

CARRIAGE
SERVICES

carriageservices.com

Annual Report

2022

CARRIAGE SERVICES

COMBINING THE POWER OF POSSIBILITIES
WITH THE ART OF HIGH PERFORMANCE

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Indeed, if there is any one “secret” to an enduring great company, it is the ability to manage continuity and change - a discipline that must be consciously practiced, even by the most visionary of companies.

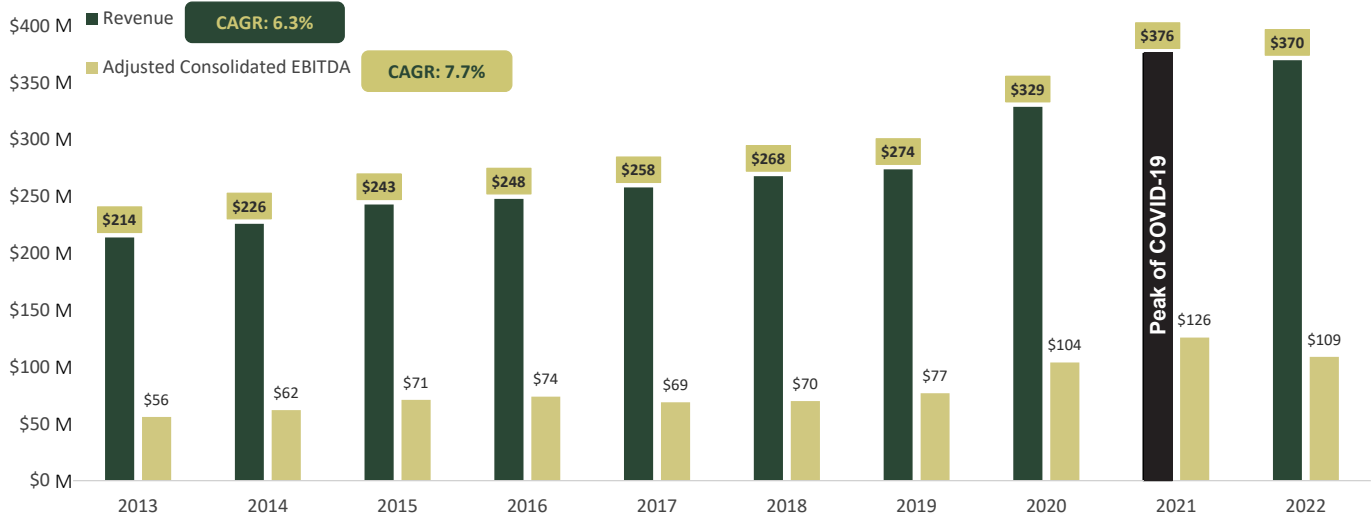
- Jim Collins

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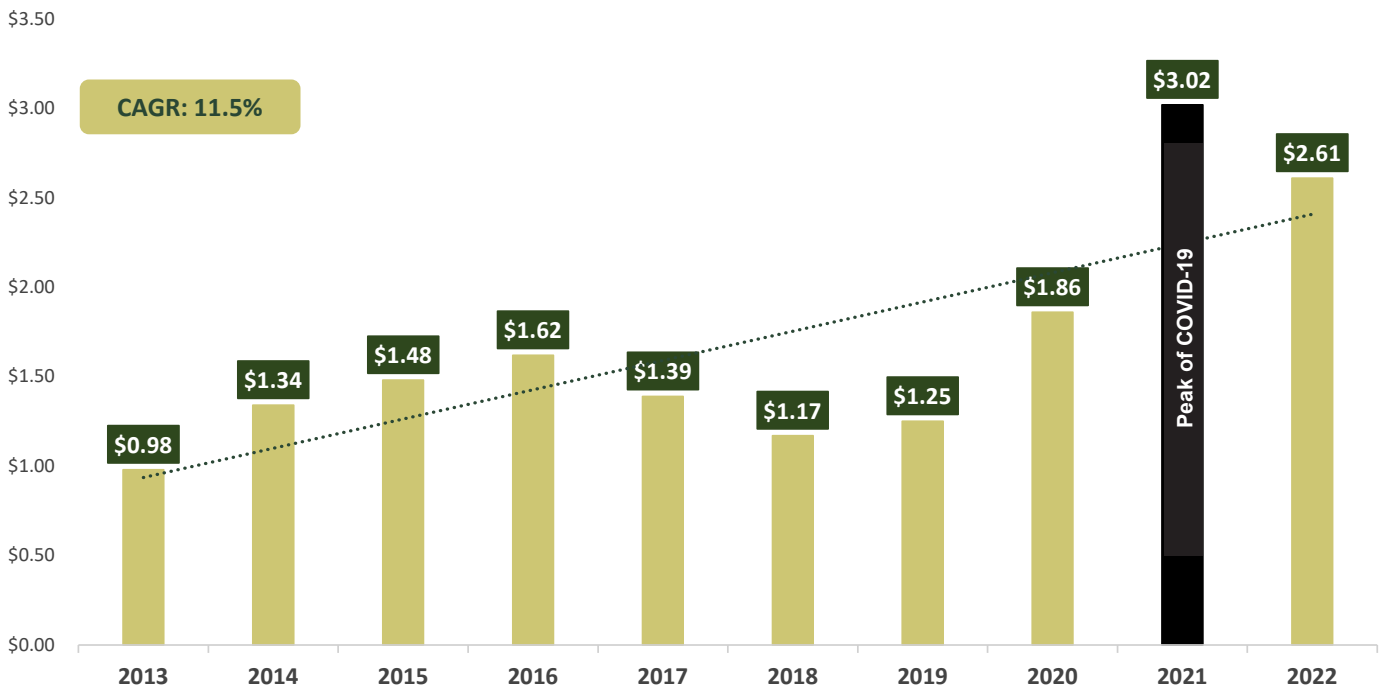
Combining The Power Of Possibilities With The Art Of High Performance

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Track Record of Long-Term Revenue & Adjusted Consolidated EBITDA Growth



Long-Term Adjusted Diluted Earnings Per Share Growth



Introduction to the 2022 Shareholder Letter

For those of you who have followed Carriage over the years, it will come as no surprise that we are comfortable doing things a little differently than the “traditional model.” This year’s shareholder letter will be another example of that commitment to thinking differently, as I am writing it in collaboration with my partners on the Strategic Vision and Principles Group (the “SVPG”). When I first announced the formation of the SVPG on June 2, 2021, I noted that I would dedicate my time to growing and mentoring this small group of executive leaders to collectively represent the future leadership of Carriage.

Over the past two years, by design, you have heard more from both Carlos Quezada and Steve Metzger through our earnings releases and quarterly calls. We recently added the fourth member to our SVPG team, our new CFO, Kian Granmayeh. This team’s collective experience, diverse perspectives, and natural desire to collaborate, has exceeded even my high expectations for the SVPG.

As part of my continued efforts to mentor and grow this talent, I asked Carlos and Steve (Kian joined us just as we are wrapping up this letter) to join me in crafting this year’s shareholder letter. What you will read in the following pages is our look back at 2022 and, more importantly, our look ahead. What we hope you can also take away from this shareholder letter, is the excitement we all feel about where we are today, the hard work it has taken to get here, and how well positioned we are to continue to drive an accelerated growth plan over the next several years. This is why our Company-wide theme for 2023 is “**Creating High Performance Possibilities**” as we look to continue to capitalize on the strong foundation that is already in place.

Mel Payne

Mel Payne

Chief Executive Officer
and Chairman of the Board





2022: Year in Review

Taking the time to reflect both personally and as a Company, is critical to ensuring our focus on creating value for our shareholders remains at the forefront of our strategic thinking. As I look back at 2022, there is much to be proud of, and there are also many lessons learned that will inform our leadership team as we build towards the future.

Beginning in late 2018, the Company began to undergo a significant and intentional transformation. We have talked at length about this transformation in the past, so I will not go into great detail during this letter. However, in looking back at 2022, it is important to note that much of what we see by way of progress within the Company today, is directly tied to the leadership changes we have made over the past several years. We have recruited key leaders who have introduced new ideas, while embracing the unique **Carriage High Performance Culture**, and in the process, cleared the way for others within the organization to think differently. This leadership

shift has created an environment where the best ideas will always win, and people are comfortable questioning the status quo when there is a better way to do something.

2022: Key Achievements

In 2022, we identified and recruited two new members to join our leadership team. Rob Franch joined us from Cushman and Wakefield to serve as our Chief Information Officer and lead our mission to rethink our approach to technology as an accelerator to our long-term growth plans. In less than a year, Rob has created the blueprint for this vision with Project

Trinity, which includes an exciting partnership with Funeral 365 that will drive internal efficiencies, prepare us to support more rapid future growth, and provide our businesses with the latest technological advances to assist in their service to our families.

This past year, we also recruited Robbie Pape to serve as our Senior Vice President and Regional Partner. Robbie, who has more than thirty years of industry experience and serves as the incoming President of the International Cemetery, Cremation and Funeral Association, brings a diverse background and first-class reputation within our profession to Carriage. She joins our team of operational leaders as they continue to identify areas to enhance service, identify growth opportunities and gain market share.

Last year also saw us expand our sales team to help drive our focus on preneed and cemetery sales that began in late 2020. To compare where we are today with our sales team with where we were in 2020, is truly incredible. However, what is more exciting for our shareholders, is what lies ahead in terms of opportunities to drive further efficiencies within our sales organization, including a review of our third-party partnerships and continued recruitment and development of our sales leaders.

2022 was also a strong year for our growth through acquisition plan. We entered the growing strategic market of Charlotte, North Carolina for the first time, with one of the largest, premier operators, Heritage Funeral and Cremation Services and Forest Lawn East Cemetery. We also acquired a high-volume business just outside of Orlando, Florida that has been growing at a rapid pace over the past several years. We also entered into a definitive

agreement to acquire the largest operator in Bakersfield, California, a transaction we closed in March of this year. These key acquisitions continue a trend of high-quality, large-scale additions that have been driving our growth since 2019. I will discuss the evolution of our growth through acquisition strategy in greater detail later in this letter.

There are a number of additional areas that drove our progress this past year. From continuing to invest in service-related enhancements, to developing a more sophisticated approach to marketing, to creating a more holistic approach to our employees' wellbeing through a growing wellness plan, 2022 was a year filled with broad achievements. Our goal each year is to look back and know that we finished the year as a better Company than when we started. I have no doubt that we achieved that goal in 2022, and the expectation for 2023 will be no different.



*Heritage Funeral and Cremation Services,
Charlotte, North Carolina*

2022: Lessons Learned

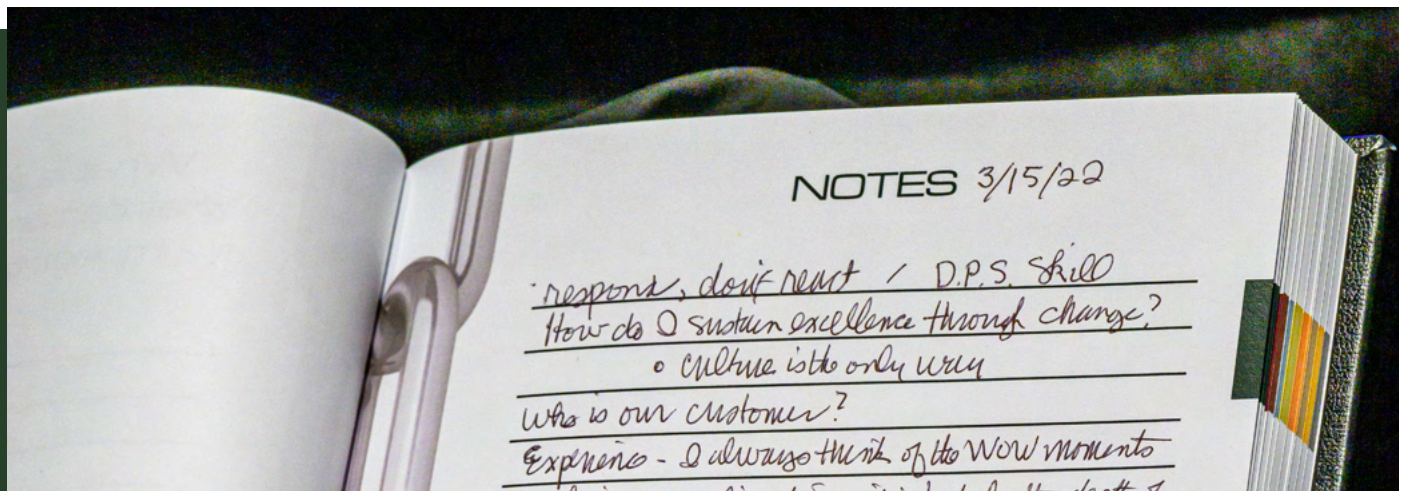
While this past year featured significant progress and success, we would not be truly reflective if we did not identify lessons learned during the year. One of the key pillars of the SVPG is to be comfortable expressing opinions that may not be shared by others on the team. This includes candidly telling your colleagues when you outright disagree with an approach and believe the Company needs to adjust course in an area. This is often how the best decisions are ultimately made, and while it sounds easy to accomplish in theory, it takes the right group of leaders for it to be effective in practice. Over the course of the past two years, we have had plenty of those conversations, ranging from capital allocation decisions to how we communicate our earnings and quarterly performance.

One of the key lessons learned last year was related to capital allocation. I have spoken in detail before about our failure to pause on share repurchases earlier than we did. While there is no need to revisit that topic, one of the important lessons the SVPG learned was to ensure the entire team is aligned on these key capital allocation decisions. Since that time, there has been great discussion and

debate surrounding all matters concerning our precious capital.

The SVPG also revisited how we tell our story and determined we can do a much better job in that area. While our refreshed approach to our earnings releases, public communications, and Investor Relations focus have been rethought and updated as of the beginning of this year, the groundwork for these decisions was laid during discussions throughout 2022, as we listened to feedback from valued shareholders and our Carriage colleagues.

The most exciting thing for me related to these lessons learned, is the thoughtful debate between the SVPG and other leaders within our Company that is leading to key changes and an important evolution of Carriage. What worked for Carriage during the first 30 years, is not necessarily what will drive Carriage forward over the next 30 years. As we continue to champion an environment where we are all driven to make incremental improvements each day, and where challenging the status quo with a new and potentially better idea is encouraged, Carriage will accelerate its growth and expand the value it provides to our shareholders.



Carriage At A Glance

173

Funeral Homes

32

Cemeteries

370 million

2022 Annual Revenue

11.5%

Earnings Per Share CAGR (2013-2022)

2,500+

Employees Nationwide

7.7%

Adjusted Consolidated EBITDA
CAGR (2013-2022)

Darling & Fischer Chapel of the Hills, Los Gatos, California

The Best Is Yet To Come: A BOLD Ten-Year Vision 2022-2031

But First, a Look Back to our First Five-Year Strategy 2012-2016

Throughout my professional and personal endeavors, I have consistently adopted a comprehensive approach to planning, encompassing a Ten-Year Vision, Five-Year Strategy, and One-Year Plan. This approach has been applied to all aspects of my work, including my role at Carriage.

I introduced this methodology to Carriage in 2007 and referenced it in various shareholder letters, specifically highlighting its importance in the wake of a significant management reorganization on November 4, 2011, which we now refer to as our **Good To Great Transition Date**. This pivotal moment served as the catalyst for the development of our First Five-Year Strategy, launched on January 1, 2012. Dubbed the **Good To Great Value Creation Award**, this strategy was anchored on sustained Standards Achievement over a full five-year period, as elaborated in pages 35-36 of my 2016 shareholder letter.

The initial five-year **Good To Great Journey** (2012-2016) culminated in remarkable achievements for Carriage. Our Total Revenue surged from \$190.6 million (2011 base year) to \$248.2 million in 2016, reflecting growth of \$57.6 million or 30.2%. The compounded annual growth rate (CAGR) of 5.4% over this period highlights our sustained performance.

We converted this revenue into Adjusted Consolidated EBITDA from \$50.6 million (2011 base year) to \$73.7 million in 2016, indicating growth of \$23.1 million or 45.6%, with a CAGR of 7.8% over this period. This success was further amplified by an impressive growth of EPS, which increased from \$0.66 cents per share (2011 base year) to \$1.62 cents per share in 2016, an increase of \$0.96 cents per share or 145.5%, with a CAGR of 19.7% over the five-year period.

These tangible results validate our unique approach and demonstrate our potential as a **Value Creation Platform** for shareholders. While we strive for continuous improvement and evolution, these achievements serve as a testament to the exceptional performance of our team and our unwavering commitment to delivering value to our shareholders.



Bradshaw-Carter Memorial & Funeral Services, Houston, Texas

2012-2016 Five Year Annual Operating and Financial Trend Report (In Thousands, Except Margin and Per Share Data)	2011 Base Year	2012	2013	2014	2015	2016	2012-2016
Funeral Operating Revenue							
Same Store Revenue	\$106,679	\$120,576	\$118,813	\$119,322	\$131,740	\$140,459	\$630,910
Acquisition Revenue	30,307	25,802	35,891	44,930	44,628	40,165	191,416
Total Funeral Operating Revenue	\$136,986	\$146,378	\$154,704	\$164,252	\$176,368	\$180,624	\$822,326
Cemetery Operating Revenue							
Same Store Revenue	\$32,407	\$39,902	\$40,181	\$41,257	\$43,336	\$45,441	\$210,117
Acquisition Revenue	6,574	166	298	1,599	3,321	3,506	8,890
Total Cemetery Operating Revenue	\$38,981	\$40,068	\$40,479	\$42,856	\$46,657	\$48,947	\$219,007
Total Financial Revenue	\$14,669	\$17,703	\$18,774	\$19,016	\$19,477	\$18,629	\$93,599
Ancillary Revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total Divested/Planned Divested Revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total Revenue	\$190,636	\$204,149	\$213,957	\$226,124	\$242,502	\$248,200	\$1,134,932
5 Year CAGR (2011-2016)							5.4%
Funeral Field EBITDA							
Same Store Funeral Field EBITDA	\$38,152	\$46,231	\$44,682	\$44,756	\$50,563	\$54,706	\$240,938
Same Store Funeral Field EBITDA Margin	35.8%	38.3%	37.6%	37.5%	38.4%	38.9%	38.2%
Acquisition Funeral Field EBITDA	8,938	8,339	10,886	15,718	17,750	16,536	69,229
Acquisition Funeral Field EBITDA Margin	29.5%	32.3%	30.3%	35.0%	39.8%	41.2%	36.2%
Total Funeral Field EBITDA	\$47,090	\$54,570	\$55,568	\$60,474	\$68,313	\$71,242	\$310,167
Total Funeral Field EBITDA Margin	34.4%	37.3%	35.9%	36.8%	38.7%	39.4%	37.7%
Cemetery Field EBITDA							
Same Store Cemetery Field EBITDA	\$7,603	\$10,176	\$11,757	\$11,845	\$14,045	\$14,499	\$62,322
Same Store Cemetery Field EBITDA Margin	23.5%	25.5%	29.3%	28.7%	32.4%	31.9%	29.7%
Acquisition Cemetery Field EBITDA	1,944	(76)	(43)	351	1,088	1,168	2,488
Acquisition Cemetery Field EBITDA Margin	29.6%	(45.8%)	(14.4%)	22.0%	32.8%	33.3%	28.0%
Total Cemetery Field EBITDA	\$9,547	\$10,100	\$11,714	\$12,196	\$15,133	\$15,667	\$64,810
Total Cemetery Field EBITDA Margin	24.5%	25.2%	28.9%	28.5%	32.4%	32.0%	29.6%
Total Financial EBITDA	\$13,292	\$16,247	\$17,325	\$17,689	\$18,093	\$17,504	\$86,858
Total Financial EBITDA Margin	90.6%	91.8%	92.3%	93.0%	92.9%	94.0%	92.8%
Ancillary EBITDA	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Ancillary EBITDA Margin	-	-	-	-	-	-	-
Total Divested/Planned Divested EBITDA	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Divested/Planned Divested EBITDA Margin	-	-	-	-	-	-	-
Total Field EBITDA	\$69,929	\$80,917	\$84,607	\$90,359	\$101,539	\$104,413	\$461,835
Total Field EBITDA Margin	36.7%	39.6%	39.5%	40.0%	41.9%	42.1%	40.7%
Total Overhead	\$28,900	\$30,272	\$33,020	\$34,127	\$34,667	\$35,898	\$167,984
Overhead as a Percentage of Revenue	15.2%	14.8%	15.4%	15.1%	14.3%	14.5%	14.8%
Adjusted Diluted Earnings Per Share	\$0.66	\$0.85	\$0.98	\$1.34	\$1.48	\$1.62	CAGR 19.7%
Weighted Average Diluted Shares Outstanding	18,397	18,226	22,393	18,257	18,313	17,460	
Adjusted Consolidated EBITDA	\$50,623	\$54,898	\$56,137	\$61,653	\$71,133	\$73,691	\$317,512
Adjusted Consolidated EBITDA Margin	26.6%	26.9%	26.2%	27.3%	29.3%	29.7%	28.0%
5 Year CAGR (2011-2016)							7.8%

The amounts reflected in "same store" and "acquired" are the amounts as reported in our financial statements for that year reported. These amounts will differ from our current year financial statements as funeral homes and cemeteries transition from acquired to same store after five years.

The Second Five-Year Strategy 2017-2021

With a strong foundation and building upon the success of our initial strategy, we embarked on our second **Good To Great Five-Year Strategy** on January 1, 2017. At Carriage, we pride ourselves on fostering a “Darwinian Culture,” where only the best and most talented “A” Players thrive and succeed on the playing field. This ethos drives our evolutionary process and was exemplified in our second five-year period, where we top-graded leadership positions in the field and our Houston Support Center, resulting in improved **High Performance**.

We refined our acquisition selection process, focusing on larger businesses in growing markets, resulting in significant progress and achievements during this period. In fact, we have dedicated an entire section of this letter to share more details about the evolution of our acquisition strategy.

To summarize the milestones achieved during our second five-year period (2017-2021), we grew

from \$248.2 million (2016 base year) in Total Revenue to \$375.9 million at the end of 2021, representing growth of \$127.7 million or 51.4%, with a CAGR of 8.7% for this period. Our Adjusted Consolidated EBITDA also grew from \$73.7 million (2016 base year) to \$126.2 million in 2021, an increase of \$52.5 million or 71.2%, with a CAGR of 11.4% for the second five-year period. Meanwhile, our EPS grew from \$1.62 cents per share to \$3.02 cents per share, representing growth of \$1.40 cents per share or 86.4%.

In conclusion, our first two five-year terms were extremely successful, with our first five-year Adjusted Consolidated EBITDA CAGR of 7.8%, and an even better second five-year Adjusted Consolidated EBITDA CAGR of 11.4%, and a combined two five-year periods (2011-2021) CAGR of 9.6% for Adjusted Consolidated EBITDA and 16.4% for EPS. Our Carriage Ten-Year Vision, aligned with our **Vision and Mission of Being The Best**, accelerated and delivered extraordinary results, showcasing the **High Performance Possibilities** at Carriage. So, what could the next ten years at Carriage look like?

“

At Carriage, we believe anything is possible when we push ourselves beyond our limits and strive for excellence daily.

Carlos Quezada

President, Chief Operating Officer
and Vice Chairman of the Board

COMBINING THE POWER OF POSSIBILITIES WITH THE ART OF HIGH PERFORMANCE

2017 - 2021 Five Year Annual Operating and Financial Trend Report (In Thousands, Except Margin and Per Share Data)	2016 Base Year	2017	2018	2019	2020	2021	2017 - 2021
Funeral Operating Revenue							
Same Store Revenue	\$140,459	\$158,106	\$160,459	\$167,246	\$179,779	\$215,039	\$880,629
Acquisition Revenue	40,165	34,294	41,447	33,146	46,897	38,031	193,815
Total Funeral Operating Revenue	\$180,624	\$192,400	\$201,906	\$200,392	\$226,676	\$253,070	\$1,074,444
Cemetery Operating Revenue							
Same Store Revenue	\$45,441	\$45,044	\$41,740	\$49,455	\$51,694	\$64,171	\$252,104
Acquisition Revenue	3,506	3,194	3,395	295	17,583	27,829	52,296
Total Cemetery Operating Revenue	\$48,947	\$48,238	\$45,135	\$49,750	\$69,277	\$92,000	\$304,400
Total Financial Revenue	\$18,629	\$17,501	\$16,239	\$16,022	\$19,735	\$22,917	\$92,414
Ancillary Revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total Divested/Planned Divested Revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Total Revenue	\$248,200	\$258,139	\$267,992	\$274,107	\$329,448	\$375,886	\$1,505,572
5 Year CAGR (2016-2021)							8.7%
10 Year CAGR (2011-2021)							7.0%
Funeral Field EBITDA							
Same Store Funeral Field EBITDA	\$54,706	\$60,864	\$58,976	\$63,938	\$74,817	\$93,025	\$351,620
Same Store Funeral Field EBITDA Margin	38.9%	38.5%	36.8%	38.2%	41.6%	43.3%	39.9%
Acquisition Funeral Field EBITDA	16,536	13,565	15,397	12,547	18,617	16,017	76,143
Acquisition Funeral Field EBITDA Margin	41.2%	39.6%	37.1%	37.9%	39.7%	42.1%	39.3%
Total Funeral Field EBITDA	\$71,242	\$74,429	\$74,373	\$76,485	\$93,434	\$109,042	\$427,763
Total Funeral Field EBITDA Margin	39.4%	38.7%	36.8%	38.2%	41.2%	43.1%	39.8%
Cemetery Field EBITDA							
Same Store Cemetery Field EBITDA	\$14,499	\$12,864	\$12,733	\$17,055	\$19,469	\$27,015	\$89,136
Same Store Cemetery Field EBITDA Margin	31.9%	28.6%	30.5%	34.5%	37.7%	42.1%	35.4%
Acquisition Cemetery Field EBITDA	1,168	1,039	1,147	73	7,128	15,526	24,913
Acquisition Cemetery Field EBITDA Margin	33.3%	32.5%	33.8%	24.7%	40.5%	55.8%	47.6%
Total Cemetery Field EBITDA	\$15,667	\$13,903	\$13,880	\$17,128	\$26,597	\$42,541	\$114,049
Total Cemetery Field EBITDA Margin	32.0%	28.8%	30.8%	34.4%	38.4%	46.2%	37.5%
Total Financial EBITDA	\$17,504	\$16,180	\$14,687	\$14,419	\$18,404	\$21,365	\$85,055
Total Financial EBITDA Margin	94.0%	92.5%	90.4%	90.0%	93.3%	93.2%	92.0%
Ancillary EBITDA	\$-	\$-	\$-	\$298	\$1,186	\$1,006	\$2,490
Ancillary EBITDA Margin	-	-	-	39.8%	25.4%	22.7%	25.3%
Total Divested/Planned Divested EBITDA	\$-	\$-	\$1,373	\$1,437	\$2,321	\$687	\$5,818
Divested/Planned Divested EBITDA Margin	-	-	29.1%	20.0%	25.5%	19.8%	23.8%
Total Field EBITDA	\$104,413	\$104,512	\$104,313	\$109,767	\$141,942	\$174,641	\$635,175
Total Field EBITDA Margin	42.1%	40.5%	38.9%	40.0%	43.1%	46.5%	42.2%
Total Overhead	\$35,898	\$36,430	\$36,993	\$37,554	\$40,514	\$54,282	\$205,773
Overhead as a Percentage of Revenue	14.5%	14.1%	13.8%	13.7%	12.3%	14.4%	13.7%
Adjusted Diluted Earnings Per Share	\$1.62	\$1.39	\$1.17	\$1.25	\$1.86	\$3.02	CAGR 13.3%
Weighted Average Diluted Shares Outstanding	17,460	17,715	18,374	18,005	18,077	18,266	
Adjusted Consolidated EBITDA	\$73,691	\$68,702	\$70,192	\$76,587	\$104,250	\$126,161	\$445,892
Adjusted Consolidated EBITDA Margin	29.7%	26.6%	26.2%	27.9%	31.6%	33.6%	29.6%
5 Year CAGR (2016-2021)							11.4%
10 Year CAGR (2011-2021)							9.6%

The amounts reflected in "same store" and "acquired" are the amounts as reported in our financial statements for that year reported. These amounts will differ from our current year financial statements as funeral homes and cemeteries transition from acquired to same store after five years.

The Best Is Yet To Come: A Big Bold Ten-Year Vision Of Carriage 2022-2031

Drawing from our extensive experience, rich history of accomplishments, and the visionary concepts that drive us forward, Carriage is positioned to achieve extraordinary success in the coming decade. As we look ahead to the future, we are faced with important questions regarding the bold, yet achievable goals we can accomplish, and the necessary steps we must take to make them a reality.

As the Co-Founder, Chairman, and CEO of Carriage for nearly thirty-two years, I have

always been fascinated by the boundless possibilities for our Company. Our objective has never been to be the biggest, but rather to be the best operator, consolidator, and value creator in the funeral and cemetery industry. Now, at a pivotal juncture in our journey, we have the opportunity to achieve significant growth over the next ten years, building upon our strong foundation and a continuous improvement mindset in all aspects of our business.

As such, we are excited to share our bold, ambitious, yet achievable Ten-Year Vision (2022-2031). We aim to reach \$750 million in annual revenue at sustained Adjusted



Consolidated EBITDA Margins of 30% to 32% by the end of 2031, doubling our revenue from our 2021 base year of \$375.9 million, which was at the peak of the COVID-19 pandemic. This bold goal aligns with our previous Ten-Year Vision and embodies our bold approach to creating exceptional value for all our shareholders. We intend to achieve this goal while sustaining a leverage ratio of 4.0x-4.5x.

Through our **High Performance Culture** and relentless pursuit of excellence, I am confident that we can successfully execute our Ten-Year Vision and expand Carriage as a sustainable **Value Creation Platform**. However, you may be wondering how we plan to achieve this. In the following pages, I will provide a summary

of our plan, including the key drivers that will enable and accelerate our progress.

It is no secret that we would approach certain capital allocation decisions differently, particularly as it relates to aggressively buying back our shares in 2021 and 2022. However, we have developed a comprehensive plan explained in our December 12, 2022 press release, which aims to restore our financial flexibility and allow us to pursue additional growth opportunities. Over the next two years (2023-2024), we will focus on executing the four goals and ten major elements of our **High Performance and Credit Profile Restoration Plan (HPCPRP)**.



*Garden of Memories Funeral Home & Cemetery,
Metairie, Louisiana*



*Rest Haven Funeral Home and Memorial Park,
Rockwall, Texas*

Following the expected success of our **HPCPRP**, we will aggressively pursue the acquisition of the largest and best-remaining funeral homes and cemeteries in strategically growing markets. To achieve our goal, we will need to add an average of \$33 million in revenue annually from 2025 to 2031. We may achieve this through several smaller transactions or a few larger ones. We also anticipate experiencing organic growth from our Same Store Portfolio of funeral homes and cemeteries during that period, with a modest growth rate of 1% to 3% and 5% to 8%, respectively. We are confident in our ability to grow revenue aggressively once again over the next ten years, and we are excited to take the necessary steps to make this a reality.

I am thrilled to embark on this journey toward achieving our next Ten-Year Vision. With our proven track record, unwavering commitment to our **Vision and Mission of Being The Best**, and a clear plan for success, we are confident that Carriage Services will continue to be a leader in the funeral and cemetery industry, creating value for all our shareholders while making a meaningful impact in the communities we serve.



Alsip and Persons Funeral Chapel, Nampa, Idaho



Los Gatos Memorial Park, San Jose, California



Key Drivers To Achieve Our Ten-Year Vision

The Right Who Board Member

With Carriage positioned to accelerate our growth strategy over the next ten years, as we aim to double our annual revenue and maintain industry leading margins, it is critical that all areas of the Company have the best available talent in place. Talent alone, however, will not be enough. We must also ensure all leaders are in clear alignment with our vision, strategy and plan to achieve the bold goals we have set for ourselves. One key area where we intend to add talent this year, is our Board of Directors.

As we've outlined before, when we look for someone to serve on our Board, we look for three attributes:

- A deep, genuine belief, understanding and commitment to our **Being The Best Mission**

Statement and Five Guiding Principles;

- Business and investment savvy, including an owner-oriented mindset and conviction that we have evolved into a superior stockholder value creation investment platform and therefore represent a superior long-term investment opportunity; and
- An ability to make a meaningful contribution and engagement to our Board's oversight of all elements and linkages of our **High Performance Culture Framework**.

We believe now is the right time to add at least two new Board members who can bring the right combination of diversity, experience, and critical thinking to our **Good To Great Journey**. We have been vetting candidates this year and are excited by the prospect of adding fresh perspectives and new talent to our Board.

Stay tuned as we will have more to report in this critical area as the year goes on.

High Performance Acquisitions

One of the key components to our growth strategy over the next ten years is our ability to continue to accelerate our strategic growth through acquisition plan. The table on the next page tells an impressive story of not only substantial growth over the past ten years, adding more than \$136 million of additional revenue during 2022 through acquisitions and subsequent integration and optimization of these acquired businesses, but also a story of an evolving acquisition strategy and process.

Our 2012-2016 acquisitions contributed \$60 million of additional revenue during 2022. Our 2017-2021 acquisitions contributed more than \$76 million in additional revenue during 2022. We are now less than 18 months into our current five-year timeframe, and we have already added approximately \$25

million in additional revenue through acquired businesses during this period, and this is before we have been able to fully realize the potential of these recent acquisitions as they continue to benefit from integration and our support platform.

Our Ten-Year Vision contemplates adding \$231 million in revenue through acquisition by the end of 2031. Based on our track record outlined on the following page, we believe this is a reasonable target. When looking at this goal, it is important to note how our growth through acquisition approach and strategy has evolved over the past ten years and, in particular, since 2019. The combination of our reputation within the industry and our size, has allowed us to increasingly focus on larger premier businesses in growing markets.

The businesses we have acquired since October 2019 alone, added more than \$87 million in revenue during 2022. To put that in perspective, roughly 65% of our additional

“

Our growth through acquisition strategy is simple, but intentionally selective. We look for premier businesses in growing markets, with like-minded leadership, where opportunity exists for the Carriage Team to help support and drive future growth.

Steve Metzger

Executive Vice President, Chief Administrative Officer,
General Counsel and Secretary



2012-2022 Historic Acquisition Trend Report (In Thousands)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CAGR
2012 - 2016 Acquisitions	Partial Year											
Funeral Revenue	\$4,478	\$14,868	\$25,291	\$33,822	\$40,653	\$49,475	\$49,521	\$49,079	\$51,596	\$55,890	\$53,754	15.3%
Cemetery Revenue	\$166	\$298	\$1,600	\$3,320	\$3,507	\$3,605	\$3,755	\$3,733	\$4,268	\$3,914	\$3,786	32.6%
Financial Revenue	\$47	\$367	\$1,294	\$1,839	\$1,720	\$1,941	\$1,878	\$2,025	\$2,042	\$2,169	\$2,180	21.9%
Funeral EBITDA	\$1,622	\$4,778	\$9,461	\$13,883	\$17,034	\$19,920	\$19,659	\$19,848	\$22,678	\$25,306	\$22,946	19.0%
Cemetery EBITDA	\$(76)	\$(43)	\$352	\$907	\$1,019	\$1,080	\$1,151	\$1,187	\$1,608	\$1,166	\$1,207	n/a
Financial EBITDA	\$26	\$199	\$1,106	\$1,637	\$1,584	\$1,788	\$1,737	\$1,876	\$1,917	\$2,065	\$2,019	29.4%
Total Revenue	\$4,691	\$15,534	\$28,185	\$38,982	\$45,880	\$55,021	\$55,155	\$54,837	\$57,907	\$61,973	\$59,720	16.1%
Total EBITDA	\$1,572	\$4,934	\$10,919	\$16,428	\$19,636	\$22,787	\$22,547	\$22,911	\$26,203	\$28,537	\$26,171	20.4%
2017 - 2021 Acquisitions	Partial Year											
Funeral Revenue						\$589	\$10,958	\$18,363	\$40,831	\$43,177	\$44,923	42.3%
Cemetery Revenue						\$-	\$-	\$295	\$17,584	\$27,829	\$28,465	n/a
Financial Revenue						\$-	\$51	\$234	\$2,843	\$3,342	\$3,145	180.0%
Funeral EBITDA						\$233	\$4,017	\$7,503	\$15,156	\$17,354	\$17,535	44.5%
Cemetery EBITDA						\$-	\$-	\$74	\$7,129	\$15,453	\$15,542	n/a
Financial EBITDA						\$-	\$51	\$229	\$2,761	\$3,201	\$2,968	176.0%
Total Revenue						\$589	\$11,009	\$18,893	\$61,257	\$74,348	\$76,533	62.4%
Total EBITDA						\$233	\$4,068	\$7,806	\$25,046	\$36,008	\$36,044	72.5%
2022 Acquisitions	Partial Year											
Funeral Revenue											\$1,589	
Cemetery Revenue											\$206	
Financial Revenue											\$10	
Funeral EBITDA											\$478	
Cemetery EBITDA											\$50	
Financial EBITDA											\$10	
Total Revenue											\$1,804	
Total EBITDA											\$537	

Revenue from our ancillary businesses is included within funeral revenue above.

revenue through acquisition since 2012, has come through businesses we have acquired in just the last three and a half years, and we have done all of this without issuing any equity to finance these transactions.

We truly believe we have hit our stride when it comes to growth through acquisition, and we are excited by the thought of what lies ahead as we continue to focus on building upon the strong trend outlined above.

Value Creation Through Technology Innovation

In the rapidly evolving landscape of the funeral and cemetery industry, disruption is inevitable. However, at Carriage, we have made a conscious decision to be the disruptors, not the disrupted. We recognize that technology can be a powerful tool to achieve our Ten-Year Vision and to driving value creation. We are committed to leveraging it to its full potential. That's why we have invested in Trinity, our new system backbone that will serve as a game-

changer for our organization and the industry as a whole.

Trinity is a strategic move that positions Carriage for significant growth, continuous innovation, and scalability. It is a unique approach in the funeral and cemetery industry that focuses on the three core pillars of our service goals: families, managing partners, and support staff. With Trinity, we expect to deliver cutting-edge technology that curates personalized family experiences through online engagement while offering additional revenue opportunities. We are confident that Trinity will enable us to maintain a technological edge for the foreseeable future.

The expected benefits of investing in Trinity are numerous. It will increase efficiency in finance, accounting, and operational functions, automating manual and paper-driven processes that will transform how we engage with families. This will decrease

risk while delivering an elevated customer service experience for the families we serve. Our operations partners will also benefit from greater resources, including inventory visibility and staff scheduling, among many others. It will also make acquisition integrations easier, faster and seamless, which will allow us to successfully on-board more businesses and accelerate our growth trajectory. In addition, increased data analytics will empower and accelerate our decision-making process.

Finally, we recognize the importance of protecting our client families' personal information, and Trinity will provide enhanced security and privacy controls. With Trinity, we are confident that we can deliver exceptional value to our shareholders, and we are excited about the future possibilities it presents. At Carriage, we are committed to leading the industry into a new era of technological innovation and financial growth.





A Passion for Service- The Blueprint to Maximizing Growth and Value Creation

In the realm of the funeral and cemetery industry, we recognize the potential for disrupting the customer experience like that seen in technology. Through our recent collaboration with The Ritz-Carlton Leadership Center for our Managing Partner Forum in March of 2022, we have observed tremendous enthusiasm and momentum across our portfolio of businesses. Motivated by this, we have resolved to overhaul the way in which we interact with families and provide services while simultaneously generating value for our shareholders.

Our aim is to establish a customer-centric service chain led by “A” Players who adhere to the highest standards of excellence. Our **Passion For Service Program**, designed by our field team for our field team, will serve as the cornerstone of our new customer experience ethos. Our belief is that this approach will establish a localized moat, which will be challenging to duplicate by our competitors. Our **Passion For Service Program** will form the bedrock of our service to families, covering the fundamental aspects of customer loyalty, customer experience, employee experience, and brand experience. As we embark on this exciting transformational journey, our goals include:

1. Establishing Behavior Excellence Standards;
2. Connect, engage and deliver an elevated customer experience with our client families;
3. Grow market share through customer loyalty and customer reviews;
4. Create a desire for the delivery of service excellence as part of our **High Performance Culture**; and
5. Grow the sense of purpose and belonging within our teams.

We will combine the broad functionality of Trinity with our **Passion for Service Program**, which will accelerate adoption, improve systems and processes, and expand **High Performance**. We are thrilled to embark on this new customer experience journey, in line with our **Vision and Mission of Being The Best** and our commitment to a mindset of continuous improvement. We eagerly await sharing updates from this program and feedback from our client families.



Our digital transformation will shape our family experiences from beginning to end, allowing us to be nimble and creative in meeting their needs.

Rob Franch

Chief Information Officer





Creating Value Through High Performance Sales

Preneed Cemetery Sales

Over the past three years, our **High Performance** sales organization has undergone a remarkable transformation that has driven revenue growth in our cemetery portfolio. This is evident from the impressive growth of our Same Store Cemetery Operating Revenue, which rose from \$49.5 million in 2019 to \$61.4 million in 2022, representing impressive growth of \$11.9 million or 24.1% and a CAGR of 7.5% over that three-year period. In addition, our Total Cemetery Operating Revenue surged from \$49.7 million to \$90 million, growth of \$40.3 million or 81.0%, and a CAGR of 21.9% over the same period.

This extraordinary success was primarily driven by our strategic acquisition and integration of larger and more prestigious cemeteries in Fairfax, Virginia, Rockwall, Texas, and Lafayette, California, as well as our more recent acquisition in Charlotte, North Carolina. And there is more to come with our recent acquisition of two cemeteries in Bakersfield, California.

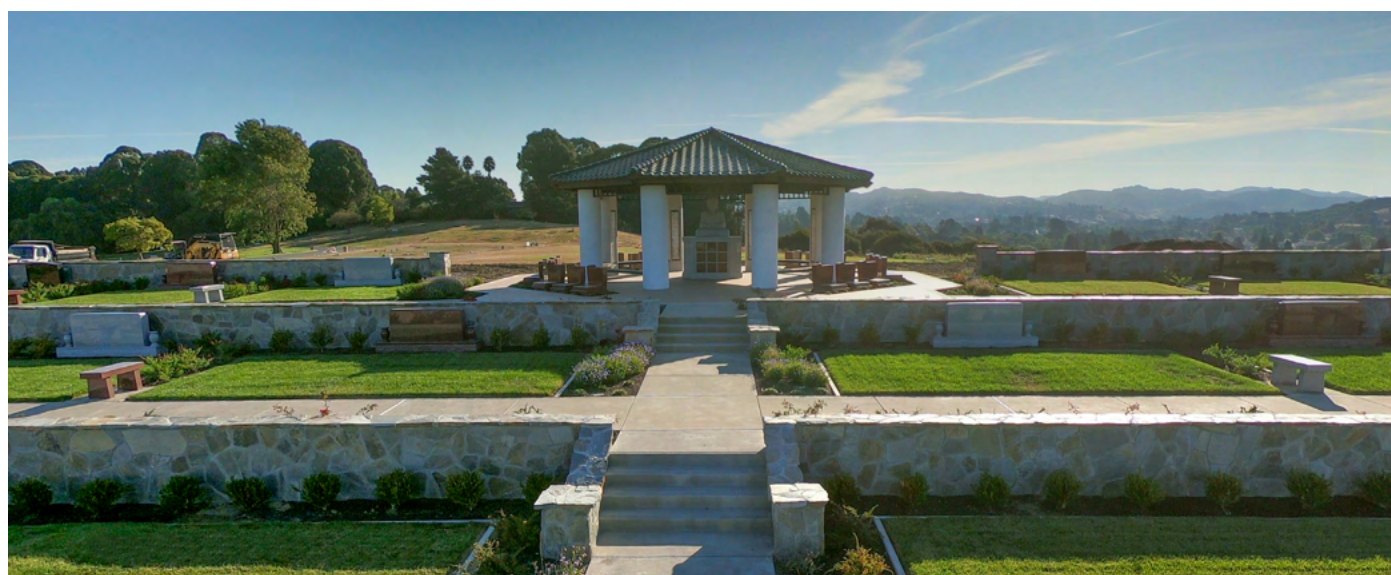
Our preneed cemetery sales strategy, which was launched in 2020, has been instrumental in setting the foundation for significant growth and achieving milestones that have never been accomplished in the nearly thirty-two years of

Carriage’s history. Part of this strategy is our customer relationship management system, and we are pleased to report that SalesEdge has been fully adopted by our sales teams, providing us with a powerful tool to manage our lead generation strategy through digital and face-to-face engagements. Furthermore, our ongoing recruiting efforts to attract top sales talent and the upcoming launch of Trinity will position us to maximize our preneed sales opportunities across our portfolio of businesses.

We are confident that our cemetery portfolio has a bright **High Performance** future, and we are committed to creating value by offering attractive and diverse inventory options that appeal to the local community, growing our preneed team, and developing their sales skills to generate activity that leads to **High Performance** sales. We are optimistic and excited to continue building on the momentum of our success to achieve even greater heights.

Three-Year Cemetery Portfolio High Performance (In Thousands Except Margins, CAGR and Basis Point Improvement)	2019	2020	2021	2022	CAGR*	BPS Improvement*
Cemetery Operating Revenue						
Same Store Revenue	\$49,455	\$51,694	\$64,171	\$61,363	7.5%	
Acquisition Revenue	295	17,583	27,829	28,670	359.8%	
Total Cemetery Operating Revenue	\$49,750	\$69,277	\$92,000	\$90,033	21.9%	
Same Store Cemetery Field EBITDA	\$17,055	\$19,469	\$27,015	\$21,917	8.7%	
Same Store Cemetery Field EBITDA Margin	34.5%	37.7%	42.1%	35.7%		120
Acquisition Cemetery Field EBITDA	73	7,128	15,526	15,592	497.8%	
Acquisition Cemetery Field EBITDA Margin	24.7%	40.5%	55.8%	54.4%		2,970
Total Cemetery Field EBITDA	\$17,128	\$26,597	\$42,541	\$37,509	29.9%	
Total Cemetery Field EBITDA Margin	34.4%	38.4%	46.2%	41.7%		730

* CAGR and basis point improvement is calculated using 2019 as the base year.



Rolling Hills Memorial Park, Richmond, California

Prearranged Funeral Sales

During our earnings call on February 23, 2023, we highlighted an exciting opportunity for us to enhance our Prearranged Funeral (PAF) performance by revamping our strategy. Currently, our PAF strategy relies on multiple agreements with multiple insurance and sales companies, resulting in a lack of alignment in our strategy, limiting productivity, high performance, and growth potential.

We believe that a new, refined PAF strategy presents two critical elements for success. First, we plan to partner with one of the leading national insurance companies to offer a selection of balanced insurance products that provide financial benefits to all parties involved. Secondly, we aim to partner with no more than three marketers to align our sales strategy and achieve aggressive year-over-year growth targets.

Our revamped PAF strategy will enable us to achieve several objectives:

1. We will prioritize selecting insurance products that families can afford while offering better distribution of commissions to salespersons, marketer companies, and our local funeral home, yet driving financial growth through the policy's maturity period;
2. We expect our sales strategy's alignment to result in a substantial increase year-over-year, aiming for 30%-40% growth within a year of implementation;
3. We anticipate better reporting, allowing us to value our PAF backlog more efficiently;
4. Regular program evaluations will allow us to improve our strategy's performance; and
5. We expect to increase our revenue from increased commissions and sales growth.

We are enthusiastic about the future of our funeral home portfolio. We are confident that our new PAF strategy will create added value for Carriage and its shareholders, position our local brands above their competition, and grow our PAF financial position. We look forward to sharing updates as we make progress throughout this year.

“

We are excited to sharpen our focus on protecting families through the sale of prearranged funerals. These funeral sales, treated as deferred revenue, serve to secure future revenues and preserve market share.

Robbie Pape

Senior Vice President and Regional Partner





Emerald Coast Funeral Home, Fort Walton Beach, Florida



Seaside Memorial Park & Funeral Home, Corpus Christi, Texas



Cody-White Funeral Home, Milford, Connecticut



Forastiere Family Funeral Home & Cremation, East Longmeadow, Massachusetts



Houston Support Center

We know the heartbeat of Carriage is outstanding service. In the field, that service is led by the people who operate our businesses and take care of our families each day. Back in Houston, that service is provided by a team of professionals who are strongly invested in making sure their Carriage colleagues serving families, have best in class support for everything from Accounting, Tax, Marketing, Legal, Human Resources and Information Technology support. We are so confident

that we have assembled the premier team of support leaders in the industry, that we often invite owners who are considering joining the Carriage Family to come to Houston and spend a day with the various leaders of these teams.

It is important to note that the entrepreneurial mindset that Carriage is based upon does not start and end with our businesses. That mindset is also found throughout the Houston Support Center as we challenge our support

function leaders to stretch their thinking and find new and creative ways to enhance how we provide service, while maintaining an ownership mindset so as to understand how their responsibilities impact the top and bottom line for our shareholders. We previously referred to our Support Center teams as Carriage's secret weapon, but as these teams continue to evolve and we add new talent, we believe it is important to highlight the competitive advantage this team provides not only to our businesses, but to Carriage as a whole.



A Deep Dive into Carriage's Decentralized Model

*From the very beginning, my vision for Carriage was to build a **Being The Best High Performance Culture Company** that would attract and empower top-performing individuals with an owner's mindset. Today, I am proud to say that this dream has become a reality. As a decentralized organization, Carriage is structured in a way that allows each of its businesses to operate independently and make decisions on a local level. This approach enables us to provide a more personalized service to our clients, and it is one of the many benefits of our operating model.*

By empowering each business to make decisions impacting their local community, we can tailor our services to meet each customer's needs. This approach has increased customer satisfaction and loyalty, which is critical in our industry. Our decentralized structure allows us to be more innovative and experiment with new ideas and approaches. By fostering a culture of creativity and autonomy, we have been able to develop new products and services that better meet the needs of our clients.

Furthermore, our decentralized model has led to improved efficiency. By avoiding the bureaucracy and red tape that often come with centralized decision-making, we have created a more nimble organization that can respond quickly to changes in the marketplace. The COVID-19 pandemic is a great example of this entrepreneurial focus at Carriage, where we employed innovative ideas despite imposed restrictions and mandates, enabling families to honor and pay tribute to their loved ones. Our Managing Partners are free to make decisions in the best interest of their client families,

resulting in a more streamlined and efficient operation.

We believe that our decentralized model is the key to our success. It allows us to attract top talent, provide personalized service, innovate, and operate efficiently. We are committed to empowering our Managing Partners to operate independently while also working together as a cohesive team to achieve our goals. We are dedicated to providing exceptional funeral and cemetery services to our clients.

Leveraging Value Creation in a Decentralized Environment

At Carriage, we have been building and refining our decentralized organization over many years based on our unique and innovative concepts and sophisticated ideas. One of these is our **Standards Operating Model**, which we described in detail in my 2016 Shareholder Letter and also in my 2017 Shareholder Letter. The result of our continuous experimentation and evolution of

our **Standards Operating Model** is a one-of-a-kind approach to **High Performance** expectations that promotes and rewards independent thinking and entrepreneurship. It empowers leaders to make decisions at the local level, allowing them to reap the benefits of success and learn from mistakes made, while also improving their decision-making skills and achieving “**Being The Best**” status, which will earn them short and long-term financial rewards.

At Carriage, transparency is of utmost importance to us, and we have implemented detailed internal reporting systems that provide great visibility to our Houston Support Center. Our flat management organization and dynamic leadership approach ensure that we can act quickly and efficiently at each business when necessary.

While we place high value on our decentralized

business model, we are also open to exploring opportunities for centralization, when and where it makes sense. We have several centralized functions, such as Human Resources, Legal, Tax, Accounting, Financial Reporting, Information Technology, Payroll and Cemetery Sales. We are actively looking at other areas where we can create additional shareholder value through greater efficiency, such as fleet management, pre-arranged funeral sales, utilities, telephony, and internet service.

By applying simple economies of scale principles to these areas, we believe we can achieve greater financial gains without disrupting the local decision-making process that drives **High Performance**, market share gain, and revenue growth. We’re excited about the progress we’ve made in these areas, and we look forward to keeping you updated on our continued success.



Decentralization is unique to the industry and empowers the Managing Partners to make decisions locally, allowing them to be creative, innovative and nimble. It is our privilege to be their partners and provide the necessary support so they can focus on what truly matters, providing our families with outstanding service.

Peggy Schappaugh

Senior Vice President of Operations and Acquisitions Analysis





Driven by People, Fueled by Passion

As I wrap up my thoughts about the next ten years for Carriage, it occurs to me that there are two common themes that will drive our success and help us achieve our lofty goals - people and passion. Within Carriage, we cannot afford to have one without the other. From the part-time ambassador who stands at the front door to greet a family for the first time on what very well may be one of the most difficult days of their lives, to the senior leader charged with executing on our strategic plans, the **“Right Who”** will always be the key to Carriage’s success.

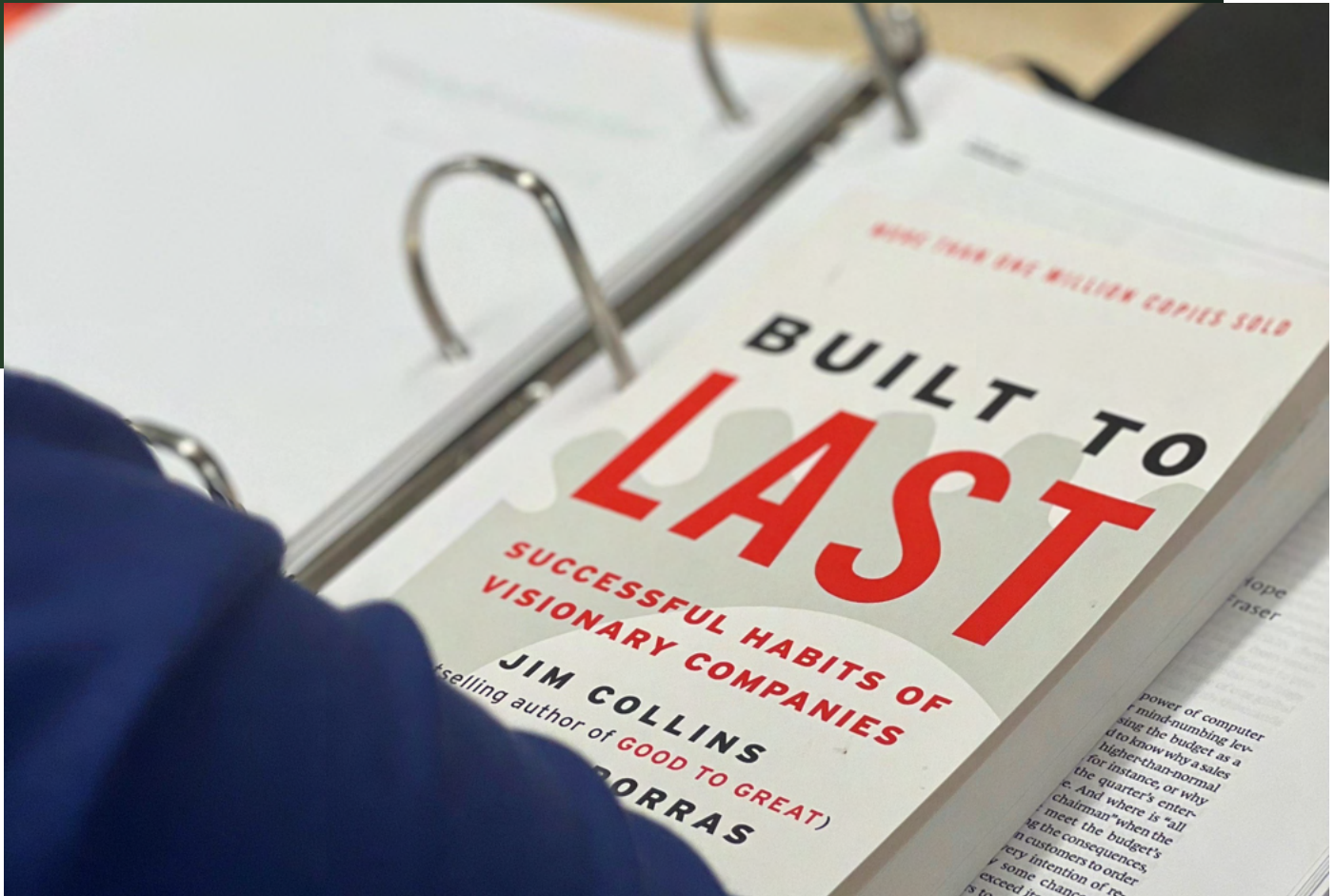
We have invested significant time and energy into recruiting new talent, identifying existing talent with the ability to do more and then positioning those individuals to have a greater impact, and developing future leaders along the way. One of the keys to the people who thrive within Carriage is the passion they bring to what they do each day. Carriage is made up of people who are motivated by building something great, not people who are content with simply maintaining what is already in place.

Is it difficult to find these people? Of course it is. However, we have created a unique culture and environment that attracts this type of entrepreneurial spirited builder, the type of person who is energized by collaboration, motivated by team achievement, and eager to learn more regardless of their role within the Company. Yes, it is difficult to find these people, but when you do, it is incredible how rapidly your growth plans accelerate. Looking

back at the past five years, you can see our growth is directly aligned with some significant additions of this level of talent.

We will continue to attract, recruit, and search for these leaders to join our team as we work to achieve our Bold Ten-Year Vision.





Closing Remarks



When I started this Company nearly thirty-two years ago, I never could have imagined it would grow into what it has become today. More importantly, I could not have dreamed of the overwhelmingly deep and meaningful

relationships that I have been able to share with so many members of our Carriage Family. Carriage's future has never been brighter, and our team has never been stronger.

As I reflect on all that we have accomplished together over the past three plus decades, I am more excited than ever about the opportunities and possibilities that lie ahead for us as we focus on the execution of our Bold Ten-Year Vision. Thank you for your continued support as shareholders, as we view you as members of the Carriage Family and look forward to continuing this **Good To Great Journey** together.

As we bring this shareholder letter to a close, Carlos and Steve would like to share their reflections on their Carriage Journey.

In addition to the countless hours we spend with Mel as it relates to leading the business, we have each had weekly two hour mentoring sessions with Mel for the past two years, in Mel's words, the highest and best use of his time. The focus of these dedicated sessions is to advance our development as executive leaders and members of the SVPG. We discuss everything from evaluating various capital allocation opportunities to breaking down books and articles focused on human psychology, philosophy, and critical thinking, such as *The Great Mental Models*, *Pebbles of Perception* and *The Psychology of Human Misjudgment*. These mentoring sessions have truly been impactful, not only in relation to our work at Carriage, but also in terms of our outlooks on life, philosophy, and the future.

We recognize Mel's passion for continuous learning and the immense amount of time that he dedicates to the development of those around him, is a rare trait among busy public company CEOs. We also appreciate that a key driver for Mel's investment in both of us, is to ensure Carriage and its shareholders are receiving the highest level of leadership possible, now and for years to come.

When we think about the future, we often find ourselves imagining what our Annual Shareholder Meeting will look like when Mel is ninety years old. In these playful debates, we use Warren Buffet and

Charlie Munger as a metaphor, where we debate who is who, and we've come to the conclusion that Mel is our Charlie. When someone asks us a question about ESG, we'll answer it and then turn to Mel and ask, "Is there anything you'd like to add?" And in Mel's wickedly witty humor, he will simply reply, "There is nothing I'd like to say about that!"

As we continue our Carriage Journey, we are committed to embodying the values and principles that Mel has instilled in both of us. We are excited about the future and confident that we will achieve great things together with Mel's continued guidance.

We will close as Mel traditionally has ended our internal annual Theme Letters and external Shareholder Letters with a famous quote from Jim Collins' bestselling book, *Good To Great* (2001), as shown below:

"Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice."



Mel Payne



Carlos Quezada



Steve Metzger



The “Being The Best” Pinnacle of Service Award Winners

*As an essential part of **High Performance Culture** tradition and language, and our passionate conviction that **RECOGNITION** is the highest form of motivation, listed below are Carriage’s **Being The Best Pinnacle of Service Award Winners** for 2021:*

100% Standards Achievement

Tripp Carter

Bridgette Oster

Vic Holland

Kyle Emerich

Jarrold Bolliger

Bradshaw-Carter Memorial & Funeral Services

Dieterle Memorial Home & Cremation Ceremonies

Fairfax Memorial Funeral Home

Lotz Funeral Home

Oak View Memorial Park

“Being The Best” Pinnacle of Service Achievement

Troy Knutson	Austin Funeral Home & Columbia Mortuary
Rick Garofola	Bagnasco & Calcaterra Funeral Homes
Joseph Waterwash	Baird-Case Jordan-Fannin Fnl Home & Cremation Center
Jeff Hardwick	Bryan & Hardwick Funeral Home
Sergio Benites	Bryant Funeral Home
Michele Wegner	Buckler-Johnston/Avery Funeral Homes
Larry Davis	Bunkers and Woodlawn Cemeteries
Johnny Garcia	Ceballos-Diaz Funeral Home
David Derubeis	Cody-White Funeral Home
Mike Conner	Conner-Westbury Funeral Home
Michael Relyea	Conrad & Thompson Funeral Home
Dean Marnell	Covenant Funeral Service
Brent Harrison	Crespo & Jirrels
Geneva Gullion	Darling-Fischer Garden Chapel
Loren Forastiere	Forastiere Funeral Homes
Kristi Ahyou	Franklin & Downs Funeral Homes
Kim Borselli	Fuller Funeral Home-Cremation Service
Adam Mills	Glacier Memorial Gardens
	Johnson-Gloschat Funeral Home and Crematory
Jenny Chen	Grant Miller Chapel
Deana Kelly	Havenbrook Funeral Home
Curtis Ottinger	Heritage Funeral Home
Cesar Gutierrez	Heritage-Dilday Memorial Services



Anthony Rodriguez	Higgins Mortuary
Robert Maclary	Kent-Forest Lawn Funeral Home
Melissa Barnes	L. Harold Poole Funeral Service & Crematory
Jason Higginbotham	Lakeland Funeral Home
Jason Cox	Lane Funeral Home-South Crest Chapel
Brad Shemwell	Latham Funeral Home
Linda Newsom	Lawton-Gray Funeral Homes
Betty Cundiff	Lotz Funeral Home
Kevin Latham	Maddux-Fuqua-Hinton Funeral Homes
Bob Thomas	Malone Funeral Home
Tom Paquette	Mariani Funeral Home
James Bass	McLaughlin Twin Cities Funeral Home and Crematory
	Emerald Coast/McLaughlin Mortuary
Andy Shemwell	Neal-Tarpley-Parchman Funeral Home
Ken Summers	P.L. Fry & Son Funeral Home
Dorn Rademacher	Relyea Funeral Chapel
Cyndi Hoots	Schmidt Funeral Homes
Brian Binion	Steen Funeral Homes
Kim Mulkey	Sterling Funeral Homes
Buddy Ewing	Seaside Cemeteries
	Seaside Funeral Homes
	Rose Hill Memorial Park
Chad Woody	Richmond County Memorial Park
	Watson-King Funeral Homes
Nicholas Welzenbach	Los Gatos Memorial Park
Michael Kelly	Resthaven Memory Gardens
Lesli Johnson	Rest Haven Funeral Homes
Steve Mora	Conejo Mountain Memorial Park
Tim Hauck	Harvey-Engelhardt/Fuller Metz

“Being The Best” Pinnacle of Service & 100% Standards Achievement

Nicholas Welzenbach	Darling Fischer Funeral Homes
Michael Kelly	Resthaven Funeral Home
Lesli Johnson	Rest Haven Memorial Park

Steve Mora	Conejo Mountain Funeral Home
Tim Hauck	Lee County Cremation Services
Keith Collins	Chapel of San Ramon Valley
	Ouimet Brothers Concord Funeral Chapel
Dave Salove	Cloverdale Funeral Home
Michael Bell	Cremation Society of Idaho
Alan Kerrick	Dakan Funeral Chapels
Ashley Vella	Deegan Funeral Chapels
Justin Luyben	Evans-Brown Mortuaries & Crematory
Matthew Simpson	Fry Memorial Chapel
Christine Amittone	Greer Mortuary
Melissa Johnson	Hennessey Funeral Home & Crematory
Trent Nielsen	Hennessey Valley Funeral Home & Crematory
James Terry	James J. Terry Funeral Home
Courtney Charvet	North Brevard Funeral Home

Carriage 2022 Good To Great Award Winners

*Our five year incentive award, called the **Good To Great Award**, is directly linked to our annual **Being The Best Pinnacle Award** which itself is linked to high funeral standards achievement over a full year, i.e. our **Good To Great Awards** require high and sustained **Being The Best Standards Achievement** over a full five years. Listed below are Carriage's **Good To Great Award Winners** for 2022:*

Cyndi Hoots	Schmidt Funeral Homes
Troy Knutson	Austin Funeral Home & Columbia Mortuary
James Terry	James J. Terry Funeral Homes
Brent Harrison	Crespo & Jirrels Funeral and Cremation Services

POSSIBILITIES
 POWER OF DEVELOPMENT
 POSSIBILITIES A PASSION
 GOOD TO FOR SERVICE
 GREAT PARTNERSHIP
 EMPOWERMENT
**THE BEST IS
 YET TO COME**
 PRESERVING YOUR
 LEGACY
 TALENT HIGH
 ACQUISITION PERFORMANCE
 PURSUING YOUR
 DREAMS
 SUPPORT
 VENDOR
 SELECTION
 MARKET LEVEL
 DECISION
 TRINITY
 PRICING
 INVOLVEMENT
 AUTONOMY
 MANAGING
 PARTNERS
 FIRST WHO
 THEN WHAT

Corporate Information

Carriage Services is a leading provider of funeral and cemetery services and merchandise in the United States. As of December 31, 2022, Carriage operated 171 funeral homes in 26 states and 30 cemeteries in 11 states.

Board of Directors

Melvin C. Payne

Chief Executive Officer and
Chairman of the Board

Carlos R. Quezada

President and Chief Operating Officer
and Vice Chairman of the Board

Barry K. Fingerhut

Chief Executive Officer,
Certification Partners, LLC

Douglas B. Meehan

Deputy Chief Investment Officer,
van Biema Value Partners, LLC

Dr. Achille Messac

Former Dean of Engineering at
Howard University and Mississippi
State University

Donald D. Patteson, Jr.

Former Chief Executive Officer and
Chairman of the Board, Sovereign
Business Forms, Inc.

Advisor to the Board of Directors

Gregory R. Brudnicki

Mayor of Panama City, Florida

Independent Public Accountants

Grant Thornton LLP, Dallas, Texas

Form 10-K Availability

The Company's Annual Report on Form 10-K for the year ended December 31, 2022 may be obtained by writing to: Investor Relations, Carriage Services, Inc., 3040 Post Oak Boulevard, Suite 300, Houston, Texas via the Company's website: www.carriageservices.com; or via the SEC's website: www.sec.gov.

Common Stock

Carriage Services, Inc.'s common stock is traded on the New York Stock Exchange under the symbol "CSV".

Transfer Agent & Registrar

American Stock Transfer & Trust Company, LLC
6201 15th Avenue, Brooklyn, New York 11219
800.937.5449 www.amstock.com

Executive Leadership Team

Melvin C. Payne*

Chief Executive Officer and
Chairman of the Board

Carlos R. Quezada*

President, Chief Operating Officer
and Vice Chairman of the Board

L. Kian Granmayeh*

Executive Vice President, Chief Financial
Officer and Treasurer

Steven D. Metzger*

Executive Vice President, Chief Administrative Officer, General
Counsel and Secretary

Paul D. Elliott

Senior Vice President and Regional Partner

Rob P. Franch

Chief Information Officer

Robbie W. Pape

Senior Vice President and Regional Partner

Shawn R. Phillips

Senior Vice President and Regional Partner

Shane T. Pudenz

Senior Vice President of Sales and Marketing

Peggy Schappaugh

Senior Vice President of Operations and
Acquisitions Analysis

*Member, Strategic Vision and Principles Group

Houston Support Center

Carriage Services, Inc.
3040 Post Oak Boulevard, Suite 300
Houston, Texas 77056 | 713.332.8400
www.carriageservices.com

Forward-Looking Statements

Statements made in this Annual Report that are not historical facts and are intended to be forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on assumptions that the Company believes are reasonable; however, many important factors, including factors not in our control, or as discussed under "Forward-Looking Statements" in the Company's Form 10-K for the year ended December 31, 2022, could cause the Company's results to differ materially from the forward-looking statements made herein and in any other documents or presentations made by or on behalf of the Company.



CARRIAGE
SERVICES

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