Service; effects of the application of other applicable laws and regulations, including changes in such regulations or the interpretation thereof; the potential impact of epidemics and pandemics, such as the COVID-19 coronavirus, including any new or emerging public health threats, on customer preferences and on our business; government, social, business and other actions that have been and will be taken in response to pandemics, such as the COVID-19 coronavirus, including potential responses to any new or emerging public health threats; effects and expense of litigation; consolidation of the funeral and cemetery industry; our ability to identify and consummate strategic acquisitions, if at all, and successfully integrate acquired businesses with our existing businesses, including expected performance and financial improvements related thereto; potential adverse impacts resulting from our recent announcement regarding our board of directors' review of potential strategic alternatives for the Company; economic, financial and stock market fluctuations; interruptions or security lapses of our information technology, including any cybersecurity or ransomware incidents; adverse developments affecting the financial services industry; acts of war or terrorists acts and the governmental or military response to such acts; our failure to maintain effective control over financial reporting; and other factors and uncertainties inherent in the funeral and cemetery industry.

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, and in other filings with the SEC, available at www.carriageservices.com. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of the applicable communication and we undertake no obligation to publicly update or revise any forward-looking statements except to the extent required by applicable law.