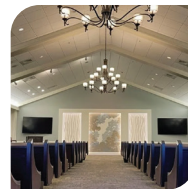


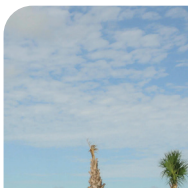


# 2025 ANNUAL REPORT

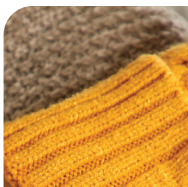
STRATEGIC  
GROWTH



EMPOWERED  
PARTNERSHIP



INNOVATION



ELEVATED  
SERVICE



PREMIER  
EXPERIENCES



The logo features the word "carriage" in a bold, dark blue, sans-serif font. A golden-yellow, curved line arches over the letters "a", "r", and "i", starting above the "a" and ending below the "i".

**carriage**

Creating premier  
experiences  
through **innovation,**  
**empowered**  
**partnership, and**  
**elevated service.**

# Dear Shareholders, after three full years of disciplined execution of our turnaround plan, **Carriage enters its next chapter positioned from a place of strength.**

We have materially improved our balance sheet, implemented best-in-class systems and processes, and built a strong, aligned leadership team grounded in experience, accountability, performance, and culture. As a result, 2025 marked the beginning of Carriage's first phase of purposeful growth.

This moment reflects years of deliberate work. We focused first on restoring financial flexibility, strengthening execution discipline, and embedding a culture capable of sustaining performance. In 2025, those foundational investments began to translate into measurable

outcomes, improved earnings quality, and renewed confidence in Carriage's long-term value creation potential.

Total shareholder return over this three-year period was approximately 75%, reflecting the market's recognition of Carriage's successful transformation, our increasing focus on innovation as a competitive differentiator, and the early stages of our growth strategy as a disciplined consolidator of high-quality assets in a highly fragmented industry, which we believe positions the Company to compound shareholder value over the long term.



# Strategy in Action

Our progress this year was guided by a clear, consistent framework. Carriage's purpose, **to create premier experiences through innovation, empowered partnership, and elevated service,**

Together with our three strategic objectives, Disciplined Capital Allocation, Purposeful Growth, and Relentless Improvement. These continue to serve as the foundation for how we operate and allocate resources.

These principles are not aspirational. They are clear and practical operating standards that shape decisions across the enterprise and ensure near-term performance advances long-term value creation.

*Faith Chapel Funeral Home and Crematory - North | Cantonment, FL*



# Disciplined Capital Allocation and Purposeful Growth,

A defining milestone in 2025 was Carriage’s return to acquisition-driven growth, executed with significantly greater rigor and discipline than in prior cycles. We introduced a structured acquisition framework that incorporates objective screening criteria, defines investment

hurdle rates, and fosters cross-functional collaboration before capital is deployed.

During the year, we completed approximately \$60 million in strategic acquisitions while divesting roughly \$45 million in non-core assets, reinforcing our commitment to portfolio



*Osceola Memory Gardens, Funeral Home, Cemetery, and Crematory | Poinciana, FL*

optimization and balance sheet discipline. These actions reflect a deliberate focus on quality over quantity, prioritizing businesses that align culturally, enhance earnings quality, and strengthen long-term scalability and value creation.

Equally important, we strengthened our integration processes, emphasizing early accountability, operational alignment, and transparency to accelerate value realization. Growth has returned to Carriage, but only where it reinforces discipline, durability, and expected returns.



# Operational Execution and Earnings Quality

Operational execution improved meaningfully across the organization in 2025. **Our focus was not on isolated initiatives, but on reducing variability, improving consistency, and translating our cultural expectations into repeatable performance.**

The implementation of standardized funeral service offerings (packages), combined with refined pricing discipline and an improved product mix, has created a meaningful opportunity to increase funeral average revenue per contract while supporting more consistent margin performance. In December, locations operating under our standardized packages generated an average revenue per contract of approximately \$8,700, compared with locations with no offerings, which averaged just over \$6,000. This performance demonstrates not only the economic impact of clearer value

presentation and disciplined execution, but also the scalable upside potential as adoption expands across our portfolio.

We also continued to address staffing optimization and cost discipline, ensuring that there is a delicate balance between margin improvement and the delivery of a premier experience. The result is a portfolio that we believe is increasingly predictable, scalable, and positioned to compound performance over time.

To date, these operational improvements have directly translated into earnings growth. In 2025, Carriage delivered another year of strong financial performance, highlighted by GAAP diluted EPS growth of nearly 55%, which included the benefit of gains on divestitures among other special items, and adjusted diluted EPS growth of 21%. Importantly, this EPS expansion was driven primarily by improved execution quality and operating leverage rather than short-term cost actions, reinforcing our confidence that earnings growth is durable and aligned with long-term shareholder value creation.

# Preneed Sales Strategy, Executed with Discipline

Preneed cemetery sales remain one of the most important drivers of long-term revenue, cash flow visibility, and margin expansion across our business. We expect these sales will generate high-quality backlog, support disciplined inventory monetization, and create durable customer relationships that translate into future at-need performance. In 2025, our consolidated preneed cemetery production ended the year at \$104.7 million, an 11% increase over the prior year, while total consolidated cemetery production

reached \$143.6 million, an 8.2% year-over-year increase, underscoring the effectiveness of our strategic focus and execution in this critical channel.

To support this performance, we executed two enterprise-level initiatives in 2025 that modernized our sales infrastructure, improved portfolio alignment, and enhanced revenue quality and scalability.

The first initiative was the development and



*Rolling Hills Memorial Park | Richmond, CA*



*Forest Lawn East Cemetery | Matthews, NC*

enterprise-wide deployment of salesEDGE 2.0, our next-generation sales enablement platform. Fully implemented on October 20, 2025, salesEDGE 2.0 achieved over 80% adoption by year-end, reflecting strong field engagement and clear operational relevance. The enhanced platform materially expanded functionality beyond the initial release, enabling the creation and deployment of targeted, needs-based sales campaigns that were not previously available. In addition, salesEDGE 2.0 significantly improved visibility into our preneed sales funnel, enabling more accurate and timely reporting and allowing our sales leadership to more effectively monitor lead progression, conversion efficiency, and overall sales productivity. Since the launch of version 2.0, we generated \$2.6 million in preneed production through salesEDGE, representing 12% of total fourth-quarter preneed property sales, with a clear objective to scale this contribution to 20% on a monthly basis.

The second initiative focused on fully integrating our preneed funeral sales strategy across the sales organization. This effort aligned portfolio structure, communication, and execution,

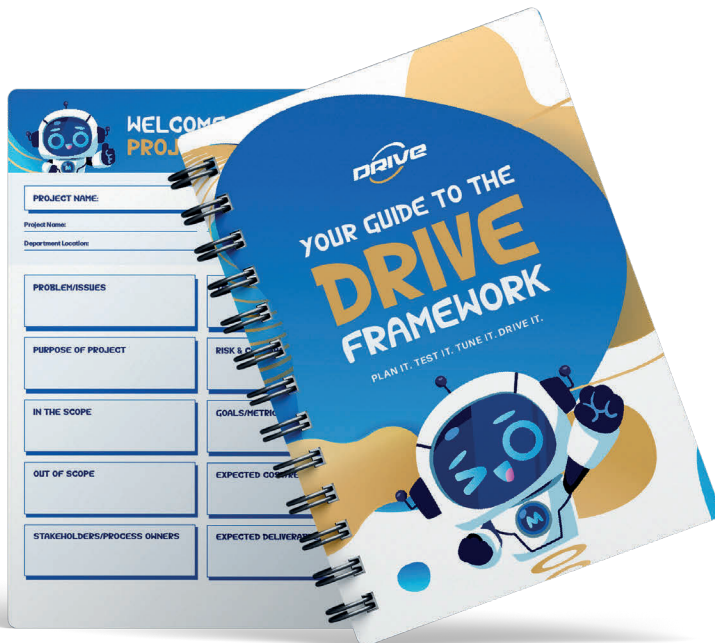
creating greater clarity for both field teams and sales leadership. As a result, coordination across products and channels improved, reinforcing disciplined sales execution and accountability. In 2025, we wrote 11,202 insurance-funded preneed funeral contracts, up from 8,792 in 2024, an increase of approximately 27.4%, resulting in \$9.6 million in preneed funeral commission income, which reflects an increase of 51% over the prior year.

By the end of 2025, both initiatives were fully embedded in our daily operations, establishing what we believe is a scalable, repeatable foundation for sustained growth and improved sales effectiveness. Collectively, these efforts contributed to approximately \$20 million in incremental sales during the year. Importantly, growth was accompanied by meaningful improvements in portfolio and product mix. We reduced average issue age compared to the prior year while achieving a healthier balance of multi-pay offerings, driving higher general agency commissions, and improving overall sales economics.

# Systems That Scale

Throughout 2025, we continued to invest in systems and processes designed to support disciplined growth. We advanced our continuous improvement platform, modernized our core technology infrastructure, and strengthened our data and reporting capabilities to improve the speed and quality of decision-making.

We believe these investments will enable better visibility, greater accountability, and more consistent execution across the organization. Improved reliability, enhanced financial reporting, and more accessible data will allow our leaders at every level to operate with confidence and clarity. Importantly, these systems convert effort into repeatable outcomes, a prerequisite for sustainable growth.



VISITORS HOME





People, leadership,  
and culture,  
carriage's progress  
in 2025 was **driven**  
**by deliberate,**  
**continued**  
**investment in**  
**our people and**  
**leadership.**

We deepened leadership capability, clarified expectations, and reinforced a meritocratic culture that rewards performance aligned with our values. These efforts translated directly into improved productivity, lower turnover, and sustained employee engagement. At Carriage, culture is not an abstract or soft concept, it is a measurable economic asset that strengthens execution, reduces risk, and differentiates us in a highly local, service-driven profession.

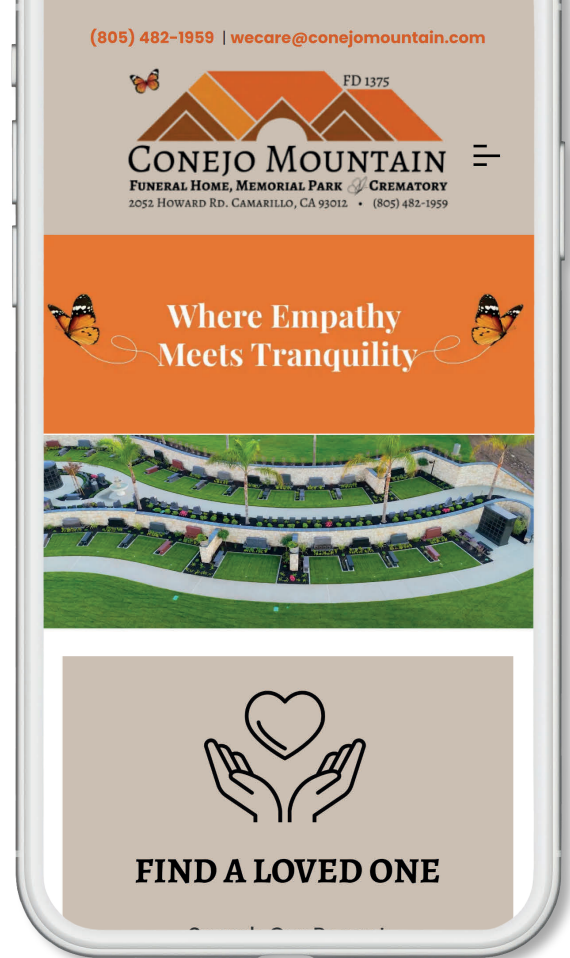


INNOVATION. PARTNERSHIP. SERVICE.

# Marketing, Digital, and Demand Generation

Marketing continued its evolution into a measurable, accountable growth engine during 2025. We completed a company-wide standardization of digital platforms, strengthened local visibility, and embedded disciplined experimentation through controlled testing.

These efforts delivered clear financial results. Commissions from e-commerce sales increased 131%, reflecting our increased strategic focus. Paid digital demand generation produced over 15,000 calls, contributing directly to new contracts, reinforcing marketing's role as a scalable contributor to growth rather than a discretionary expense. We believe we are just scratching the surface of these opportunities and expect them to contribute to our growth in a meaningful way in the years ahead.



# Financial Perspective

The financial results of 2025 reflect the quality and discipline of the work completed over the past three years. Improvements in earnings quality, reporting rigor, and transparency to date have continued to strengthen confidence in Carriage's long-term trajectory and our ability to execute consistently.

We remain committed to preserving balance sheet flexibility, deploying capital thoughtfully, improving cash conversion, and prioritizing returns that compound over time. Financial discipline remains foundational to our approach. We expect to achieve our targeted leverage ratio of 3.5x-4.0x during 2026 and to sustain that range, providing the flexibility to support organic investment, disciplined consolidation, and grow shareholder returns.

In 2025, a key focus was positioning the organization for the next phase of value creation through deliberate talent management and role redefinition, particularly within our financial functions. This was most evident in FP&A and Accounting, where the team was substantially refreshed, particularly in leadership roles, which were strengthened by higher-caliber

professionals. While we expect the full impact of this work will become more visible over time, we have already seen improvements in analysis quality, reporting clarity, and strategic insight supporting operational and capital allocation decisions.

**By the end of 2025, most of this organizational evolution was complete, with a small number of hires and backfills remaining. As these changes are fully integrated in 2026, we expect further improvements in forecast accuracy, cash flow visibility, and return-based decision-making.**

This enhanced financial capability strengthens our ability to generate sustainable free cash flow and deploy capital through reinvestment, disciplined M&A, debt reduction, and direct returns to shareholders, designed to maximize long-term shareholder value.

# Looking Ahead

As we enter 2026, Carriage is no longer in transition. **We are operating with clarity, alignment, and momentum.**

Our long-term value creation strategy is firmly grounded in our purpose statement and strategic objectives, which together form the success framework guiding every major decision.

We approach the future with confidence, not complacency. We believe the platform we have built over the past three years positions Carriage to pursue growth

thoughtfully, scale responsibly, and continue delivering long-lasting value for our shareholders.

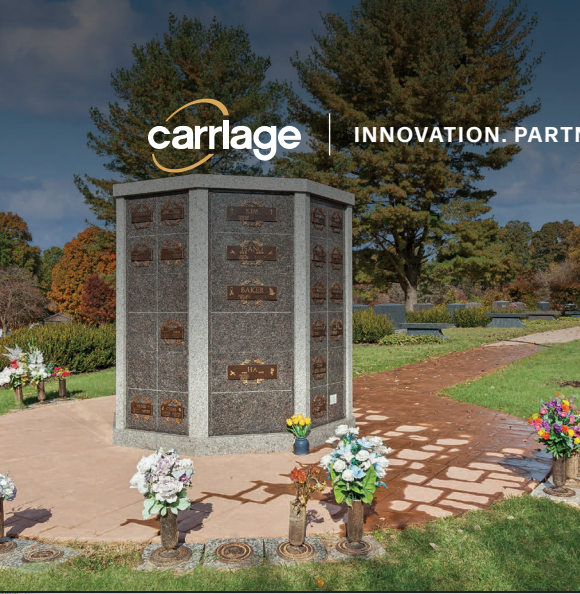
On behalf of our leadership team and our employees across the organization, thank you for your continued trust and support. We remain committed to creating long-term value while honoring our responsibility to the families and communities we serve.

A handwritten signature in white ink that reads "Carlos Quezada". The signature is fluid and cursive, with a horizontal line underneath the name.

**CARLOS R. QUEZADA**

Vice Chairman of the Board  
and Chief Executive Officer  
*Carriage Services, Inc.*





*Images above are from the following businesses;*

**Fairfax Memorial Park | Fairfax, VA**

**Greenlawn Funeral Homes - Northeast | Bakersfield, CA**

**Faith Chapel Funeral Home and Crematory - North | Cantonment, FL**

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

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended, December 31, 2025**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 1-11961**

**CARRIAGE SERVICES, INC.**  
**(Exact name of registrant as specified in its charter)**

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**76-0423828**  
(I.R.S. Employer  
Identification No.)

**3040 Post Oak Boulevard, Suite 300  
Houston, Texas, 77056  
(Address of principal executive offices)  
(713) 332-8400**

**(Registrant's telephone number, including area code)  
Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, Par Value \$.01 Per Share	CSV	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:  
None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2025 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$699.0 million based on the closing price of \$45.74 per share on the New York Stock Exchange.

The number of shares of the registrant's Common Stock, \$.01 par value per share, outstanding as of February 19, 2026 was 15,751,228.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information required to be disclosed in Part III of this report is incorporated by reference from the registrant's definitive proxy statement or an amendment to this report, which will be filed with the SEC not later than 120 days after the end of the fiscal year covered by this report.

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## CAUTIONARY NOTE

Certain statements and information in this Annual Report on Form 10-K (this “Form 10-K”) may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical information, should be deemed to be forward-looking statements. Words such as “may”, “will”, “estimate”, “intend”, “believe”, “expect”, “seek”, “project”, “forecast”, “foresee”, “should”, “would”, “could”, “plan”, “anticipate” and other similar words or expressions may be used to identify forward-looking statements; however, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements include, but are not limited to, statements regarding any projections of earnings, revenue, cash flow, investment returns, capital allocation, debt levels, equity performance, death rates, market share growth, cost inflation, overhead, including talent recruitment, field and corporate incentive compensation, preneed sales or other financial items; any statements of the plans, strategies, objectives and timing of management for future operations or financing activities, including, but not limited to, capital allocation, organizational performance, execution of our strategic objectives and growth strategy, planned acquisitions and divestitures, technology improvements, product development, the ability to obtain credit or financing, anticipated integration, performance and other benefits of recently completed and anticipated acquisitions, and cost management and debt reductions; any statements of the plans, timing and objectives of management for acquisition and divestiture activities; any statements regarding future economic and market 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. 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 or divestitures. Our forward-looking 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 strategic objectives and growth strategy, if at all;
- our ability to meet the timing, objectives, and expectations related to our 2030 Vision, if at all;
- the potential adverse effects on the Company’s business, financial, and equity performance if management fails to meet the expectations of its strategic objectives and growth plan;
- the execution of our Standards Operating Model and strategic acquisition frameworks;
- 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 debt repayment plans, internal growth projects, potential strategic acquisitions, share repurchases, or dividend increases;
- our ability to meet the projected financial and performance guidance of our full year outlook, if at all;

- the timely and full payment of death benefits related to preneed funeral contracts funded through life insurance policies;
- 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, including changes and potential impacts, if any, resulting from the recently enacted One Big Beautiful Bill Act;
- 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, 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 and epidemics, including potential responses to any new or emerging public health threats;
- effects and expense of litigation;
- consolidation in the funeral and cemetery industry;
- our ability to identify and consummate strategic acquisitions on commercially reasonable terms and on a timely basis, if at all, and successfully integrate acquired businesses with our existing businesses, including expected performance and financial improvements related thereto;
- our ability to successfully complete any non-core asset divestitures on commercially reasonable terms and on a timely basis, if at all, and the impact of any such divestitures on our Company, including any financial, operational, tax or other similar impacts related thereto;
- the effects of any additional imposition or changes in tariffs or trade agreements including, but not limited to, any potential disruptions in international trade, any increased inflationary pressures on the economy or costs for our goods, and our ability, if at all, to mitigate such effects;
- economic, financial, and stock market fluctuations;
- significant weather events, natural disasters, or catastrophic events;
- uncertainty around, and disruption from, new and emerging technologies, such as artificial intelligence ("AI") and generative AI, and the failure to adapt or successfully incorporate such technologies into the Company's business;
- 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 Part I, Item 1A, Risk Factors.

Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

## PART I

### ITEM 1. BUSINESS.

#### GENERAL

Carriage Services, Inc. (“Carriage,” the “Company,” “we,” “us,” or “our”) was incorporated in the State of Delaware in December 1993 and is a leading provider of funeral and cemetery services and merchandise in the United States (“U.S.”). We operate in two business segments: Funeral Home Operations, which currently accounts for approximately 65% of our total revenue, and Cemetery Operations, which currently accounts for approximately 35% of our total revenue.

At December 31, 2025, we operated 155 funeral homes in 24 states and 28 cemeteries in 9 states. We compete with other publicly held and independent operators of funeral and cemetery companies. We believe we are a market leader in most of our markets.

We provide funeral and cemetery services and products on both an “atneed” (time of death) and “preneed” (planned prior to death) basis.

#### COMPANY DEVELOPMENTS

##### *Leadership Changes*

On January 16, 2026, Carriage Services, Inc. (the “Company”) announced that the Board of Directors (the “Board”) appointed Steven D. Metzger to serve as the Company’s President and Chief Operating Officer, effective as of February 2, 2026. Mr. Metzger’s appointment was made in connection with certain executive leadership changes and appointments announced by the Company to better align with the Company’s business strategy.

##### *Acquisitions*

During the year ended December 31, 2025, we acquired eight funeral homes, one cemetery, and one cremation focused business in Florida for an aggregate price of \$56.5 million. We acquired substantially all of the assets and assumed certain operating liabilities of these businesses. Additionally, we acquired the real property for one funeral home that we previously leased from a third party for a purchase price of \$2.5 million.

##### *Divestitures*

During the year ended December 31, 2025, we sold thirteen funeral homes, four cemetery and real property for an aggregate of \$40.4 million resulting in a gain of \$1.5 million. Additionally, we sold real property for \$4.0 million resulting in a gain of \$1.0 million.

#### OUR OPERATIONS

See Part II, Item 8, Financial Statements and Supplementary Data, Note 19 for segment data related to our operations.

##### *Funeral Home and Cemetery Operations*

Funeral home and cemetery businesses provide products and services to families in three principal areas: (i) ceremony and tribute, generally in the form of a funeral or memorial service; (ii) care of remains, either through burial or cremation; and (iii) memorialization, generally through monuments, markers, or inscriptions.

Our funeral homes offer a complete range of services to meet a family’s funeral needs, including consultation, the removal and preparation of remains, the sale of caskets, and related funeral merchandise, the use of funeral home facilities for visitation and memorial services, and transportation services. Most of our funeral homes have a non-denominational chapel on the premises, which permits family visitation and services to take place at one location and thereby reduces transportation costs and inconvenience to the family.

Our cemeteries provide interment rights (primarily grave sites, lawn crypts, mausoleum spaces, and niches), related cemetery merchandise (such as memorial markers, outer burial containers, and monuments) and services (interments, inurnments, and installation of cemetery merchandise).

## ***Preneed Programs***

Funeral and cemetery arrangements sold prior to death occurring are referred to as preneed contracts. We market funeral and cemetery services and products on a preneed basis at the local level. Preneed funeral or cemetery contracts enable families to establish, in advance, the type of service to be performed, the products to be used, and the cost of such products and services. Preneed contracts permit families to eliminate the burden of making deathcare plans at the time of need and allow input from other family members before the death occurs. We guarantee the price and performance of the preneed contracts to the customer.

Approximately 16% of our funeral services performed are funded through preneed contracts, which are usually secured by placing the funds collected in trust for the benefit of the customer or by the purchase of a life insurance policy, the proceeds of which will pay for such services at the time of need. Insurance-funded contracts allow us to earn commission income to improve our near-term cash flow and offset a significant amount of the up-front costs associated with preneed sales.

In 2023, we entered into an exclusive partnership agreement with a national insurance provider to market and sell prearranged funeral services, for which we received a \$6.0 million incentive payment. The incentive payment is subject to partial claw-back if certain preneed funeral sales volumes are not met within the ten-year term of the agreement. As such, we recognize the incentive payment in proportion to our achieved preneed funeral sales volume per the agreement at each reporting period. We have recognized \$0.8 million of this incentive payment to-date. This partnership agreement increased our commission income 52.0% in 2025 over the previous year. We are projecting this partnership to help drive year-over-year growth in preneed funeral sales of 20% over the next five years. We sold 11,967 and 10,750 preneed funeral contracts, net of cancellations, during the years ended December 31, 2025 and 2024, respectively. At December 31, 2025, we had a backlog of 93,286 preneed funeral contracts to be delivered in the future.

Personalization and pre-planning continue to be two important trends in the funeral and cemetery industry; however, the national trend toward more cremations may be the most significant. While this trend is expected to continue, other factors are expected to lead to rising industry revenue, including an increase in spending on additional or unique funeral and cremation services. Shifting preferences will likely lead to a continued rise in cremations; as such, we are focused on educating and providing our cremation customers with additional services and products that are available. All of our funeral homes offer cremation products and services. While the average revenue for a cremation service is generally lower than that of an average traditional burial service, we have found that this revenue can be substantially enhanced by offering additional services and merchandise, including video tributes, flowers, burial garments and memorial items such as urns, keepsake jewelry and other items that hold a portion of the cremated remains.

Approximately 64% of our cemetery operating revenue is derived from preneed property sales. Our preneed cemetery strategy is to build family heritage in our cemeteries by selling property and interment rights prior to death through full time, highly motivated, and entrepreneurial local sales teams. Our goal is to build broader and deeper teams of sales leaders and counselors in our larger and more strategically located cemeteries, including the development of standardized sales systems across our portfolio of cemeteries, to focus on growth of our preneed property sales. Cemetery merchandise and services are often purchased in addition to cemetery property at the time of sale. The performance of these preneed cemetery contracts is secured by placing the funds collected in trust for the benefit of the customer, the proceeds of which will pay for such services at the time of need. General consumer confidence and discretionary income may have a significant impact on our preneed sales success rate. Cemetery revenue that originated from preneed contracts represented approximately 71% and 70% of our total operating cemetery revenue for 2025 and 2024, respectively. At December 31, 2025, we had a backlog of 65,681 preneed cemetery contracts to be delivered in the future.

## ***Trust and Insurance Funded Contracts***

We have established a variety of trusts in connection with funeral home and cemetery operations as required under applicable state laws. Such trusts include (i) preneed funeral trusts; (ii) preneed cemetery merchandise and service trusts; and (iii) cemetery perpetual care trusts. These trusts are typically administered by independent financial institutions that we select. Investment management and advisory services are provided either by our wholly owned registered investment advisory firm (“CSV RIA”) or by independent financial advisors. As of December 31, 2025, CSV RIA provided these services to approximately 80% of our trust assets, for a fee based on the market value of trust assets. Under state trust laws, we are allowed to charge the trust a fee for advising on the investment of the trust assets and these fees are recognized as income in the period in which services are provided. The investment advisors establish an investment policy that provides guidance on asset allocation, investment requirements, investment manager selection, and performance monitoring. The investment objectives are tailored to generate long-term investment returns without assuming undue risk, while ensuring the management of assets complies with applicable laws.

Preneed sales generally require deposits to a trust or purchase of a third-party insurance product. Trust fund income earned, along with the receipt and recognition of any insurance benefits, are not reflected in our revenue until the service is

performed or the merchandise is delivered. Trust fund holdings and deferred revenue are reflected on our Consolidated Balance Sheets, while our insurance funded contracts are not reflected on our Consolidated Balance Sheets. In most states, we are not permitted to withdraw principal or investment income from such trusts until the service is performed. Additionally, in most states, regulations require a portion (generally 10%) of the sale amount of cemetery property and memorials to be placed in a perpetual care trust. The income from these perpetual care trusts provides funds necessary to maintain cemetery property and memorials in perpetuity.

For additional information with respect to our trusts, see Part II, Item 8, Financial Statements and Supplementary Data, Notes 8 and 9.

## **BUSINESS STRATEGY**

Our operations and business strategy are founded on the shared values of honesty, integrity, and a belief in the power of people. This foundation unites us in our purpose statement: “Creating premier experiences through innovation, empowered partnership, and elevated service,” which is built upon the execution of our three foundational strategic objectives; *Disciplined Capital Allocation*, *Purposeful Growth*, and *Relentless Improvement*. These strategic objectives guide our decision making and ensure we remain at the forefront of funeral and cemetery innovation. Our purpose statement is a testament to our unwavering commitment across all areas of our operations, emphasizing our dedication to innovation, partnership, and exceptional service delivery.

Our first strategic objective is *Disciplined Capital Allocation*. This strategic approach ensures our investments are focused on areas with the highest potential for returns, laying the groundwork for sustainable success and long-term value creation. This disciplined investment strategy is pivotal in navigating the Company's path toward sustainable growth and profitability.

*Purposeful Growth*, our second strategic objective, transcends mere expansion, emphasizing strategic and thoughtful planning. This approach to business development is not about increasing our size, but rather, enhancing our revenue and financial health through strategic, thoughtful, and data driven planning. It signifies our commitment to growing with intent and enriching our Company's value proposition organically and through strategic partnerships.

Finally, at the heart of our ethos lies our third strategic objective, *Relentless Improvement* and a commitment to the pursuit of excellence in all that we do. This strategic objective champions the idea that every day presents a new opportunity to refine our processes, prioritize efficiencies, enhance our service, and exceed our prior achievements.

Our three strategic objectives are more than strategic imperatives. They represent our commitment to pursue excellence relentlessly, innovate with purpose, and redefine industry standards through superior service.

As part of our strategic objectives during 2025, we focused on the following:

**Strategic mergers and acquisitions:** We completed \$59.0 million in strategic acquisitions while divesting \$44.5 million in non-core assets, reinforcing our commitment to portfolio optimization and balance sheet discipline. These actions reflect a deliberate focus on quality over quantity, prioritizing businesses that align culturally, enhance earnings quality, and strengthen long-term scalability and value creation.

**Preneed funeral and cemetery sales:** Preneed sales remain one of the most important drivers of long-term revenue, cash flow visibility, and margin expansion across our business. We expect these sales will generate high-quality backlog, support disciplined inventory monetization, and create durable customer relationships that translate into future at-need performance. In 2025, our consolidated preneed cemetery property production ended the year at \$85 million, an increase of 8.4% over the prior year, while total cemetery production reached \$143.6 million, an increase of 8.2% year over year, underscoring the effectiveness of our strategic focus and execution in this critical channel. In addition, insurance-funded preneed funeral contracts sold grew by approximately 27%, resulting in \$9.6 million in preneed funeral commission income, which reflects an increase of 51% over the prior year.

**Modernized sales infrastructure and continued innovation:** In the fourth quarter of 2025, we implemented our next-generation sales enablement platform. This enhanced platform significantly improved visibility into our preneed sales funnel, enabling more accurate and timely reporting and allowing our sales leaders to more effectively monitor lead progression, conversion efficiency, and overall sales productivity. Since the launch, we generated \$2.6 million in preneed production through our next generation platform, representing 12% of total fourth-quarter preneed property sales.

**Systems that support scale:** Throughout 2025, we continued to invest in systems and processes designed to support disciplined growth. We advanced our continuous improvement platform, modernized core technology infrastructure, and strengthened our data and reporting capabilities to improve decision-making speed and quality. We believe these investments in our systems will enable better visibility, greater accountability, and more consistent execution across the organization. Improved reliability, enhanced financial reporting, and more accessible data will allow our leaders at every level to operate with

confidence and clarity. Importantly, we believe these systems convert effort into repeatable outcomes, a prerequisite for sustainable growth.

## COMPETITION

The funeral and cemetery industry has been, and remains, highly competitive. The largest publicly held operators, in terms of revenue, of both funeral homes and cemeteries with operations in the U.S. are Service Corporation International (“SCI”) and Carriage. We believe these two companies collectively represent approximately 23% of funeral and cemetery revenue in the U.S. Independent businesses, along with other privately-owned consolidators, represent the remaining 77% of industry revenue.

Our funeral home and cemetery operations face competition in the markets that they serve. Our primary competition in most of our markets is from local independent operators. We have observed new start-up competition in certain areas of the country, which may impact our profitability in certain markets. Market share for funeral homes and cemeteries is largely a function of reputation and heritage, although competitive pricing, professional service, and attractive, well-maintained and conveniently located facilities are also important. Because of the importance of reputation and heritage, market share increases are usually gained over a long period of time. The sale of preneed funeral services and cemetery property has increasingly been used by many companies as a marketing tool to build market share.

There has been increasing competition from providers specializing in specific services, such as cremations, who offer minimal service and low-end pricing. We also face competition from companies that market products and related merchandise over the internet and non-traditional casket stores in certain markets. These competitors have been successful in capturing a portion of the low-end market and product sales.

## SEASONALITY

Our business can be affected by seasonal fluctuations in the death rate, with number of deaths generally higher during the winter months due to the higher incidences of death from influenza and pneumonia as compared to other periods of the year. Seasonal fluctuations in the death rate may be further affected by epidemics and pandemics, including any new or emerging public health threats. These unexpected fluctuations may not only increase death rates during the affected period, but also may subsequently decrease death rates following the affected period as a result of an acceleration of death rates. As a result, we are unable to predict or forecast the duration or variation of the current death rate with any certainty.

## REGULATION

*General.* Our operations are subject to regulations, supervision, and licensing under numerous federal, state, and local laws, ordinances, and regulations, including extensive regulations concerning trust funds, preneed sales of funeral and cemetery products and services, and various other aspects of our business. We believe that we comply in all material respects with the provisions of these laws, ordinances, and regulations. Legislative bodies and regulatory agencies frequently propose new laws and regulations, some of which could have a material impact on our business. We cannot predict the impact of any future laws and regulations or changes to existing laws and regulations.

*Federal Trade Commission.* Our funeral home operations are comprehensively regulated by the Federal Trade Commission (“FTC”) under Section 5 of the Federal Trade Commission Act and a trade regulation rule for the funeral industry promulgated thereunder referred to as the “Funeral Rule.” The Funeral Rule defines certain acts or practices as unfair or deceptive and contains certain requirements to prevent these acts or practices. The preventive measures require a funeral provider to give consumers accurate, itemized pricing information, and various other disclosures about funeral goods and services and prohibit a funeral provider from: (i) misrepresenting legal, crematory and cemetery requirements; (ii) embalming for a fee without permission; (iii) requiring the purchase of a casket for direct cremation; (iv) requiring consumers to buy certain funeral goods or services as condition for furnishing other funeral goods or services; (v) misrepresenting state and local requirements for an outer burial container; and (vi) representing that funeral goods and services have preservative and protective value. Additionally, the Funeral Rule requires the disclosure of mark-ups, commissions, additional charges and rebates related to cash advance items. On October 20, 2022, the FTC announced that it was retaining the Funeral Rule and issued an advanced notice of proposed rulemaking concerning potential amendments to the Funeral Rule. These potential amendments include, among other things, whether and how funeral providers should be required to display or attribute their price information online and through electronic means. On December 21, 2022, the FTC voted to extend the public comment period to January 17, 2023 for its advanced notice of proposed rulemaking on potential amendments to the Funeral Rule. On May 17, 2023, the FTC announced, as part of its continuing review of potential amendments to the Funeral Rule, that it would host a public workshop, held on September 7, 2023, to consider issues raised by certain consumer advocacy groups. Although the FTC’s public workshop was completed, no further announcements related to the notice of proposed rulemaking on potential amendments to the Funeral Rule have been announced by the FTC. We cannot predict what changes, if any, may be made to the Funeral Rule or the impact of any such changes on our business.

*State Trust Laws.* We have established a variety of trusts in connection with funeral home and cemetery operations as required under applicable state laws. Such trusts include (i) preneed funeral trusts; (ii) preneed cemetery merchandise and service trusts; and (iii) cemetery perpetual care trusts. These trusts are typically administered by independent financial institutions which we select. Under state trust laws, our wholly owned registered investment advisor is allowed to charge the trust a fee for advising on the investment of the trust assets and these fees are recognized as income in the period in which services are provided. Preneed funeral sales generally require deposits to a trust or purchase of a third-party insurance product. In most states, we are not permitted to withdraw principal or investment income from such trusts until the funeral service is performed. Some states, however, allow for the retention of a percentage (generally 10%) of the receipts to offset any administrative and selling expenses. Additionally, we are generally required under applicable state laws to deposit a specified amount (which varies from state to state, generally 50% to 100% of the selling price) into a merchandise and service trust fund for preneed cemetery merchandise and services sales.

*Environmental.* Our operations are also subject to certain federal, regional, state, and local laws and regulations relating to environmental protection, including legal requirements governing air emissions, waste management, and disposal and wastewater discharges. For instance, the federal Clean Air Act and analogous state laws, which restrict the emission of pollutants from many sources, including crematories, may require us to apply for and obtain air emissions permits, install costly emissions control equipment, and conduct monitoring and reporting tasks. Also, in the course of our operations, we store and use chemicals and other regulated substances as well as generate wastes that may subject us to strict liability under the federal Resource Conservation and Recovery Act and comparable state laws, which govern the treatment, storage, and disposal of nonhazardous and hazardous wastes, and the federal Comprehensive Environmental Response, Compensation and Liability Act, a remedial statute that imposes cleanup obligations on current and past owners or operators of facilities where hazardous substance releases occurred and anyone who transported or disposed or arranged for the transportation or disposal of hazardous substances released into the environment from such sites. In addition, the Federal Water Pollution Control Act, also known as the federal Clean Water Act, and analogous state laws regulate discharges of pollutants to state and federal waters. Underground and above ground storage tanks that store chemicals and fuels for vehicle maintenance or general operations are located at certain of our facilities and any spills or releases from those facilities may cause us to incur remedial liabilities under the Clean Water Act or analogous state laws as well as potential liabilities for damages to properties or persons. Failure to comply with environmental laws and regulations could result in the assessment of sanctions, including administrative, civil, and criminal penalties, the imposition of investigatory, remedial and corrective action obligations, delays in permitting or performance of projects and the issuance of injunctions restricting or prohibiting some or all of our activities in affected areas. Moreover, accidental releases or spills may occur in the course of our operations, and we cannot assure that we will not incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for damages to property, natural resources or persons. Also, it is possible that implementation of stricter environmental laws and regulations or more stringent enforcement of existing environmental requirements could result in additional, currently unidentifiable costs or liabilities to us, such as requirements to purchase pollution control equipment or implement operational changes or improvements. While we believe we are in compliance with existing environmental laws and regulations, we cannot assure that we will not incur substantial costs in the future.

*Worker Health and Safety.* We are subject to the requirements of the federal Occupational Safety and Health Act, as amended (“OSHA”), and comparable state statutes whose purpose is to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the Emergency Planning and Community Right to Know Act and implementing regulations and similar state statutes and regulations require that we organize and/or disclose information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens. We believe that we are in compliance with all applicable laws and regulations relating to worker health and safety.

## **HUMAN CAPITAL**

Our funeral homes and cemeteries are managed by entrepreneurially focused Managing Partners with extensive funeral and cemetery industry experience. They have responsibility for day-to-day operations and follow operating and financial metrics called “Standards” within our Standards Operating Model. Standards Achievement is the measure by which we judge the Managing Partner's performance and how we incentivize our Managing Partners and their teams. Additionally, we utilize short-term and long-term incentive performance programs to attract and retain talent in critical positions, ranging from sales counselors and sales managers to Houston support center leaders and employees.

As of December 31, 2025, we and our subsidiaries employed 2,321 employees, of whom 1,248 were full-time and 1,073 were part-time. All of our funeral directors and embalmers possess licenses required by applicable regulatory agencies. None of our employees are represented by unions.

## AVAILABLE INFORMATION

We file annual, quarterly and other reports, and any amendments to those reports, and information with the U.S. Securities and Exchange Commission (“SEC”). The SEC maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

Our website address is [www.carriageservices.com](http://www.carriageservices.com). Available on our website under “Investors – SEC Filings,” free of charge, are Carriage’s annual reports on Form 10-K, quarterly reports on Form 10-Q, proxy statements, current reports on Form 8-K, insider reports on Forms 3, 4 and 5 filed on behalf of directors and officers and amendments to those reports, each as soon as reasonably practicable after such materials are electronically filed with or furnished to the SEC.

Also posted on our website, and available in print upon request, are charters for our Audit Committee, Compensation Committee and Corporate Governance Committee. Copies of the Code of Business Conduct and Ethics and the Corporate Governance Guidelines are also posted on our website under “Investors - Corporate Governance – Governance Documents.” Our Code of Business Conduct and Ethics applies to all of our officers, employees and directors, including our principal executive officer, principal financial officer, and principal accounting officer. Within the time period required by the SEC and the New York Stock Exchange, we will post on our website any modifications to the charters and any waivers applicable to senior officers as defined in the applicable charters, as required by the Sarbanes-Oxley Act of 2002, as well as any amendments or modifications to our Code of Business Conduct and Ethics. Information contained on our website is not part of this Annual Report on Form 10-K.

## ITEM 1A. RISK FACTORS

### RISKS RELATED TO OUR BUSINESS

#### *Key Employees and Compensation*

**The success of our businesses is typically dependent upon one or a few key employees for success because of the localized and personal nature of our business.**

Funeral home and cemetery businesses have built local heritage and tradition through successive generations, providing a foundation for ongoing business opportunities from established customer family relationships and related referrals. We believe these relationships build trust in the community and are a key driver to market share. Our businesses, which tend to serve small local markets, usually have one or a few key employees that drive our relationships. Our ability to attract and retain Managing Partners, sales force, and other personnel is an important factor in achieving future success. We can give no assurance that we can retain these employees or that these relationships will drive market share. Our inability to attract and maintain qualified and productive Managing Partners and sales force employees could have a material adverse effect on our financial condition, results of operations, and cash flows.

**Our “Good to Great” incentive program could result in significant future payments to our Managing Partners.**

Our Good to Great incentive program rewards our Managing Partners for achieving an average net revenue compounded annual growth rate equal to at least 1% (the “Minimum Growth Rate”) over a five year performance period (the “Performance Period”) with respect to our funeral homes that they operate, which aligns our incentives with long-term value creation. Each Managing Partner that achieves the Minimum Growth Rate during the applicable Performance Period and remains continuously employed as a Managing Partner of the same business throughout the Performance Period will receive a one-time bonus, payable in a combination of cash and shares of our common stock, determined at our discretion. We believe this incentive program will result in improved field-level margins, market share, and overall financial performance.

#### *Strategic Business Execution and Performance*

**Improved performance in our funeral and cemetery segments is dependent upon successful execution of our Standards Operating Model.**

We have implemented our Standards Operating Model to improve and better measure performance in our funeral and cemetery operations. We developed these standards, which are updated from time to time, according to criteria, each with a different weighting, designed around market share, high-value services and operational and financial metrics. We also incentivize our Managing Partners by giving them the opportunity to earn a fixed percentage of the field-level earnings before interest, taxes, depreciation and amortization based upon the number and weighting of the standards achieved. Our expectation is that, over time, the Standards Operating Model will result in improved field-level margins, market share, customer satisfaction and overall financial performance, but there is no assurance that these goals will be met. Failure to successfully implement our Standards Operating Model in our funeral and cemetery operations could have a material adverse effect on our financial condition, results of operations, and cash flows.

**Our ability to execute our growth strategy is highly dependent upon our ability to successfully identify suitable acquisition candidates and negotiate transactions on favorable terms.**

There is no assurance that we will be able to continue to identify acquisition candidates that meet our criteria or that we will be able to reach terms with identified candidates for transactions that are acceptable to us, and even if we do, we may not be able to close the transaction or successfully integrate the new business into our existing portfolio.

**Divestitures could negatively impact our business and retained liabilities from businesses that we sell could adversely affect our financial results.**

As part of our growth strategy, we periodically review our businesses which may no longer be aligned with our strategic business plan and long-term objectives and, as a result of these reviews of our businesses, we may pursue additional divestitures. From time to time, we engage in discussions with third parties about potential divestitures of one or more of our businesses that, if fully consummated, could result in the divestiture of a material amount of assets that have historically contributed to our results of operations. Divestitures pose risks and challenges that could negatively impact our business, including disputes with buyers or potential impairment charges. For example, when we decide to sell a business, we may be unable to do so on our terms and within our anticipated time-frame, and even after reaching a definitive agreement to sell a business, the sale may be subject to satisfaction of pre-closing conditions, which may not be satisfied, as well as regulatory and governmental approvals, which may prevent us from completing a transaction on acceptable terms. If we do not realize the expected benefits of any divestiture transaction, our financial condition, results of operations, and cash flows could be materially adversely affected.

### ***Competitive Marketplace***

**The funeral and cemetery industry is competitive.**

The funeral and cemetery industry is characterized by a large number of locally owned, independent operations in the U.S. and a large number of operations owned by publicly and privately held funeral home and cemetery consolidators. To compete successfully, our funeral service locations and cemeteries must maintain good reputations and high professional standards, as well as offer attractive products and services at competitive prices. In addition, we must market ourselves in such a manner as to distinguish us from our competitors. We have historically experienced price competition from independent and publicly held funeral service and cemetery operators, monument dealers, casket retailers, low-cost providers, and other nontraditional providers of merchandise and services. If we are unable to successfully compete, our financial condition, results of operations, and cash flows could be materially adversely affected.

**Marketing and sales activities by existing and new competitors could cause us to lose market share and lead to lower revenue and margins.**

We face competition in all of our markets. Most of our competitors are independently owned, and some are relatively recent market entrants. Some of the recent entrants are individuals who were formerly employed by us or by our competitors and have relationships and name recognition within our markets. As a group, independent competitors tend to be aggressive in distinguishing themselves by their independent ownership, and they promote their independence through television, radio and print advertising, direct mailings and personal contact. Increasing pressures from new market entrants and continued advertising and marketing by competitors in local markets could cause us to lose market share and revenue. The types of services and the prices offered for such services by our competitors may attract customers, causing us to lose market share and revenue as well as to incur costs in response to competition to vary the types or mix of products or services offered by us.

**Price competition could also reduce our market share or cause us to reduce prices to retain or recapture market share, either of which could reduce revenue and margins.**

We have historically experienced price competition primarily from independent funeral home and cemetery operators, and from monument dealers, casket retailers, low-cost providers and other non-traditional providers of services or products. New market entrants tend to attempt to build market share by offering lower cost alternatives. In the past, this price competition has resulted in our losing market share in some markets. In other markets, we have had to reduce prices or offer discounts thereby reducing profit margins in order to retain or recapture market share. Increased price competition in the future could further reduce revenue, profits and our preneed backlog.

## *Change in Preneed Sales*

**Our ability to generate preneed sales depends on a number of factors, including sales incentives and local and general economic conditions.**

Significant declines in preneed sales would reduce our backlog and future revenue and could reduce our future market share. On the other hand, a significant increase in preneed sales can have a negative impact on cash flow as a result of commissions and other costs incurred initially without corresponding revenue.

As we have localized our preneed sales strategies, we are continuing to refine the mix of service and product offerings in both our funeral and cemetery segments, including changes in our sales commission and incentive structure. These changes could cause us to experience declines in preneed sales in the near term. In addition, economic conditions at the local or national level could cause declines in preneed sales either as a result of less discretionary income or lower consumer confidence. Declines in preneed cemetery property sales reduces current revenue, and declines in other preneed sales would reduce our backlog and future revenue and could reduce future market share.

**Increased preneed sales could have a negative impact on our cash flows.**

Preneed sales of funeral and cemetery products and services generally have an initial negative impact on our cash flows, as we are required in certain states to deposit a portion of the sales proceeds into trusts or escrow accounts and often incur other expenses at the time of sale. Furthermore, many preneed purchases are paid for in installments over a period of several years, further limiting our cash flows at the time of sale. Because preneed sales generally provide positive cash flows over the long term, we market the sale of such contracts at the local level. If our efforts to increase such sales are successful, however, our current cash flows could be materially and adversely affected in the near term.

## *Trust and Life Insurance Funded Contracts*

**Our funeral and cemetery trust funds own investments in equity securities, fixed income securities, and mutual funds, which are affected by market conditions that are beyond our control.**

In connection with our backlog of preneed funeral and preneed cemetery merchandise and service contracts, funeral and cemetery trust funds own investments in equity securities, fixed income securities and mutual funds. Our returns on these investments are affected by financial market conditions that are beyond our control.

The following table summarizes our investment returns (realized and unrealized), excluding certain fees, on our trust funds for the years ended December 31, 2025, 2024, and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Preneed funeral trust funds	6.1 %	11.1 %	17.3 %
Preneed cemetery trust funds	6.6 %	12.7 %	19.1 %
Perpetual care trust funds	6.6 %	13.2 %	20.2 %

Generally, earnings or gains and losses on our preneed funeral and cemetery trust investments are recognized, and we withdraw cash, when the underlying service is performed, merchandise is delivered, or upon contract cancellation. Our cemetery perpetual care trusts recognize earnings, and in certain states, capital gains and losses, and we withdraw cash when we incur qualifying cemetery maintenance costs. If the investments in our trust funds experience significant, recurring and sustained declines in subsequent years, there could be insufficient funds in the trusts to cover the costs of delivering services and merchandise or maintaining cemeteries in the future. We may be required to cover any such shortfall with cash flows from operations or other sources of cash, which could have a material adverse effect on our financial condition, results of operations or cash flows. For more information related to our trust investments, see Part II, Item 8, Financial Statements and Supplementary Data, Note 8.

If the fair market value of these trusts, plus any other amount due to us upon delivery of the associated contracts, were to decline below the estimated costs to deliver the underlying products and services at maturity, we would record a charge to earnings for the expected losses on the delivery of the associated contracts. For additional information, see Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Estimates.

**Earnings from and principal of trust funds could be reduced by changes in financial markets and the mix of securities owned.**

Earnings and investment gains and losses on trust funds are affected by financial market conditions and the specific fixed-income and equity securities that we choose to maintain in the funds. We may not choose the optimal mix for any particular market condition. Declines in earnings from perpetual care trust funds would cause a decline in current revenue, while declines in earnings from other trust funds could cause a decline in future cash flows and revenue.

**We may be required to replenish our funeral and cemetery trust funds in order to meet minimum funding requirements, which would have a negative effect on our earnings and cash flow.**

Some states have laws that either require replenishment of investment losses under certain circumstances or impose various restrictions on withdrawals of future earnings when trust fund values drop below certain prescribed amounts. In the event of realized losses or market declines, we may be required to deposit portions or all of these amounts into the respective trusts in some future period.

**Increasing death benefits related to preneed funeral contracts funded through life insurance policies may not cover future increases in the cost of providing a price-guaranteed funeral service.**

We sell price-guaranteed preneed funeral contracts through various programs providing for future funeral services at prices prevailing when the agreements are signed. For preneed funeral contracts funded through life insurance policies, we receive in cash a general agency commission from the third-party insurance company. Additionally, there is an increasing death benefit associated with the contract that may vary over the contract life. There is no guarantee that the increasing death benefit will cover future increases in the cost of providing a price-guaranteed funeral service, and any such excess cost could be materially adverse to our future cash flows, revenue, and operating margins.

**The financial condition of third-party insurance companies that fund our preneed funeral contracts may impact our future revenue.**

Where permitted by state law, our customers may arrange their preneed funeral contract by purchasing a life insurance policy from third-party insurance companies. The customer/policy holder assigns the policy benefits to our funeral home to pay for the preneed funeral contract at the time of need. If the financial condition of the third-party insurance companies were to deteriorate materially because of market conditions or otherwise, there could be an adverse effect on our ability to collect all or part of the proceeds of the life insurance policy, including the annual increase in the death benefit, when we fulfill the preneed contract at the time of need. Failure to collect such proceeds could have a material adverse effect on our financial condition, results of operations, or cash flows.

***Tax Changes***

**Changes in taxation, or the interpretations of tax laws or regulations, as well as the inherent difficulty in quantifying potential tax effects of business decisions could have a material adverse effect on the results of our operations, financial condition, or cash flows.**

We make judgments regarding the utilization of existing income tax credits and the potential tax effects of various financial transactions and results of operations to estimate our obligations to taxing authorities. We are also subject to regular reviews, examinations, and audits by the Internal Revenue Service (“IRS”) and other taxing authorities with respect to our taxes. Uncertain tax positions may arise where tax laws or regulations may allow for alternative interpretations, where the timing of recognition of income is subject to judgement, or where the IRS or other taxing authorities issue subsequent guidance or take positions on audits that differ from our interpretations and assumptions. Our tax obligations include, for example, income, franchise, real estate, sales and use, and employment-related taxes and the judgments we make include reserves for potential adverse outcomes regarding our tax positions. Although we believe we have accurately estimated our tax obligations, uncertainty of interpretation by various tax authorities and the possibility that there are issues that have not been recognized by management could each result in additional tax obligations. For example, if a taxing authority disagrees with the positions we have taken, we could face additional tax liability, including interest and penalties. We believe that our tax obligations reflect the anticipated outcome of known uncertain tax positions in conformity with ASC Topic 740 Income Taxes. In addition, our effective tax rate could be adversely affected by changes in the mix of earnings in states with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and regulations, changes to our business structure or operations, including acquisitions or divestitures, or changes in our interpretations of tax laws. Changes in federal, state, or local tax laws, adverse tax audit results, or adverse tax rulings on positions taken could have a material adverse effect on the results of our operations, financial condition, or cash flows.

## **New or revised tax laws or regulations could have a material effect on our financial statements.**

We may be subject to additional tax liabilities and penalties resulting from new tax legislation or regulations, which could be enacted at any time, and changes to existing tax laws or regulations, which could be interpreted, amended, or applied in a manner that has a material effect on us, which could materially impact our business and financial condition.

For example, on July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was signed into law. The OBBBA made several key provisions of the Tax Cuts and Jobs Act of 2017 permanent, including 100% bonus depreciation, the immediate expensing of domestic research costs, and the introduction of a favorable modification to the business interest expense limitation. Together, these changes accelerate the timing of certain tax deductions in the current period that allow for reductions in cash taxes. The Company adopted the relevant provisions during the third quarter of 2025 and determined that the OBBBA did not have a material effect on the Company's financial statements.

## ***Litigation and Claims***

### **Unfavorable results of litigation could have a material adverse impact on our financial statements.**

We are subject to a variety of claims and lawsuits in the ordinary course of our business. Adverse outcomes in potential litigation related to our business may result in significant monetary damages or injunctive relief against us, as litigation and other claims are subject to inherent uncertainties. Any such adverse outcomes that may arise in the future, could have a material adverse impact on our financial position, results of operations, and cash flows.

## **RISKS RELATED TO THE FUNERAL AND CEMETERY INDUSTRY**

### ***Changes in Death Rates and Consumer Preferences***

#### **Declines in the number of deaths in our markets can cause a decrease in revenue. Changes in the number of deaths are not predictable from market to market or over the short term.**

Declines in the number of deaths could cause atneed sales of funeral and cemetery services, property and merchandise to decline, which could decrease revenue. Although the U.S. Bureau of the Census estimates that the number of deaths in the U.S. will increase in the future, longer life spans could reduce the rate of deaths. In addition, changes in the number of deaths can vary among local markets and from quarter to quarter, and variations in the number of deaths in our markets or from quarter to quarter are not predictable. For example, our business can be affected by seasonal fluctuations in the death rate, with number of deaths generally higher during the winter months due to the higher incidences of death from influenza and pneumonia as compared to other periods of the year. Seasonal fluctuations in the death rate may be further affected by epidemics and pandemics, including any new or emerging public health threats. These unexpected fluctuations may not only increase death rates during the affected period, but also may subsequently decrease death rates following the affected period as a result of an acceleration of death rates. As a result, we are unable to predict or forecast the duration or variation of the current death rate with any certainty, including the potential impact of epidemics and pandemics on the death rate, including any new or emerging public health threats. Any future variations of the death rate may cause our revenue to fluctuate and our results of operations to lack predictability.

#### **The increasing number of cremations in the U.S. could cause revenue to decline because we could lose market share to firms specializing in cremations and because our average revenue for cremations is lower than that for traditional burials.**

Our traditional cemetery and funeral service operations face competition from the increasing number of cremations in the U.S.. Industry studies indicate that the percentage of cremations has increased every year, and this trend is expected to continue into the future. The trend toward cremation could cause cemeteries and traditional funeral homes to lose market share and revenue to firms specializing in cremations. Additionally, our average revenue for cremations is lower than that for traditional burials. If we are unable to continue to expand our cremation memorialization products and services, and cremations remain or increase as a significant percentage of our services, our financial condition, results of operations, and cash flows could be materially adversely affected.

#### **If we are not able to respond effectively to changing consumer preferences, our market share, revenue, and profitability could decrease.**

Future market share, revenue and profits will depend in part on our ability to anticipate, identify and respond to changing consumer preferences. In past years, we have implemented new product and service strategies based on results of customer surveys that we conduct on a continuous basis. However, we may not correctly anticipate or identify trends in consumer

preferences, or we may identify them later than our competitors. In addition, any strategies we may implement to address these trends may prove incorrect or ineffective.

**Because the funeral and cemetery businesses are high fixed-cost businesses, changes in revenue can have a disproportionately large effect on cash flow and profits.**

Funeral home and cemetery businesses incur the costs of operating and maintaining facilities, land and equipment regardless of the level of sales in any given period. For example, we must pay salaries, utilities, property taxes and maintenance costs on funeral homes and maintain the grounds of cemeteries regardless of the number of funeral services or interments performed. Because we cannot decrease these costs significantly or rapidly when we experience declines in sales, those declines can cause margins, profits and cash flow to decrease at a greater rate than the decline in revenue.

### ***Regulatory Changes***

**Changes or increases in, or failure to comply with, regulations applicable to our business could increase costs or decrease cash flows.**

The funeral and cemetery industry is subject to extensive and evolving regulation and licensing requirements under federal, state and local laws. For example, the funeral industry is regulated by the FTC, which requires funeral homes to take actions designed to protect consumers. State laws impose licensing requirements and regulate preneed sales. As such, we are subject to state trust fund and preneed sales practice audits, which could result in audit adjustments as a result of non-compliance. In addition, we may assume the liability for any audit adjustments for our acquired businesses for periods under audit that were prior to our ownership of the business depending upon the obligations outlined in the agreement. These audit adjustments could have a material adverse impact on our financial condition, results of operations and cash flows.

Embalming and cremation facilities are subject to stringent environmental and health regulations. Compliance with these regulations is burdensome, and we are always at risk of not complying with the regulations or facing costly and burdensome investigations from regulatory authorities.

In addition, from time to time, governments and agencies propose to amend or add regulations, which could increase costs or decrease cash flows. Several states and regulatory agencies have considered or are considering regulations that could require more liberal refund and cancellation policies for preneed sales of products and services, limit or eliminate our ability to use surety bonding, increase trust requirements and/or prohibit the common ownership of funeral homes and cemeteries in the same market. If adopted by the regulatory authorities of the jurisdictions in which we operate, these and other possible proposals could have a material adverse effect on us, our financial condition, our results of operations and our future prospects. For additional information regarding the regulation of the funeral and cemetery industry, see Part I, Item 1, Business, Regulation.

**We are subject to environmental and worker health and safety laws and regulations that may expose us to significant costs and liabilities.**

Our cemetery and funeral home operations are subject to certain federal, regional, state and local laws and regulations governing worker health and safety aspects of the operations, the release or disposal of materials into the environment or otherwise relating to environmental protection. These laws and regulations may restrict or impact our business in many ways, including requiring the acquisition of a permit before conducting regulated activities, restricting the types, quantities and concentration of substances that can be released into the environment, applying specific health and safety criteria addressing worker protection, and imposing substantial liabilities for any pollution resulting from our operations. We may be required to make significant capital and operating expenditures to comply with these laws and regulations and any failure to comply may result in the assessment of sanctions, including administrative, civil and criminal penalties, imposition of investigatory, remedial or corrective action obligations, delays in permitting or performance of projects and the issuance of injunctions restricting or prohibiting our activities. Failure to appropriately transport and dispose of generated wastes, used chemicals or other regulated substances, or any spills or other unauthorized releases of regulated substances in the course of our operations could expose us to material losses, expenditures and liabilities under applicable environmental laws and regulations, and result in neighboring landowners and other third parties filing claims for personal injury, property damage and natural resource damage allegedly caused by such non-compliant activities or spills or releases. Certain of these laws may impose strict, joint and several liabilities upon us for the remediation of contaminated property resulting from our or a predecessor owner's or operator's operations. We may not be able to recover some or any of these costs from insurance or contractual indemnifications. Moreover, changes in environmental laws, regulations and enforcement policies occur frequently, and any changes that result in more stringent or costly emissions control or waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our results of operations, competitive position or financial condition.

## RISKS RELATED TO OUR CREDIT FACILITY AND FINANCIAL ACTIVITIES

### *Credit Facility and Debt Obligations*

**Covenant restrictions in our debt instruments may limit our flexibility to operate and grow our business, and if we are not able to comply with such covenants, our lenders could accelerate our indebtedness, proceed against certain collateral or exercise other remedies, which could have a material adverse effect on us.**

The covenants in our Credit Facility and the Indenture governing our Senior Notes contain a number of provisions that impose operating and financial restrictions which, subject to certain exceptions, limit our ability and the ability of our subsidiaries to, among other things: incur additional indebtedness (including guarantees); pay dividends or make distributions or redeem or repurchase our common stock; make investments; grant liens on assets; make capital expenditures; enter into transactions with affiliates; enter into sale-leaseback transactions; sell or dispose assets; and acquire the assets of, or merge or consolidate with, other companies.

We are required to comply with certain financial covenants in our Credit Facility. Complying with these financial covenants and other restrictive covenants, as well as those that may be contained in any future debt agreements, may limit our ability to finance our future operations or working capital needs or to take advantage of future business opportunities. Our ability to comply with these covenants will depend on our future performance, which may be affected by events beyond our control. Our failure to comply with any of these covenants or restrictions could result in a default under any future debt instrument, which could lead to an acceleration of the debt under that instrument and, in some cases, the acceleration of debt under other instruments that contain cross-default or cross-acceleration provisions, each of which could have a material adverse effect on us. In the case of an event of default, or in the event of a cross-default or cross-acceleration, we may not have sufficient funds available to make the required payments under our debt instruments. If we are unable to repay amounts owed under the terms of our Credit Facility, the lenders thereunder may choose to exercise their remedies in respect of the collateral, including a foreclosure of their lien which results in a sale of certain of our funeral assets to satisfy our obligations under the Credit Facility.

Pursuant to the terms of our Credit Facility, we must comply with, amongst other things, a maximum Total Leverage Ratio covenant that is measured quarterly. If we are unable to comply with the maximum Total Leverage Ratio, we will be in immediate default under the Credit Facility. For example, although we have not currently experienced any material negative impacts to our liquidity position, access to capital, or cash flows as a result of our operations or from any macroeconomic conditions, any material difference from our projected future operational and financial performance may have a future impact on our business that could result in our inability to comply with this Total Leverage Ratio covenant and other covenants in our Credit Facility. There can be no assurance that the lenders will agree to amend the Credit Facility in the future to adjust or eliminate this covenant or whether the lenders may agree to waive any non-compliance with this financial covenant or any other covenant in the future.

Moreover, if we do not maintain compliance with our continuing obligations or any covenants, terms and conditions of the Credit Facility, we could be in default and required to repay outstanding borrowings on an accelerated basis, which could subject us to decreased liquidity and other negative impacts on our business, results of operations and financial condition. It may be difficult for us to find an alternative lending source under these circumstances. Without access to borrowings under the Credit Facility, our liquidity would be adversely affected, and we would lack sufficient working capital to operate our business as presently conducted. Any disruption in access to credit could force us to take measures to conserve cash and take steps to raise additional funds, which could have negative impacts on our business, results of operations, financial condition and for our stockholders. For example, if we raised additional funds through issuing additional equity securities, our stockholders may experience significant dilution, and the price of our common stock may decline.

**Our level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our debt obligations.**

Our indebtedness requires significant interest and principal payments. As of December 31, 2025, we had \$532.9 million of total debt (excluding debt issuance costs, debt discounts and lease obligations), consisting of \$6.2 million of acquisition debt (consisting of deferred purchase price and promissory notes payable to sellers of businesses and real property we purchased), \$400.0 million of our Senior Notes and \$126.7 million of outstanding borrowings under our Credit Facility, with \$121.1 million of availability under our Credit Facility after giving effect to \$2.2 million of outstanding letters of credit.

Our and our subsidiaries' level of indebtedness could have important consequences to us, including:

- continuing to require us and certain of our subsidiaries to dedicate a substantial portion of our cash flow from operations to the payment of our indebtedness, thereby reducing the funds available for operations and any future business opportunities;

- limiting flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors that have less indebtedness;
- increasing our vulnerability to adverse general economic or industry conditions;
- making us and our subsidiaries more vulnerable to increases in interest rates, as borrowings under our Credit Facility are at variable rates; and
- limiting our ability to obtain additional financing to fund working capital, capital expenditures, acquisitions or other general corporate requirements and increasing our cost of borrowing.

Our ability to make payments on and to refinance our indebtedness will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We may not generate sufficient funds to service our debt and meet our business needs, such as funding working capital or the expansion of our operations. If we are not able to repay or refinance our debt as it becomes due, we may be forced to take certain actions, including reducing spending on day-to-day operations, reducing future financing for working capital, capital expenditures and general corporate purposes, selling assets, dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness or issuing equity, each of which may lead to negative impacts on our business, results of operations, financial condition and for our stockholders. In addition, our ability to withstand competitive pressures and to react to changes in our industry could be impaired. The lenders who hold our debt could also accelerate amounts due in the event that we default, which could potentially trigger a default or acceleration of the maturity of our other debt, including the notes.

Additionally, our leverage could put us at a competitive disadvantage compared to our competitors that are less leveraged. These competitors could have greater financial flexibility to pursue strategic acquisitions and secure additional financing for their operations. Our leverage could also impede our ability to withstand downturns in our industry or the economy in general.

**Despite our current levels of indebtedness, we may still incur additional indebtedness. This could further exacerbate the risks associated with our indebtedness.**

We may incur additional indebtedness in the future. The terms of our Credit Facility and the Indenture governing our Senior Notes will limit, but not prohibit, us from incurring additional indebtedness. Additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also do not prevent us or our subsidiaries from incurring obligations, such as trade payables, which do not constitute indebtedness as defined under our debt agreements. To the extent new debt is added to our current debt levels, the leverage risks associated with our indebtedness would increase.

## **GENERAL RISKS**

### ***Economic Conditions and Natural Disasters***

**Changes in U.S. foreign trade policies, including the imposition of additional tariffs and other trade barriers, and efforts to withdraw from or materially modify international trade agreements, may materially and adversely affect our business, operations and financial condition.**

Changes in U.S. foreign trade policies could lead to the imposition of additional trade barriers and tariffs on the foreign import of certain materials and products. For example, effective August 1, 2025, the U.S. adopted new and increased tariffs on countries and specific goods, subject to evolving exemptions. In October 2025, the U.S. government announced a series of new and expanded tariffs on imports from China and other countries, including a 100% tariff on certain categories of goods and increased duties. While these measures were scheduled to take effect beginning November 1, 2025, the U.S. government announced on October 30, 2025 a temporary pause on the implementation of these tariffs, along with China agreeing to pause the implementation of certain retaliatory measures scheduled to take effect in response. These actions have caused substantial uncertainty and volatility in financial markets and may result in additional retaliatory measures or costs on U.S. goods. We cannot predict what additional changes to trade policy will be made by the presidential administration or Congress, including whether existing tariff policies will be maintained or modified, what products may be subject to such policies or whether the entry into new bilateral or multilateral trade agreements will occur, nor can we predict the effects that any such changes would have on our business. However, such steps, if adopted, could result in additional inflationary pressures on the U.S. economy and increase the costs of goods we offer our customers and may negatively impact the supply chain on which we depend to supply merchandise to our funeral home and cemetery locations. Although we may take measures to mitigate the effects of these impacts, if these measures are not effective, there can be no assurance that such changes in U.S. trade policy or in laws and policies governing foreign trade would not materially and adversely affect our business, financial condition, results of operations and liquidity.

**We may be adversely affected by the effects of inflation.**

Inflation has the potential to adversely affect our liquidity, business, financial condition and results of operations by increasing our overall cost structure or by reducing the amount of discretionary income consumers have available to spend on our services. The existence of inflation in the economy has resulted in, and may continue to result in, higher interest rates and capital costs, supply shortages, increased costs of labor, components, manufacturing and shipping, as well as weakening exchange rates and other similar effects. As a result of inflation, we have already experienced cost increases and surcharges from our vendors and suppliers on merchandise and goods and may continue to experience additional cost increases in the future, which could be of greater magnitude than those experienced to date. In addition, the impacts of inflation are also felt by consumers who face rising prices for a variety of goods and services, which could reduce the amount of discretionary spending that would otherwise be available to our customer families and potential customer families to spend on our services. Although we may take measures to mitigate the effects of inflation, if these measures are not effective, our business, financial condition, results of operations and liquidity could be materially adversely affected. Even if such measures are effective, there could be a difference between the timing of when these beneficial actions impact our results of operations and when the cost of inflation is incurred.

**Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults, or non-performance by financial institutions, could adversely affect our business, financial condition, or results of operations.**

We currently maintain cash balances in accounts at U.S. financial institutions that we believe are high quality. These accounts, held by us and our affiliated companies, are in non-interest-bearing and interest-bearing operating accounts and may, from time to time, exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. If such banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations. In addition, actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, our third-party vendors and counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems, which could adversely affect our business, financial condition, results of operations and liquidity.

Although we assess our banking relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our respective current and projected future business operations could be significantly impaired by factors that affect us, the financial institutions with which we have arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we, have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire future financing or access to capital on acceptable terms or at all. As availability under our Credit Facility and/or the ability to access capital has historically been, and is expected to continue to be, one of our primary sources of liquidity, any adverse impacts on our ability to access such credit and liquidity sources as a result of adverse developments affecting the financial services industry could adversely affect our business, financial condition, results of operations.

**Unfavorable economic conditions, including those resulting from health and safety concerns, could adversely affect our business, financial condition or results of operations.**

Our business and operational results could be adversely affected by general conditions in the U.S. economy, including conditions that are outside of our control, such as the impact of health and safety concerns from epidemics and pandemics. For example, the initial U.S. and global economic and financial conditions related to the COVID-19 pandemic resulted in extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn from a pandemic or epidemic, including any new or emerging public health threats and the related adverse economic and health consequences, could result in a variety of risks to our business, financial condition or results from operations, including weakened demand from our customer families, decreased preneed sales, increased preneed installment contract defaults, increased cremation rates, reduced access to capital and credit markets or delays in obtaining customer family payments. A weak or declining economy could also strain our supply partners. Additionally, our business relies heavily on our employees, including key employees due to the localized and personal nature of our business, and adverse events such as health-related concerns, the inability to travel and other matters affecting the general work environment could harm our business. In the event of a major disruption caused by

the outbreak of pandemic diseases, or any new or emerging public health threats, we may lose the services of a number of our key employees or experience system interruptions, which could lead to impacts to our regular business operations, inefficiencies and reputational harm. Due to the uncertainty around the ultimate impacts of any epidemic or pandemic, including any new or emerging public health threats, to our business and operations, any related impact on our business and operational results cannot be reasonably estimated at this time. Any of the foregoing could harm our business and we cannot anticipate all the ways in which future epidemics and pandemics, including any new or emerging public health threats, would affect financial market conditions that could adversely impact our business.

**Economic, financial and stock market fluctuations could affect future potential earnings and cash flows and could result in future goodwill, intangible assets and long-lived asset impairments.**

In addition to an annual review, we assess the impairment of goodwill, intangible assets and other long-lived assets whenever events or changes in circumstances indicate that the carrying value may be greater than fair value. Factors that could trigger an interim impairment review include, but are not limited to, a significant decline in the market value of our stock or debt values, significant under-performance relative to historical or projected future operating results, and significant negative industry or economic trends. If these factors occur, we may have a triggering event, which could result in an impairment of our goodwill, intangible assets and other long-lived assets.

Based on the results of our annual goodwill and intangible assets impairment test we performed as of August 31, 2025 and our annual review of long-lived assets and leases as of December 31, 2025, we concluded that there were no impairments of our goodwill, intangible assets or other long-lived assets and leases.

**Significant weather events, natural disasters, or catastrophic events could adversely affect our business, financial condition or results of operations.**

Over forty percent of the businesses we operate are located in California, Texas and Florida, areas where natural disasters are more prevalent, including, for example, hurricanes, wildfires, flooding, earthquakes, tornadoes and droughts. Significant weather events, natural disasters or catastrophic events in these states or other key areas where our operations are concentrated could disrupt our business through injury to our employees or customer families, physical damage, closure or destruction of one or more of our locations, data centers or office facilities, or disrupt the delivery of goods or services by one or more of our vendors, any or all of which could adversely impact our operations or increase our costs, which would adversely affect our financial results.

## *Information Technology and Internal Controls*

**We rely significantly on information technology systems, software, or information security practices and those of our business partners or third-party providers, and any failure, inadequacy, interruption or security lapse of that technology, including any cybersecurity incidents or our actual or perceived failure to comply with any related regulatory requirements, could lead to adverse business consequences.**

In the ordinary course of our business, we receive certain personal information, in both physical and electronic formats, about our customers, their loved ones, our employees, and our vendors. We maintain security measures and data backup systems to protect, store, and prevent unauthorized access to such information, which we are continually assessing and updating, as necessary. Additionally, we take steps to secure our information systems and software and any access provided by our business partners or third-party service providers, including our computer systems, intranet and internet sites, email and other telecommunications and data networks. However, the security measures we have implemented may not be effective and our systems may be vulnerable to theft, loss, damage, and interruption from a number of potential sources and events, including unauthorized access or security breaches, data privacy breaches, natural or man-made disasters, cyber-attacks, computer viruses, malware, phishing, denial of service attacks, power loss, or other disruptive events. Information technology security threats have been increasing in frequency and sophistication. Cyber-attacks may be random, coordinated, or targeted, including sophisticated computer crime threats. For example, following our previously disclosed ransomware attack to our information technology system in January 2021, we have since implemented additional and enhanced security measures to our overall cyber-security posture to mitigate, to the extent possible, future cyberattacks and other similar threats. These measures include, for example, the addition of an advanced security operations center providing proactive threat protection, cloud-based firewall protection across all locations and endpoint protection. While we determined, based on our assessment of the information known to us, that the January 2021 ransomware incident did not have, nor do we expect it will have, a material impact on our business, operations or financial results, if we fail to protect our own information from any future breaches in data security, we could experience significant costs and expenses as well as damage to our reputation. Moreover, it is possible that computer hackers and others (through increasingly sophisticated cyberattacks or by other means) might circumvent our security measures in the future and obtain the personal information of customers, their loved ones, our employees or our vendors.

In addition, we maintain insurance coverage for various cybersecurity risks, which covered substantially all the costs associated with our January 2021 ransomware attack, but it is possible that such insurance coverage may not fully insure all future costs or losses associated with other cybersecurity incidents. As the sophistication and frequency of attacks increase, our information technology security costs, including cybersecurity insurance, which are significant, may rise.

Additionally, legislation relating to cybersecurity threats could impose additional requirements on our operations. Various state governments, notably California, New York, Nevada and Virginia, have enacted or enhanced data privacy regulations, including data breach notification requirements, consumer protection laws, and personal data privacy laws, and other state governments are considering establishing similar or stronger protections. These regulations impose certain obligations for securing, and potentially removing, specified personal information in our systems, and for apprising individuals of the information we have collected about them. We have incurred costs in an effort to comply with these data privacy risks and requirements, and our costs may increase significantly as risks become increasingly complex or if new or changing requirements are enacted, and based on how individuals exercise their rights. For example, in June 2018, the State of California enacted the California Consumer Privacy Act of 2018 (“CCPA”), which took effect on January 1, 2023, and expanded consumer rights related to sharing of personal data, granted additional personal-data rights to consumers, removed the exceptions for business-to-business and employment data, and removed the 30-day window to cure alleged noncompliance before being subject to administrative enforcement. With respect to CCPA and CPRA, both have increased the data privacy requirements and costs for our business. Despite our efforts, any noncompliance could result in our incurring substantial penalties and reputational damage.

We have incorporated, and may continue incorporating, traditional and generative artificial intelligence (“AI”) solutions into certain of our information systems and operations with the intent to enhance efficiency and effectiveness, and these solutions may become important in our operations over time. For example, we have incorporated AI and generative AI to automate certain manual administrative processes and increase productivity within our sale terms. The continued evolution and use of this technology, including cloud-based computing and AI, creates opportunities for the potential loss or misuse of personal data that was collected, used, stored, or transferred in our business operations and systems, and flaws, breaches or malfunctions in these systems could lead to operational disruptions, data loss, including for example unintentional dissemination or intentional destruction of confidential information stored in our or our third party providers’ systems, or erroneous decision-making, which may result in significantly increased business and security costs, reputational damage, administrative penalties, or costs related to defending legal claims. AI technologies may be costly and require significant resources to either license from third-parties or develop, which may be difficult to integrate, launch, and manage, if at all, and require periodic upgrades. There is also a risk that we may not have access to technology or qualified personnel resources to adequately incorporate or adopt ongoing advancements into any AI technologies, including access to the licensing of key

intellectual property from third parties. Our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. The legal and regulatory landscape and industry standards surrounding AI technologies are rapidly evolving and remains uncertain, and compliance may impose significant operational costs and may limit our ability or require significant resources to develop, deploy, use or maintain AI technologies.

Our ability to manage and maintain our internal reports effectively and integration of new business acquisitions depends significantly on our enterprise resource planning system and other information systems. Some of our information technology systems may experience interruptions, delays or cessations of service or produce errors in connection with ongoing systems implementation work. The failure of our systems to operate effectively or to integrate with other systems, or a breach in security or other unauthorized access of these systems, may also result in reduced efficiency of our operations and could require significant capital investments to remediate any such failure, problem or breach and to comply with applicable regulations, all of which could adversely affect our business, financial condition and results of operations.

In addition, our information technology systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop new systems. This enables us to keep pace with continuing changes in information processing technology, evolving legal and regulatory standards, the increasing need to protect employee and customer information, changes in the techniques used to obtain unauthorized access to data and information systems, and the information technology needs associated with our evolving products. There can be no assurance that our efforts (including, but not limited to, consolidating, protecting, upgrading, and expanding our systems and capabilities, continuing to build security into the design of our products, and developing new systems to keep pace with continuing changes in information processing technology, including, but not limited to, AI technologies) will be successful or that additional systems issues will not arise in the future. For additional information regarding the Company's cybersecurity risk management, strategy, and governance, refer to Item 1C. Cybersecurity.

**Failure to maintain effective internal control over financial reporting could adversely affect our results of operations, investor confidence, and our stock price.**

The accuracy of our financial reporting depends on the effectiveness of our internal control over financial reporting. Internal control over financial reporting can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements and may not prevent or detect misstatements because of its inherent limitations. If we do not maintain effective internal control over financial reporting or implement controls sufficient to provide reasonable assurance with respect to the preparation and fair presentation of our financial statements, we could be unable to file accurate financial reports on a timely basis, and our results of operations, investor confidence, and stock price could be materially adversely affected.

**ITEM 1B. UNRESOLVED STAFF COMMENTS.**

None.

**ITEM 1C. CYBERSECURITY**

**RISK MANAGEMENT AND STRATEGY**

The Company's cybersecurity program is designed to secure the continuity of operations and protect the privacy of company, employee and customer data. Our approach to managing cybersecurity risk and safeguarding information across our organization embeds data protection and cybersecurity risk management throughout our enterprise and daily operations. Our team maintains processes for identifying, assessing and managing material risks, including such risks from cybersecurity threats, and such processes are integrated into our overall risk management approach. Our team regularly reviews significant risks to our Company, including significant cybersecurity risks and the potential for future cybersecurity incidences. Through these reviews, we discuss the identified risks, describe the likelihood of occurrence and assess its potential impact, including the materiality thereof. As part of this exercise, mitigating measures are planned and implemented into action as necessary. As an additional feature of our cybersecurity risk management process, we have engaged an external third-party service provider to support our cybersecurity team, continuously monitoring and identifying potential threats with the ability to take immediate mitigation actions when required. In addition to these services, we conduct periodic network penetration tests conducted by an independent third-party.

We undertake to align our cybersecurity approach, which encompasses both enterprise security and operational security, along with the standards of the National Institute of Standards and Technology Cybersecurity Framework. We maintain continuous cyber threat-detection systems and have established an incident response plan, which contains playbooks for addressing and recovering from potential material cyberattacks and breaches of data security. We also have controls in place to ensure any third-party access to our internal systems adhere to internal cybersecurity safeguards, as well as firewalling any

access from such third-parties, including service providers, through a secure virtualization layer. In addition to security measures for third-party service providers, we require periodic training covering cybersecurity and information management and conduct regular cybersecurity awareness campaigns.

Except with respect to our previously disclosed ransomware attack to our information technology system in January 2021, which we determined, based on our assessment of the information known to us, did not have, nor do we expect it will have, a material impact on our business, operations or financial results, we are not aware of any cybersecurity incident that has had or is reasonably likely to have a material impact on our business operations. Given the rapid evolution of cyber-related attack techniques, cybersecurity risks associated with our information technology systems and the systems of our vendors continue to grow. Notwithstanding our cybersecurity management processes, a future cybersecurity incident could have a material adverse effect on our business or on our financial position, results of operations or cash flows. See “Item 1A. Risk Factors - General Risks – Information Technology and Internal Controls - We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cybersecurity incidents could harm our ability to operate our business effectively.”

## **GOVERNANCE**

We involve multiple levels of oversight as a part of our approach to cybersecurity risk management. Our Board oversees and regularly reviews risks to our Company, including cybersecurity, along with related policies and procedures. These reviews include updates from our management team and periodic executive sessions with our Chief Information Officer (“CIO”) covering cybersecurity matters, such as developments to our program, key risk indicators, emerging risks, and identified incidents.

In addition, our CIO, who has more than 25 years of industry experience and over 15 years of experience in designing and implementing cyber threat detection and mitigation strategies that adhere to NIST and ISO 27001 standards, along with the development, training and controls of effective enterprise cybersecurity programs. Additionally, our CIO oversees the implementation and compliance of our cybersecurity program and mitigation of information security related risks. Such oversight includes: (i) reviewing our enterprise risk register; (ii) maintaining adequate processes to manage the identified risks under our cybersecurity program; (iii) regularly analyzing logs of cybersecurity threats and vulnerabilities; and (iv) overseeing prevention, detection, mitigation and remediation efforts in general, including the development and maintenance of the above-mentioned incident response plan. We also maintain an experienced information technology team at the employee level that supports our CIO in implementing our cybersecurity program and internal reporting, security and mitigation functions.

## **ITEM 2. PROPERTIES.**

At December 31, 2025, we operated 155 funeral homes in 24 states and 28 cemeteries in 9 states. We own the real property and buildings for 136 of our funeral homes and lease 19 facilities. We own 28 cemeteries. We operate 18 funeral homes in combination with cemeteries as these locations are physically located on the same property or in very close proximity and are under the same leadership.

The 28 cemeteries that we operate have developed cemetery property of approximately 131,000 and 142,000 units available-for-sale at December 31, 2025 and 2024, respectively. In addition, we own approximately 487 acres that are available for future development or sale. We anticipate having a sufficient inventory of lots to maintain our property sales for the foreseeable future.

Our support center is located in Houston, Texas, where we lease approximately 48,000 square feet of office space.

The following table sets forth certain information as of December 31, 2025, regarding our properties used by the funeral home segment and by the cemetery segment identified by state:

State	Number of Funeral Homes		Cemeteries
	Owned	Leased <sup>(1)</sup>	Owned
California	24	4	7
Connecticut	3	2	—
Florida	19	5	6
Georgia	3	—	—
Idaho	4	1	3
Illinois	2	—	1
Kansas	2	—	—
Kentucky	5	1	—
Louisiana	3	1	1
Massachusetts	6	—	—
Michigan	2	—	—
New Jersey	1	1	—
New Mexico	1	—	—
New York	6	1	—
North Carolina	11	1	2
Ohio	4	—	—
Oklahoma	5	—	2
Pennsylvania	2	—	—
Rhode Island	3	—	—
Tennessee	4	—	—
Texas	15	1	5
Virginia	8	1	1
Washington	2	—	—
Wisconsin	1	—	—
Total	<u>136</u>	<u>19</u>	<u>28</u>

(1) The leases, with respect to these funeral homes, generally have remaining terms ranging from one to twenty years, and generally, we have the right to renew past the initial terms and have a right of first refusal on any proposed sale of the property where these funeral homes are located.

The following table sets forth the number of funeral homes and cemeteries owned and operated by us for the periods presented:

	Year ended December 31,		
	2025	2024	2023
Funeral homes at beginning of period	162	171	171
Acquisitions	8	—	3
Divestitures	(13)	(7)	(2)
Mergers of funeral homes	(2)	(2)	(1)
Funeral homes at end of period	<u>155</u>	<u>162</u>	<u>171</u>
Cemeteries at beginning of period	31	32	32
Acquisitions	1	—	2
Divestitures	(4)	(1)	(2)
Cemeteries at end of period	<u>28</u>	<u>31</u>	<u>32</u>

### ITEM 3. LEGAL PROCEEDINGS.

For more information regarding legal proceedings see Part II, Item 8, Financial Statements and Supplementary Data, Note 15.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

## PART II

## ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

### MARKET INFORMATION

Our common stock is traded on the New York Stock Exchange under the symbol “CSV.” At February 19, 2026, there were 15,751,228 shares of our common stock outstanding. The shares of common stock outstanding are held by approximately 300 stockholders of record. Each share is entitled to one vote on matters requiring the vote of stockholders. We believe there are approximately 9,300 beneficial owners of our common stock.

### RECENT SALES OF UNREGISTERED SECURITIES

During the year ended December 31, 2025, we did not have any sales of securities in transactions that were not registered under the Securities Act of 1933 (as amended, the “Securities Act”) that have not been reported in a Form 8-K or Form 10-Q.

### DIVIDENDS

While we intend to pay regular quarterly cash dividends for the foreseeable future, covenant restrictions under our Credit Facility and the Indenture governing our Senior Notes may limit our ability to pay dividends in the future.

### EQUITY PLANS

For information regarding securities authorized for issuance under our equity compensation plans, see Part III, Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

### PURCHASES OF EQUITY SECURITIES BY THE ISSUER

Subject to market conditions, normal trading restrictions and satisfying certain financial covenants in our Credit Facility, and in the Indenture governing our Senior Notes, we may make purchases in the open market or through privately negotiated transactions under our Board authorized share repurchase program, in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). See Note X of Part II, Item 8. Financial Statements and Supplementary Data for additional information related to our share repurchase program. The information discussed therein is incorporated by reference in its entirety into this Part I, Item 1 of this Annual Report.

On February 23, 2022, our Board authorized an increase in our share repurchase program to permit us to purchase up to an additional \$75.0 million under our share repurchase program, in addition to amounts previously authorized and outstanding in accordance with Rule 10b-18 of the Exchange Act, which totaled up to \$48.9 million in share repurchase authorizations.

Our shares were purchased in the open market at times and in amounts as management determined appropriate based on factors such as market conditions, legal requirements and other business considerations. Shares purchased pursuant to the repurchase program are currently held as treasury stock. No shares were repurchased during the years ended December 31, 2025, 2024 and 2023. At December 31, 2025, our share repurchase program had \$48.9 million authorized for repurchases.

The following table sets forth certain information with respect to repurchases of our common stock during the quarter ended December 31, 2025:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Dollar Value of Shares That May Yet Be Purchased Under the Program <sup>(1)</sup>
October 1, 2025 - October 31, 2025	—	\$ —	—	\$ 48,898,769
November 1, 2025 - November 30, 2025	—	\$ —	—	\$ 48,898,769
December 1, 2025 - December 31, 2025	—	\$ —	—	\$ 48,898,769
Total for quarter ended December 31, 2025	—	—	—	—

(1) See the first paragraph under the caption “Purchases of Equity Securities by the Issuer” for more information on our publicly announced share repurchase program.

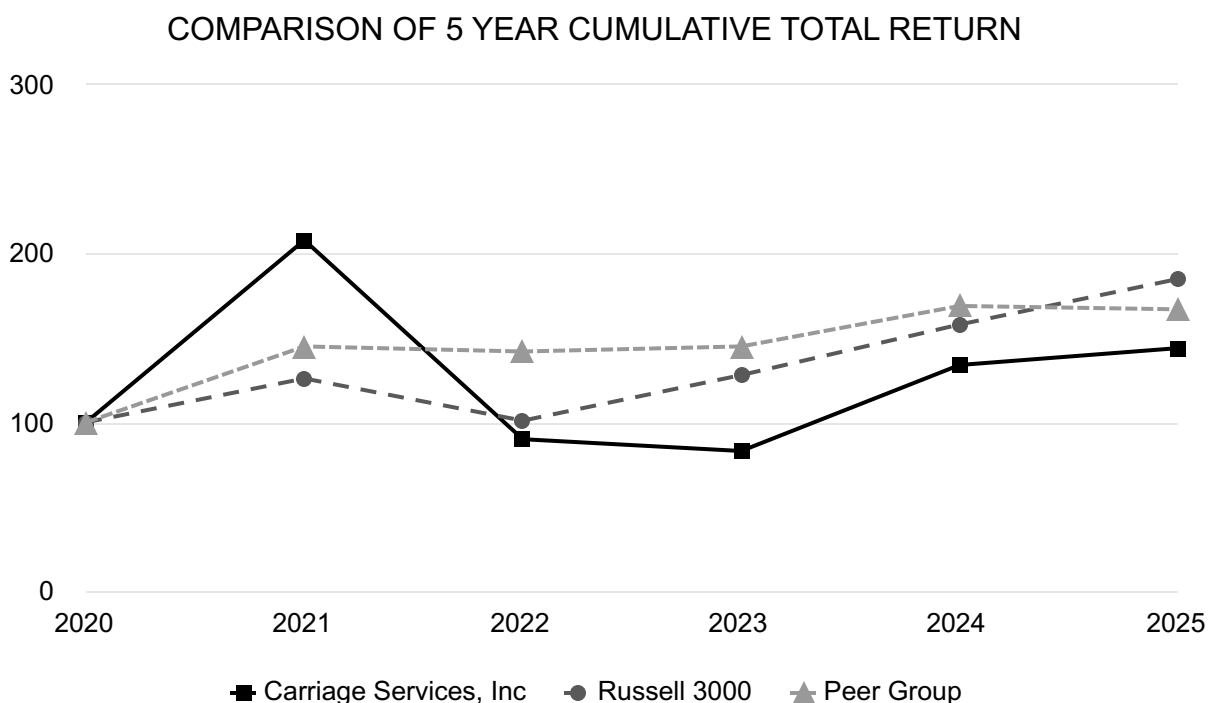
## STOCKHOLDER RETURN PERFORMANCE GRAPH

The following line graph below compares the yearly change in cumulative total stockholder return over a 5-year period on our common stock relative to the cumulative total returns of the Russell 3000 Index (the "Russell 3000") and a peer group selected by the Company comprised of SCI and Matthews International Corp. ("Matthews") (the "Peer Group").

We use a peer group index, as we believe there is no relevant published industry or line-of-business index that reflects the companies against which we compete in our industry. The returns of each member of the Peer Group are weighted according to their respective stock market capitalization as of the beginning of each period measured.

The graph assumes that the value of the investment in our common stock, the Russell 3000 Index and the Peer Group was \$100 on the last trading day of December 2020, and that all dividends were reinvested. Performance data for Carriage, the Russell 3000 Index and the Peer Group is provided as of the last trading day of each of our last five fiscal years.

The following graph and related information shall not be deemed "soliciting material" or "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities or the Exchange Act except to the extent that we specifically incorporate it by reference. The stock price performance included in this graph is not necessarily indicative of future stock price performance.



**ITEM 6. [RESERVED]**

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### OVERVIEW

#### *General*

We operate in two business segments: Funeral Home Operations, which currently accounts for approximately 65% of our total revenue and Cemetery Operations, which currently accounts for approximately 35% of our total revenue. At December 31, 2025, we operated 155 funeral homes in 24 states and 28 cemeteries in 9 states.

Our funeral home operations are principally service businesses that generate revenue from sales of burial and cremation services and related merchandise, such as caskets and urns. Funeral services include consultation, the removal and preparation of remains, the sale of caskets and related funeral merchandise, the use of funeral home facilities for visitation and memorial services and transportation services. We provide funeral services and products on both an "atneed" (time of death) and "preneed" (planned prior to death) basis.

Our cemetery operations generate revenue primarily through sales of cemetery interment rights (primarily grave sites, lawn crypts, mausoleum spaces and niches), related cemetery merchandise (such as memorial markers, outer burial containers and monuments) and services (interments, inurnments and installation of cemetery merchandise). We provide cemetery services and products on both an atneed and preneed basis.

#### *Funeral Home Operations*

Factors affecting our funeral operating results include: demographic trends relating to population growth and average age, which impact death rates and number of deaths; establishing and maintaining leading market share positions supported by strong local heritage and relationships; effectively responding to increasing cremation trends by selling complementary services and merchandise; controlling salary, merchandise, and other controllable costs; exercising pricing leverage related to our atneed business to increase average revenue per contract; and our response to fluctuations in capital markets and interest rates, which affect investment earnings on trust funds, which would offset lower pricing power as preneed contracts mature. Overall, volume, as funeral services performed, and pricing fluctuations impacting our average revenue per contract are the two variables that primarily affect funeral revenue. The average revenue per contract is influenced by the mix of traditional and cremation services as our average cremation service revenue is approximately one-third of the average revenue earned from a traditional burial service. Funeral homes have a relatively large fixed cost structure.

#### *Cemetery Operations*

Factors affecting our cemetery operating results include: the size and success of our sales organization; local perceptions and heritage of our cemeteries; our ability to adapt to changes in the economy and consumer confidence; controlling salary, merchandise, and other controllable costs; exercising pricing leverage related to our atneed business to increase average price per interment right sold; and our response to fluctuations in capital markets and interest rates, which affect investment earnings on trust funds, finance charges on installment contracts and our securities portfolio within the trust funds.

#### *Macroeconomic, Inflationary, and Borrowing Costs*

During 2025, consumer spending on discretionary items reflected mixed trends. Based on recent economic indicators, aggregate consumer spending continues to reflect minimal to modest growth, with higher-income consumers appearing more resilient, while many middle and lower-income consumers exhibit more cautious behavior, which could result in an overall reduction in consumer spending and demand for products and services. This consumer caution appears to be influenced by factors like elevated inflation, heightened tariff and trade-policy uncertainty, and a more cautious macroeconomic environment. Additionally, beginning in April 2025, the U.S. government announced new and increased tariffs on countries and specific goods, subject to evolving exemptions and additional proposed revisions. Certain of these tariffs have been stayed or otherwise modified and, since April 2025, the U.S. has continued to announce new or revised tariffs, along with new trade agreements with certain trading partners. Those policies, along with retaliatory actions by some trading partners and ongoing negotiations around trade policy, have led to increased uncertainty regarding the ultimate effect of the tariffs on economic conditions, volatility, and unpredictability for global trade. Given these uncertainties and the potential of rising tariffs, we evaluated, and continue to evaluate, our current vendor agreements for our major vendors to ensure, to the extent possible, we adequately addressed any associated risks.

We also continue to monitor the impacts of inflationary costs to our business. While inflationary pressures appear to have moderated and stabilized, we are unable to forecast or predict with any certainty whether inflationary costs will remain stable and continue to moderate in future periods, as the ultimate scope and duration of these impacts could change as a result of the impact of increased tariffs and remain unknown at this time. More broadly, the U.S. economy continues to experience the

impact of several years of higher rates of inflation, which has impacted a wide variety of industries and sectors, with consumers facing rising prices. Such inflation may negatively impact consumer discretionary spending, including the amount that consumers are able to spend on our services, although we have not experienced any material impacts to date and our industry has been largely resilient to similar adverse economic and market environments in the past.

Although such conditions have not materially impacted our business to date and we expect these trends to continue into 2026, we will continue to assess these impacts and take the appropriate steps, if necessary, to mitigate any changes in consumer preferences or additional cost increases, if possible.

In addition, after giving effect to the Credit Facility Amendment, executed during the third quarter of 2024, we continue to experience lower variable interest rates and lower average debt outstanding under our Credit Facility, which resulted in lower borrowing costs in 2025 compared to the prior year.

For further discussion of our key operating metrics, see our "Cash Flows", "Financial Highlights" and "Results of Operations" sections below. For discussion of our results of operations and liquidity and capital resources for the fiscal year ended December 31, 2024, see Management's Discussion and Analysis of Financial Conditions, Liquidity and Capital Resources, Financial Highlights, and Results of Operations in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year December 31, 2024, filed with the Securities and Exchange Commission on February 28, 2025.

## **LIQUIDITY AND CAPITAL RESOURCES**

### ***Overview***

Our primary sources of liquidity and capital resources are internally generated cash flows from operating activities and availability under our Credit Facility.

We generate cash in our operations primarily from atneed sales and delivery of preneed sales. We also generate cash from earnings on our cemetery perpetual care trusts. Based on our recent operating results, current cash position and anticipated future cash flows, we do not anticipate any significant liquidity constraints in the foreseeable future. We have the ability to draw on our Credit Facility, as needed, subject to its customary terms and conditions.

For 2026, our plan is to remain focused on executing our growth strategy and other strategic objectives. This includes prioritizing our capital allocation for potential strategic growth acquisitions, capital expenditures, debt repayments, the payment of dividends, and other general corporate purposes as allowed under our Credit Facility. We expect to fund these payments using cash on hand and borrowings under our Credit Facility. We believe that our existing and anticipated cash resources, including, as needed, additional borrowings or other financings that we may be able to obtain, will be sufficient to meet our anticipated working capital requirements, capital expenditures, scheduled debt payments, commitments, potential growth acquisitions, and dividends for the next 12 months, as well as our long-term financial obligations.

However, if our capital allocations and expenditures or acquisition plans change, we may need to access the capital markets or seek further borrowing capacity from our lenders to obtain additional funding and we may not be able to obtain such funding on terms and conditions that are acceptable to us. Further, to the extent operating cash flow or access to and cost of financing sources are materially different than expected, future liquidity may be adversely affected. For additional information regarding known material factors that could cause cash flow or access to and cost of finance sources to differ from our expectations, please read Part I, Item 1A, "Risk Factors".

### ***Cash Flows***

We began 2025 with \$1.2 million in cash and ended the year with \$1.7 million in cash. As of December 31, 2025, we had borrowings of \$126.7 million outstanding on our Credit Facility compared to \$137.0 million as of December 31, 2024.

The following table sets forth the elements of cash flow (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Cash and cash equivalents at beginning of period	\$ 1,165	\$ 1,523
Net cash provided by operating activities	60,693	51,996
Acquisitions of businesses and real property	(59,026)	—
Capital expenditures	(20,628)	(16,098)
Proceeds from divestitures and sale of other assets	44,483	12,057
Proceeds from insurance claims	—	403
Net cash used in investing activities	<u>(35,171)</u>	<u>(3,638)</u>
Net payments on our credit facility, acquisition debt, and finance lease obligations	(11,416)	(43,161)
Payment of debt issuance costs for the credit facility	—	(781)
Net payments on employee equity plans	(6,558)	2,033
Dividends paid on common stock	(7,025)	(6,807)
Net cash used in financing activities	<u>(24,999)</u>	<u>(48,716)</u>
Cash and cash equivalents at end of period	<u>\$ 1,688</u>	<u>\$ 1,165</u>

#### *Operating Activities*

For the year ended December 31, 2025, cash provided by operating activities was \$60.7 million compared to \$52.0 million for the year ended December 31, 2024.

#### *Investing Activities*

Our investing activities resulted in a net cash outflows of \$35.2 million for the year ended December 31, 2025, compared to net cash inflows of \$3.6 million for the year ended December 31, 2024, a decrease of \$31.5 million.

#### *Acquisition and Divestiture Activity*

During the year ended December 31, 2025, we acquired eight funeral homes, one cemetery, and one cremation focused business in Florida for an aggregate price of \$56.5 million. We acquired substantially all of the assets and assumed certain operating liabilities of these businesses. Additionally, we acquired the real property for one funeral home that we previously leased from a third party for a purchase price of \$2.5 million.

During the year ended December 31, 2025, we sold thirteen funeral homes and four cemeteries for an aggregate of \$40.4 million. Additionally, we sold real property for \$4.0 million.

During the year ended December 31, 2024, we sold six funeral homes and one cemetery for an aggregate of \$10.9 million. Additionally, we sold real property for \$1.1 million.

#### *Insurance Proceeds*

During the year ended December 31, 2024, we received proceeds of \$0.4 million from our property insurance policy for the reimbursement of renovation costs for certain of our funeral businesses damaged by Hurricane Ian that occurred during the third quarter of 2022.

#### *Capital Expenditures*

For the year ended December 31, 2025, our capital expenditures (comprised of growth and maintenance spend) totaled \$20.6 million compared to \$16.1 million for the year ended December 31, 2024, an increase of \$4.5 million.

The following tables present our capital expenditures (in thousands):

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Growth	\$ 13,639	\$ 8,786
Maintenance	6,989	7,312
Total Capital Expenditures	<u>\$ 20,628</u>	<u>\$ 16,098</u>

#### *Financing Activities*

Our financing activities resulted in a net cash outflow of \$25.0 million for the year ended December 31, 2025, compared to a net cash outflow of \$48.7 million for the year ended December 31, 2024, a decrease of \$23.7 million.

During the year ended December 31, 2025, we had net payments on our Credit Facility, acquisition debt, and finance leases of \$11.4 million, net payments on our employee equity plans of \$6.6 million, and paid dividends of \$7.0 million.

During the year ended December 31, 2024, we had net payments on our Credit Facility, acquisition debt, and finance leases of \$43.2 million and paid dividends of \$6.8 million.

#### ***Credit Facility, Lease Obligations, and Acquisition Debt***

##### *Credit Facility*

At December 31, 2025, we had outstanding borrowings under the Credit Facility of \$126.7 million. We also had one letter of credit for \$2.2 million under the Credit Facility. The letter of credit will expire on November 25, 2026 and is expected to automatically renew annually. At December 31, 2025, we had \$121.1 million of availability under the Credit Facility.

See Note 12 of Part II, Item 8. Financial Statements and Supplementary Data for additional information related to our Credit Facility. The information discussed therein is incorporated by reference into this Part I, Item 1 of this Annual Report.

##### *Lease Obligations*

Our lease obligations consist of operating and finance leases for certain office facilities and funeral homes as well as vehicles and equipment. See Note 14 of Part II, Item 8. Financial Statements and Supplementary Data for additional information related to lease obligations. The information discussed therein is incorporated by reference into this Part I, Item 1 of this Annual Report.

##### *Acquisition Debt*

Acquisition debt consists of deferred purchase price and promissory notes payable to sellers. At December 31, 2025, acquisition debt obligations were \$6.2 million, with \$0.6 million payable within 12 months. See Note 12 of Part II, Item 8. Financial Statements and Supplementary Data for additional information related to acquisition debt. The information discussed therein is incorporated by reference into this Part I, Item 1 of this Annual Report.

##### *Senior Notes*

At December 31, 2025, the principal amount of our 4.25% Senior Notes due in May 2029 (the “Senior Notes”) was \$400.0 million. We have future interest payments on our outstanding balance of \$59.5 million, with \$17.0 million payable within 12 months. See Note 13 of Part II, Item 8. Financial Statements and Supplementary Data for additional information related to our Senior Notes. The information discussed therein is incorporated by reference into this Part I, Item 1 of this Annual Report.

#### ***Off-Balance Sheet Arrangements***

At December 31, 2025, our off-balance sheet arrangements were as follows:

*Non-compete agreements* - We have various non-compete agreements with former owners and employees of businesses we have acquired. These agreements are generally for one to ten years and provide for periodic payments over the term of the agreements. We have future payments on our non-compete agreements of \$3.1 million, with \$1.2 million payable within 12 months.

*Consulting agreements* - We have various consulting agreements with former owners of businesses we have acquired. Payments for such agreements are generally not made in advance. These agreements are generally for one to ten years and provide for bi-weekly or monthly payments. We have future payments on our consulting agreements of \$2.2 million, with \$1.0 million payable within 12 months.

*Employment agreements* - We have employment agreements with our executive officers. These agreements are generally for two to five years and provide for participation in various incentive compensation arrangements. These agreements generally renew automatically on an annual basis after their initial term has expired. We have future payments on our employment agreements of \$3.8 million, all of which is payable within 12 months.

*Letter of credit* - We have one letter of credit for \$2.2 million under the Credit Facility, which secures our obligations under our various self-insurance policies in the event we are unable to meet the self-insurance portion of our claim payment obligations. As we already have reserves recorded for our self-insurance claims costs, these do not represent additional liabilities. The letter of credit will expire on November 25, 2026 and is expected to automatically renew annually.

The obligations related to our off-balance sheet arrangements are significant to our future liquidity; however, although we can provide no assurances, we anticipate that these obligations will be funded from cash provided from our operating activities. If we are not able to meet these obligations with cash provided by our operating activities, we may be required to access the capital markets or draw down on our Credit Facility, both of which may be more difficult to access. See Part II, Item 8, Financial Statements and Supplementary Data, Notes 12 and 15 to our Consolidated Financial Statements for further detail of our letter of credit and off-balance sheet agreements, respectively.

## FINANCIAL HIGHLIGHTS

Below are our consolidated financial highlights (in thousands except for volumes and averages):

	Year ended December 31,			
	2025	2024	Inc/(Dec)	% Change
Total revenue	\$ 417,440	\$ 404,198	\$ 13,242	3.3 %
Funeral contracts	43,523	44,103	(580)	(1.3)%
Average revenue per funeral contract excluding preneed interest	\$ 5,693	\$ 5,549	\$ 144	2.6 %
Preneed interment rights (property) sold	14,573	14,523	50	0.3 %
Average price per preneed interment right sold	\$ 5,807	\$ 5,374	\$ 433	8.1 %
Gross profit	\$ 146,676	\$ 143,390	\$ 3,286	2.3 %
Net income	\$ 51,507	\$ 32,953	\$ 18,554	56.3 %

Revenue in 2025 increased \$13.2 million compared to 2024, primarily as a result of a 0.3% increase in preneed interment rights (property) sold and an 8.1% increase in the average price per preneed interment right sold. Additionally, we experienced a 2.6% increase in the average revenue per funeral contract, which was partially offset by a 1.3% decrease in funeral contract volume.

Gross profit in 2025 increased \$3.3 million compared to 2024, primarily due to the increases in revenue from both our segments, as well as lower operating expenses.

Net income in 2025 increased \$18.6 million compared to 2024, primarily due to a \$10.4 million decrease in general, administrative, and other expenses, as 2024 is comprised of one-time costs related to executive severance payments and the Company's review of strategic alternatives, a \$3.3 million increase in gross profit contribution from our businesses, a \$2.2 million decrease in loss on divestitures and impairment charges and a \$3.7 million decrease in interest expense, offset by a \$1.6 million increase in income tax expense.

Further discussion of general, administrative and other expenses, net loss on divestitures and impairment charges, interest expense, income taxes and other components of income and expenses are presented under "Other Financial Statement Items."

## REPORTING AND NON-GAAP FINANCIAL MEASURES

We also present our financial performance in our "Condensed Operating and Financial Trend Report" ("Trend Report") as reported in our earnings release for the three months ended December 31, 2025, dated February 25, 2026, and discussed in the corresponding earnings conference call. This Trend Report is used as a supplemental financial statement by management and investors to compare our current financial performance with our previous results and with the performance of other companies. Additionally, management employs segment gross profit for product pricing evaluation and uses segment adjusted operating profit to assess each segment's performance by comparing results. We do not intend for this information to be considered in isolation or as a substitute for other measures of performance prepared in accordance with GAAP. The Trend Report is a non-GAAP statement that also provides insight into underlying trends in our business.

Below is a reconciliation of gross profit (a GAAP financial measure) to adjusted operating profit (a non-GAAP financial measure) (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Gross profit	\$ 146,676	\$ 143,390
Cemetery property amortization	9,388	8,168
Field depreciation expense	13,167	13,729
Regional and unallocated funeral and cemetery costs	17,747	15,364
Adjusted operating profit <sup>(1)</sup>	<u>\$ 186,978</u>	<u>\$ 180,651</u>

(1) Adjusted operating profit is defined as gross profit plus cemetery property amortization, field depreciation expense, and regional and unallocated funeral and cemetery costs.

Our operations are reported in two business segments: Funeral Home and Cemetery. Below is a breakdown of adjusted operating profit (a non-GAAP financial measure) by segment (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Funeral Home	\$ 112,004	\$ 107,990
Cemetery	74,974	72,661
Adjusted operating profit	<u>\$ 186,978</u>	<u>\$ 180,651</u>
Adjusted operating profit margin <sup>(1)</sup>	44.8%	44.7%

(1) Adjusted operating profit margin is defined as adjusted operating profit as a percentage of revenue.

Further discussion of adjusted operating profit for our funeral home and cemetery segments is presented under “Results of Operations.”

## **YEAR ENDED DECEMBER 31, 2025 COMPARED TO YEAR ENDED DECEMBER 31, 2024**

### ***Results of Operations***

The following is a discussion of our results of operations for the year ended December 31, 2025 compared to the year ended December 31, 2024.

The term “operating” in the funeral home and cemetery segments refers to all funeral homes and cemeteries that we owned and operated in the current reporting period, excluding certain funeral home and cemetery businesses that we have divested in such period.

The term “divested” when discussed in the funeral home segment, refers to thirteen funeral homes we sold and two funeral homes we merged with other businesses we own in existing markets during the year ended December 31, 2025 and six funeral homes we sold and three funeral home we merged with another business we own in an existing market during the year ended December 31, 2024.

The term “divested” when discussed in the cemetery segment, refers to four cemetery we sold during the year ended December 31, 2025 and one cemetery we sold during the year ended December 31, 2024.

The term “ancillary” in the funeral home segment represents our flower shop, monument business, pet cremation business and online cremation businesses.

Cemetery property amortization, field depreciation expense, and regional and unallocated funeral and cemetery costs, are not included in adjusted operating profit, a non-GAAP financial measure. Adding back these items will result in gross profit, a GAAP financial measure.

## Funeral Home Segment

The following table sets forth certain information regarding our revenue and adjusted operating profit for our funeral home operations (in thousands):

	Year Ended December 31,			
	2025	2024	Inc/(Dec)	% Change
Revenue:				
Operating	\$ 239,601	\$ 230,954	\$ 8,647	3.7 %
Divested	8,166	13,778	(5,612)	(40.7)%
Ancillary	3,608	4,322	(714)	(16.5)%
Other	17,837	14,060	3,777	26.9 %
Total	<u>\$ 269,212</u>	<u>\$ 263,114</u>	<u>\$ 6,098</u>	<u>2.3 %</u>
Adjusted operating profit				
Operating	\$ 94,617	\$ 91,752	\$ 2,865	3.1 %
Divested	1,765	3,402	(1,637)	(48.1)%
Ancillary	552	673	(121)	(18.0)%
Other	15,070	12,163	2,907	23.9 %
Total	<u>\$ 112,004</u>	<u>\$ 107,990</u>	<u>\$ 4,014</u>	<u>3.7 %</u>

The following measures reflect significant operating metrics over the comparative period:

Contract volume	41,579	40,652	927	2.3 %
Average revenue per contract, excluding preneed funeral trust earnings	\$ 5,763	\$ 5,681	\$ 82	1.4 %
Average revenue per contract, including preneed funeral trust earnings	\$ 5,924	\$ 5,854	\$ 70	1.2 %
Cremation rate	60.8%	59.9%	0.9%	1.7 %

Funeral home operating revenue increased \$8.6 million for the year ended December 31, 2025, compared to the year ended December 31, 2024. The increase in operating revenue was primarily driven by a 1.4% increase in the average revenue per contract excluding preneed interest as well as a 2.3% increase in contract volume. The increase in revenue is driven by our success in implementing our enhanced pricing strategy through 2025, which contributed to the increase in average revenue per funeral contract.

Funeral home adjusted operating profit for the year ended December 31, 2025, increased \$2.9 million when compared to the same period in 2024, reflecting our ongoing focus on cost efficiency and operational improvements. The comparable adjusted operating profit margin decreased 20 basis points to 39.5%, driven by 0.2% increase in operating expenses as a percentage of revenue. Key expense increases include facilities and grounds expense, general and administrative expenses, salaries and benefits, and investment expenses. These increases were partially offset by decreases in transportation expenses, cost of merchandise, and facilities and grounds insurance.

Ancillary revenue decreased \$0.7 million, while ancillary adjusted operating profit decreased \$0.1 million for the year ended December 31, 2025, compared to the year ended December 31, 2024. The decrease in ancillary revenue is primarily due to a decline in our online cremation business.

*Other revenue* and other adjusted operating profit, which consists of preneed funeral insurance commissions and earnings from delivered preneed funeral trust and insurance contracts, increased \$3.8 million and \$2.9 million, respectively, for the year ended December 31, 2025, compared to the year ended December 31, 2024. These increases are primarily due to the increase in our general agency commission income earned on the sale of preneed insurance policies as we continue to focus on growth of our preneed funeral sales through our strategic partnership with a national insurance provider that began during the second quarter of 2023.

## Cemetery Segment

The following table sets forth certain information regarding our revenue and adjusted operating profit for our cemetery operations (in thousands):

	Year Ended December 31,			
	2025	2024	Inc/(Dec)	% Change
Revenue:				
Operating	\$ 130,631	\$ 120,060	\$ 10,571	8.8 %
Divested	1,383	5,191	(3,808)	(73.4)%
Other	16,214	15,833	381	2.4 %
Total	<u>\$ 148,228</u>	<u>\$ 141,084</u>	<u>\$ 7,144</u>	<u>5.1 %</u>
Adjusted operating profit				
Operating	\$ 58,653	\$ 55,800	\$ 2,853	5.1 %
Divested	430	1,403	(973)	(69.4)%
Other	15,891	15,458	433	2.8 %
Total	<u>\$ 74,974</u>	<u>\$ 72,661</u>	<u>\$ 2,313</u>	<u>3.2 %</u>

The following measures reflect the significant operating metrics over this comparative period:

Preneed revenue as a percentage of operating revenue	70.8%	70.3%	0.5%	0.7 %
Preneed revenue (in thousands)	\$ 92,468	\$ 84,368	\$ 8,100	9.6 %
Atneed revenue (in thousands)	\$ 38,163	\$ 35,692	\$ 2,471	6.9 %
Number of preneed interment rights sold	14,407	13,910	497	3.6 %
Average price per interment right sold	\$ 5,836	\$ 5,486	\$ 350	6.4 %

Cemetery operating revenue increased \$10.6 million for the year ended December 31, 2025, compared to the year ended December 31, 2024, primarily as a result of a 6.4% increase in the average price per preneed interment right sold coupled with a 3.6% increase in the number of preneed interment rights sold. Cemetery atneed revenue, which represents approximately 29% of our total operating revenue, increased \$2.5 million for the year ended December 31, 2025, compared to the same period of the prior year, primarily due to a 17.1% increase in atneed property sold as well as a 3.4% increase in atneed merchandise and service that was delivered within the period.

Cemetery adjusted operating profit increased \$2.9 million for the year ended December 31, 2025, compared to the year ended December 31, 2024. The comparable operating profit margin decreased 160 basis points to 44.9%. Operating expenses as a percentage of operating revenue increased 1.6%, driven by increases in key expenses such as promotional expenses, salaries and benefits, and allowance for credit losses.

*Other revenue* and other adjusted operating profit, which consist of preneed cemetery trust revenue and preneed cemetery finance charges, increased \$0.4 million and \$0.4 million, respectively, for the year ended December 31, 2025, compared to the year ended December 31, 2024. The increase is due to a more favorable tax rate on perpetual care income taxes in 2025 compared to 2024.

*Cemetery property amortization.* Cemetery property amortization totaled \$9.4 million for the year ended December 31, 2025, an increase of \$1.2 million compared to the year ended December 31, 2024, primarily driven by the increase in property sold across our cemetery portfolio.

*Field depreciation.* Depreciation expense for our field businesses totaled \$13.2 million for the year ended December 31, 2025, a decrease of \$0.6 million compared to the year ended December 31, 2024, primarily driven by our business decision to lease vehicles rather than purchase them.

*Regional and unallocated funeral and cemetery costs.* Regional and unallocated funeral and cemetery costs consist of salaries and benefits for regional management, field incentive compensation and other related costs for field infrastructure. Regional and unallocated funeral and cemetery costs totaled \$17.7 million for the year ended December 31, 2025, a increase of \$2.4 million compared to the year ended December 31, 2024, primarily driven by an increase in leadership and development expenses.

## Other Financial Statement Items

*General, administrative, and other.* General, administrative, and other expenses, which include salaries and benefits and cash and equity incentive compensation for our Houston support office, totaled \$48.6 million for the year ended December 31, 2025, a decrease of \$10.4 million compared to the year ended December 31, 2024, primarily driven by a \$6.2 million decrease in salary and benefits expenses and cash and equity incentive compensation costs, primarily driven by the termination expense of our founder and former Executive Chairman of the Board pursuant to his Transition Agreement and termination expense for our former Chief Financial Officer pursuant to his Separation and Release Agreement recorded in the prior year, and an \$6.2 million decrease in other professional fees. These decreases were offset by a \$1.0 million increase in depreciation and amortizations, \$0.6 million increase in computer maintenance and licenses, and a \$0.4 million increase in various other general and administrative expenses.

*Net loss on divestitures and impairment charges.* The components of *Net loss on divestitures and impairment charges* are as follows (in thousands):

	Year ended December 31,	
	2025	2024
Impairment of goodwill, intangibles, and PPE	\$ 1,761	\$ 637
Net (gain) loss on divestitures	(1,451)	1,224
Net loss on disposals of fixed assets	61	719
Total	<u>\$ 371</u>	<u>\$ 2,580</u>

During the year ended December 31, 2025, we sold thirteen funeral homes and four cemeteries for an aggregate gain of \$1.5 million. We also recognized an impairment of \$1.8 million on assets held for sale during the year ended December 31, 2025.

During the year ended December 31, 2024, we sold six funeral homes and one cemetery for a loss of \$1.2 million. We also recognized an impairment of \$0.6 million as a result of our 2024 qualitative assessment of tradenames and an impairment of \$40 thousand related to property, plant, and equipment for assets held for sale.

*Interest expense.* Interest expense related to its respective debt arrangement is as follows (in thousands):

	Year ended December 31,	
	2025	2024
Senior Notes	\$ 17,722	\$ 17,692
Credit Facility	9,301	13,860
Finance leases	967	506
Acquisition debt	367	406
Other	8	(389)
Total	<u>\$ 28,365</u>	<u>\$ 32,075</u>

*Net gain on property damage, net of insurance claims.* During the year ended December 31, 2024, we recorded a \$0.4 million gain, net of insurance proceeds, for damages from Hurricane Ian, which occurred during the third quarter of 2022.

*Other, net.* During the year ended December 31, 2025, we recorded a \$1.0 million gain on the sale of other real property not used in business operations. We did not record any gain or loss activity during the year ended December 31, 2024.

*Income taxes.* Income tax expense totaled \$18.8 million for the year ended December 31, 2025, an increase of \$1.6 million compared to the year ended December 31, 2024. Our operating tax rate before discrete items was 31.6% and 32.1% for the year ended December 31, 2025 and 2024, respectively.

We recorded a net discrete tax benefit of \$3.4 million for the year ended December 31, 2025, a decrease of \$4.5 million compared to the year ended December 31, 2024. The net discrete tax benefit for the year ended December 31, 2025, is primarily due to vesting of long-term equity compensation, stock option exercises. Our effective tax rate was 26.7% and 34.2% for years ended December 31, 2025 and 2024, respectively.

At December 31, 2025, our unrecognized tax benefit reserve for uncertain tax positions primarily relates to the uncertainty of receiving audit protection for revenue recognition of cemetery property for the benefit derived from carrying back losses to tax years with a higher effective tax rate than the current 21.0% rate. Our unrecognized tax benefit reserve for the years ended December 31, 2025 and 2024 was \$3.6 million and \$3.5 million, respectively.

See Part II, Item 8, Financial Statements and Supplementary Data, Notes 1 and 16 for additional information regarding income taxes.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of our Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Understanding our accounting policies and the extent to which our management uses judgment, assumptions and estimates in applying these policies is integral to understanding our Consolidated Financial Statements. Our critical accounting policies are more fully described in Part II, Item 8 “Financial Statements and Supplementary Data” in Note 1.

We have identified the following accounting policies as those that require significant judgments, assumptions and estimates and that have a significant impact on our financial condition and results of operations. These policies are considered critical because they may result in fluctuations in our reported results from period to period due to the significant judgments, estimates and assumptions about complex and inherently uncertain matters and because the use of different judgments, assumptions or estimates could have a material impact on our financial condition or results of operations. Actual results may differ from these estimates and such estimates may change if the underlying conditions or assumptions change. Historical performance should not be viewed as indicative of future performance because there can be no assurance the margins, operating income and net earnings, as a percentage of revenue, will be consistent from period to period. We evaluate our critical accounting estimates and judgments required by our policies on an ongoing basis and update them as appropriate based on changing conditions.

### *Goodwill*

Our quantitative goodwill impairment test involves estimates and management judgment. In the quantitative analysis, we compare the fair value of each reporting unit to its carrying value, including goodwill. We determine fair value for each reporting unit using an income approach, weighted 80%, and two market approaches, weighted 10% each. Our methodology for determining an income-based fair value is based on discounting projected future cash flows. The projected future cash flows include assumptions concerning future operating performance and economic conditions that may differ from actual future cash flows discounted at our weighted average cost of capital based on market participant assumptions. Our first methodology for determining a market approach fair value utilizes the guideline public company method, in which we rely on market multiples of comparable companies operating in the same industry as the individual reporting units. Our second market approach methodology utilizes the guideline transaction method, in which transaction multiples are derived from acquisitions of controlling interests in companies engaged in the same or similar lines of business as the reporting units. In accordance with the guidance, if the fair value of the reporting unit is less than its carrying amount an impairment charge is recorded in an amount equal to the difference.

See Part II, Item 8, Financial Statements and Supplementary Data, Note 4 for additional information related to goodwill.

### *Business Combinations*

Determining the fair value of identifiable assets, particularly intangibles and liabilities acquired also requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. To the extent that information not available to us at the closing date subsequently becomes available during the allocation period, we may adjust goodwill, intangible assets, and other assets or liabilities associated with the acquisition.

When we acquire a cemetery, we utilize an internal and external approach to determine the fair value of the cemetery property. From an external perspective, we obtain an accredited appraisal to provide reasonable assurance for property existence, property availability (unrestricted) for development, property lines, available spaces to sell, identifiable obstacles or easements and general valuation inclusive of known variables in that market. From an internal perspective, we conduct a detailed analysis of the acquired cemetery property using other cemeteries in our portfolio as a benchmark. This provides the added benefit of relevant data that is not available to third-party appraisers. Through this thorough internal process, the Company is able to identify viable costs of property based on historical experience, particular markets and demographics, reasonable margins, practical retail prices, and park infrastructure and condition.

See Part II, Item 8, Financial Statements and Supplementary Data, Note 3 for additional information related to business combinations.

## **RECENT ACCOUNTING PRONOUNCEMENTS, ACCOUNTING CHANGES AND OTHER REGULATIONS**

For discussion of recent accounting pronouncements and accounting changes, see Part II, Item 8, Financial Statements and Supplementary Data, Note 2.

**Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

In the ordinary course of business, we are typically exposed to a variety of market risks. Currently, these are primarily related to interest rate risk and changes in the values of securities associated with the preneed and perpetual care trusts. Management is actively involved in monitoring exposure to market risk and developing and utilizing appropriate risk management techniques when appropriate and when available at a reasonable price. We are not exposed to any other significant market risks other than those related to the impact of health and safety concerns from epidemics and pandemics and inflation which are described in more detail in Part 1, Item 1A, Risk Factors in this Form 10-K for the year ended December 31, 2025.

The following quantitative and qualitative information is provided about financial instruments to which we are a party at December 31, 2025 and from which we may incur future gains or losses from changes in market conditions. We do not enter into derivative or other financial instruments for speculative or trading purposes.

Hypothetical changes in interest rates and the values of securities associated with the preneed and perpetual care trusts chosen for the following estimated sensitivity analysis are considered to be reasonable near-term changes generally based on consideration of past fluctuations for each risk category. However, since it is not possible to accurately predict future changes in interest rates, these hypothetical changes may not necessarily be an indicator of probable future fluctuations.

The following information about our market-sensitive financial instruments constitutes a “forward-looking statement.”

In connection with our preneed funeral operations and preneed cemetery merchandise and service sales, the related funeral and cemetery trust funds own investments in equity and debt securities and mutual funds, which are sensitive to current market prices. Cost and market values of such investments at December 31, 2025 are presented in Part II, Item 8, Financial Statements and Supplementary Data, Note 8. The sensitivity of the fixed income securities is such that a 0.25% change in interest rates causes an approximate 0.82% change in the value of the fixed income securities.

We monitor current and forecasted interest rate risk in the ordinary course of business and seek to maintain optimal financial flexibility, quality and solvency. As of December 31, 2025, we had outstanding borrowings under the Credit Facility of \$126.7 million. Any further borrowings or voluntary prepayments against the Credit Facility or any change in the floating rate would cause a change in interest expense. We have the option to pay interest under our Credit Facility at either the prime rate or the Term SOFR rate, plus an applicable margin based on our leverage ratio. At December 31, 2025, the prime rate margin was equivalent to 1.125% and the SOFR rate margin was 2.500%. Assuming the outstanding balance remains unchanged, a change of 100 basis points in our borrowing rate would result in a change in income before taxes of \$1.3 million. We have not entered into interest rate hedging arrangements in the past. Management continually evaluates the cost and potential benefits of interest rate hedging arrangements.

Our Senior Notes bear interest at the fixed annual rate of 4.25%. We may redeem the Senior Notes, in whole or in part, at the redemption price of 100% on or after May 15, 2026, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At December 31, 2025, the carrying value of the Senior Notes on our Consolidated Balance Sheets was \$397.3 million and the fair value of the Senior Notes was \$385.7 million based on the last traded or broker quoted price as reported by Financial Industry Regulatory Authority. Increases in market interest rates may cause the value of the Senior Notes to decrease, but such changes will not affect our interest costs.

The remainder of our long-term debt and leases consist of non interest-bearing notes and fixed rate instruments that do not trade in a market and do not have a quoted market value. Any increase in market interest rates causes the fair value of those liabilities to decrease, but such changes will not affect our interest costs.

**Item 8. Financial Statements and Supplementary Data**

**CARRIAGE SERVICES, INC.  
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## Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders  
Carriage Services, Inc.

### Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Carriage Services, Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2025 and 2024, the related consolidated statements of operations, changes in stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 26, 2026 expressed an unqualified opinion.

### Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical audit matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2014.

Houston, Texas  
February 26, 2026

## Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders  
Carriage Services, Inc.

### Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Carriage Services, Inc., (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2025, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2025, and our report dated February 26, 2026 expressed an unqualified opinion on those financial statements.

### Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Houston, Texas  
February 26, 2026

**CARRIAGE SERVICES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share data)

	December 31,	
	2025	2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,688	\$ 1,165
Accounts receivable, net	40,647	30,193
Inventories	7,763	7,920
Prepaid and other current assets	5,978	4,123
Current assets held for sale	—	1,135
Total current assets	56,076	44,536
Preneed cemetery trust investments	109,152	98,120
Preneed funeral trust investments	115,416	106,219
Preneed cemetery receivables, net	67,055	50,958
Receivables from preneed funeral trusts, net	16,255	22,372
Property, plant, and equipment, net	286,810	273,004
Cemetery property, net	115,645	109,576
Goodwill	427,897	414,859
Intangible and other non-current assets, net	43,607	40,427
Operating lease right-of-use assets	12,045	14,953
Cemetery perpetual care trust investments	95,625	85,103
Non-current assets held for sale	322	19,453
Total assets	\$ 1,345,905	\$ 1,279,580
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of debt and lease obligations	\$ 4,296	\$ 3,914
Accounts payable	18,999	15,427
Accrued and other liabilities	33,922	38,460
Current liabilities held for sale	—	240
Total current liabilities	57,217	58,041
Acquisition debt, net of current portion	5,581	4,895
Long-term liabilities held for sale	—	13,842
Credit facility	125,435	135,382
Senior notes	397,319	396,597
Obligations under finance leases, net of current portion	9,339	6,045
Obligations under operating leases, net of current portion	10,538	14,035
Deferred preneed cemetery revenue	76,781	61,767
Deferred preneed funeral revenue	33,663	39,261
Deferred tax liability	55,409	51,429
Other long-term liabilities	1,854	1,179
Deferred preneed cemetery receipts held in trust	109,152	98,120
Deferred preneed funeral receipts held in trust	115,416	106,219
Care trusts' corpus	93,425	84,218
Total liabilities	1,091,129	1,071,030
Commitments and contingencies:		
Stockholders' equity:		
Common stock, \$0.01 par value; 80,000,000 shares authorized and 27,378,870 and 26,881,355 shares issued, respectively and 15,751,052 and 15,253,537 shares outstanding,	274	269
Additional paid-in capital	238,539	243,825
Retained earnings	294,716	243,209
Treasury stock, at cost; 11,627,818 shares	(278,753)	(278,753)
Total stockholders' equity	254,776	208,550
Total liabilities and stockholders' equity	\$ 1,345,905	\$ 1,279,580

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

	Year ended December 31,		
	2025	2024	2023
Revenue:			
Service revenue	\$ 191,278	\$ 183,051	\$ 182,166
Property and merchandise revenue	188,503	186,932	169,490
Other revenue	37,659	34,215	30,864
Total revenue	<u>417,440</u>	<u>404,198</u>	<u>382,520</u>
Field costs and expenses:			
Cost of service	95,220	90,704	91,799
Cost of merchandise	129,096	126,922	123,817
Cemetery property amortization	9,388	8,168	6,039
Field depreciation expense	13,167	13,729	14,166
Regional and unallocated funeral and cemetery costs	17,747	15,364	16,576
Other expenses	6,146	5,921	5,828
Total field costs and expenses	<u>270,764</u>	<u>260,808</u>	<u>258,225</u>
Gross profit	146,676	143,390	124,295
Corporate costs and expenses:			
General, administrative, and other	48,648	59,011	42,125
Net loss on divestitures and impairment charges	371	2,580	1,191
Operating income	<u>97,657</u>	<u>81,799</u>	<u>80,979</u>
Interest expense	28,365	32,075	36,266
Net gain on property damage, net of insurance claims	—	(417)	(343)
Other, net	(971)	61	(1,373)
Income before income taxes	<u>70,263</u>	<u>50,080</u>	<u>46,429</u>
Expense for income taxes	22,196	16,079	13,186
(Benefit) expense related to discrete income tax items	(3,440)	1,048	(170)
Total expense for income taxes	<u>18,756</u>	<u>17,127</u>	<u>13,016</u>
Net income	<u>\$ 51,507</u>	<u>\$ 32,953</u>	<u>\$ 33,413</u>
Basic earnings per common share:	<u>\$ 3.29</u>	<u>\$ 2.17</u>	<u>\$ 2.24</u>
Diluted earnings per common share:	<u>\$ 3.25</u>	<u>\$ 2.10</u>	<u>\$ 2.14</u>
Dividends declared per common share:	<u>\$ 0.45</u>	<u>\$ 0.45</u>	<u>\$ 0.45</u>
Weighted average number of common and common equivalent shares outstanding:			
Basic	<u>15,428</u>	<u>14,971</u>	<u>14,803</u>
Diluted	<u>15,634</u>	<u>15,443</u>	<u>15,455</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

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

	Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net income	\$ 51,507	\$ 32,953	\$ 33,413
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	24,507	22,890	21,117
Provision for credit losses	3,576	3,351	3,050
Stock-based compensation expense	7,806	6,520	7,703
Deferred income tax expense (benefit)	3,980	(698)	3,307
Amortization of intangibles	1,205	1,357	1,401
Amortization of debt issuance costs	512	622	699
Amortization and accretion of debt	563	539	515
Net loss on divestitures and impairment charges	371	2,580	1,191
Net gain on property damage, net of insurance claims	—	(417)	(343)
Net gain on sale of excess real property	(993)	—	(1,407)
Changes in operating assets and liabilities that provided (used) cash:			
Accounts and preneed receivables	(28,151)	(24,620)	(8,122)
Inventories, prepaid, and other current assets	(1,687)	1,056	(72)
Intangible and other non-current assets	(3,547)	(4,402)	(3,246)
Preneed funeral and cemetery trust investments	(17,724)	1,390	(775)
Accounts payable	(369)	1,616	169
Accrued and other liabilities	(1,764)	3,590	2,988
Deferred preneed funeral and cemetery revenue	(1,752)	6,866	14,968
Deferred preneed funeral and cemetery receipts held in trust	22,653	(3,197)	(966)
Net cash provided by operating activities	60,693	51,996	75,590
Cash flows from investing activities:			
Acquisitions of businesses and real property	(59,026)	—	(44,500)
Capital expenditures	(20,628)	(16,098)	(18,039)
Proceeds from divestitures and sale of other assets	44,483	12,057	4,132
Proceeds from insurance claims	—	403	1,403
Net cash used in investing activities	(35,171)	(3,638)	(57,004)
Cash flows from financing activities:			
Borrowings from the credit facility	137,525	54,900	86,100
Payments against the credit facility	(147,825)	(97,000)	(97,700)
Payment of debt issuance costs for the credit facility	—	(781)	—
Payments on acquisition debt and obligations under finance leases	(1,116)	(1,061)	(1,167)
Proceeds from the exercise of stock options and employee stock purchase plan contributions	1,718	2,626	1,494
Taxes paid on restricted stock, performance award vestings, and exercise of stock options	(8,276)	(593)	(252)
Dividends paid on common stock	(7,025)	(6,807)	(6,708)
Net cash used in financing activities	(24,999)	(48,716)	(18,233)
Net increase (decrease) in cash and cash equivalents	523	(358)	353
Cash and cash equivalents at beginning of period	1,165	1,523	1,170
Cash and cash equivalents at end of period	<u>\$ 1,688</u>	<u>\$ 1,165</u>	<u>\$ 1,523</u>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for interest and financing costs	\$ 26,820	\$ 30,629	\$ 34,682
Cash paid for taxes	16,990	16,654	10,448
Land purchased in exchange for debt	—	—	2,550

The accompanying notes are an integral part of these Consolidated Financial Statements.

**CARRIAGE SERVICES, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(in thousands)

	Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
<b>Balance - December 31, 2022</b>	14,732	\$ 264	\$ 238,780	\$ 176,843	\$ (278,753)	\$ 137,134
Net income	—	—	—	33,413	—	33,413
Issuance of common stock from employee stock purchase plan	63	—	1,494	—	—	1,494
Issuance of common stock to directors and board advisor	16	—	451	—	—	451
Issuance of common stock to former executive	30	—	826	—	—	826
Issuance of restricted common stock	142	2	(2)	—	—	—
Exercise of stock options	12	—	(174)	—	—	(174)
Restricted common stock, performance awards, and stock options surrendered for taxes paid	(3)	—	(78)	—	—	(78)
Stock-based compensation expense	—	—	6,426	—	—	6,426
Dividends on common stock (\$0.45 per share)	—	—	(6,708)	—	—	(6,708)
Other	8	—	276	—	—	276
<b>Balance - December 31, 2023</b>	15,000	\$ 266	\$ 241,291	\$ 210,256	\$ (278,753)	\$ 173,060
Net income	—	—	—	32,953	—	32,953
Issuance of common stock from employee stock purchase plan	57	—	1,187	—	—	1,187
Issuance of common stock to directors and board advisor	17	—	531	—	—	531
Issuance of restricted common stock	157	2	(2)	—	—	—
Exercise of stock options	68	1	1,439	—	—	1,440
Restricted common stock, performance awards, and stock options surrendered for taxes paid	(76)	—	(593)	—	—	(593)
Stock-based compensation expense	—	—	5,989	—	—	5,989
Dividends on common stock (\$0.45 per share)	—	—	(6,807)	—	—	(6,807)
Other	31	—	790	—	—	790
<b>Balance - December 31, 2024</b>	15,254	\$ 269	\$ 243,825	\$ 243,209	\$ (278,753)	\$ 208,550
Net income	—	—	—	51,507	—	51,507
Issuance of common stock from employee stock purchase plan	34	—	1,133	—	—	1,133
Issuance of common stock to directors and board advisor	7	—	266	—	—	266
Issuance of common stock	271	3	(3)	—	—	—
Issuance of restricted common stock	115	1	(1)	—	—	—
Exercise of stock options	132	1	584	—	—	585
Restricted common stock, performance awards, and stock options surrendered for taxes paid	(74)	—	(8,276)	—	—	(8,276)
Stock-based compensation expense	—	—	7,540	—	—	7,540
Dividends on common stock (\$0.45 per share)	—	—	(7,025)	—	—	(7,025)
Other	12	—	496	—	—	496
<b>Balance - December 31, 2025</b>	15,751	\$ 274	\$ 238,539	\$ 294,716	\$ (278,753)	\$ 254,776

The accompanying notes are an integral part of these Consolidated Financial Statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *The Company*

Carriage Services, Inc. (“Carriage,” the “Company,” “we,” “us,” or “our”) is a leading provider of funeral and cemetery services and merchandise in the United States (“U.S.”). Our operations are reported in two business segments: Funeral Home Operations, which currently accounts for approximately 65% of our total revenue and Cemetery Operations, which currently accounts for approximately 35% of our total revenue. At December 31, 2025, we operated 155 funeral homes in 24 states and 28 cemeteries in 9 states.

Our funeral home operations are principally service businesses that generate revenue from sales of burial and cremation services and related merchandise, such as caskets and urns. Funeral services include consultation, the removal and preparation of remains, the sale of caskets and related funeral merchandise, the use of funeral home facilities for visitation and memorial services and transportation services. We provide funeral services and products on both an “atneed” (time of death) and “preneed” (planned prior to death) basis.

Our cemetery operations generate revenue primarily through sales of cemetery interment rights (primarily grave sites, lawn crypts, mausoleum spaces and niches), related cemetery merchandise (such as memorial markers, outer burial containers and monuments) and services (interments, inurnments and installation of cemetery merchandise). We provide cemetery services and products on both an atneed and preneed basis.

#### *Principles of Consolidation*

The accompanying Consolidated Financial Statements include the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

#### *Use of Estimates*

The preparation of our Consolidated Financial Statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, we evaluate our critical estimates and judgments, which include those related to the impairment of goodwill and the fair value measurements used in business combinations. These policies are considered critical because they may result in fluctuations in our reported results from period to period due to the significant judgments, estimates, and assumptions about complex and inherently uncertain matters and because the use of different judgments, assumptions, or estimates could have a material impact on our financial condition or results of operations. Actual results may differ from these estimates and such estimates may change if the underlying conditions or assumptions change. Historical performance should not be viewed as indicative of future performance because there can be no assurance the margins, operating income, and net earnings, as a percentage of revenue, will be consistent from period to period.

#### *Cash and Cash Equivalents*

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. We maintain cash and cash equivalents at U.S. financial institutions for which the combined account balances in individual institutions may exceed FDIC insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. As of December 31, 2025, approximately \$2.6 million of our deposits were not covered by FDIC insurance. We have not experienced any losses and believe we are not exposed to any significant risk with such accounts.

#### *Funeral and Cemetery Receivables*

Our funeral receivables are recorded in *Accounts receivable, net* and primarily consist of amounts due for funeral services already performed.

Atneed cemetery receivables and preneed cemetery receivables with payments expected to be received within one year from the balance sheet date are also recorded in *Accounts receivable, net*. Preneed cemetery receivables with payments expected to be received beyond one year from the balance sheet date are recorded in *Preneed cemetery receivables, net*. Our cemetery receivables generally consist of preneed sales of cemetery interment rights and related products and services, which are typically financed through interest-bearing installment sales contracts, generally with terms of up to five years, with such interest income reflected as *Other revenue*. In substantially all cases, we receive an initial down payment at the time the contract is signed.

For our funeral and atneed cemetery receivables, we have a collections policy where statements are sent to the customer at 30 days past due. Past due notification letters are sent at 45 days and continue until payment is received or the contract is placed

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

with a third-party collections agency. For our preneed cemetery receivables, we have a collections policy where past due notification letters are sent to the customer beginning at 15 days past due and periodically thereafter until payment is received or the contract is cancelled.

Our allowance for credit losses reflects our best estimate of expected credit losses over the term of both our funeral and cemetery receivables. Our policy is to write off receivables when we have determined they will no longer be collectible. Write-offs are applied as a reduction to the allowance for credit losses and any recoveries of previous write-offs are netted against bad debt expense in the period recovered.

We determine our allowance for credit losses by using a loss-rate methodology, in which we assess our historical write-off of receivables against our total receivables over several years. From this historical loss-rate approach, we also consider the current and forecasted economic conditions expected to be in place over the life of our receivables. These estimates are impacted by a number of factors, including changes in the economy, demographics, and competition in our local communities. We monitor our ongoing credit exposure through an active review of our customers' receivables balance against contract terms and due dates. Our activities include timely performance of our accounts receivable reconciliations, assessment of our aging of receivables, dispute resolution, and payment confirmation. We monitor any change in our historical write-off of receivables utilized in our loss-rate methodology and assess forecasted changes in market conditions within our credit reserve.

See Note 6 to the Consolidated Financial Statements for additional information related to our funeral and cemetery receivables.

### *Inventory*

Inventory consists primarily of caskets, outer burial containers, and cemetery monuments and markers and is recorded at the lower of its cost basis or net realizable value. Inventory is relieved using specific identification in fulfillment of performance obligations on our contracts.

### *Business Combinations*

Tangible and intangible assets acquired, and liabilities assumed are recorded at fair value and goodwill is recognized for any difference between the price of the acquisition and fair value. We recognize the assets acquired, the liabilities assumed, and any non-controlling interest at the fair value as of that date. Acquisition related costs are recognized separately from the acquisition and are expensed as incurred. We customarily estimate related transaction costs known at closing. To the extent that information not available to us at the closing date subsequently becomes available during the allocation period, we may adjust goodwill, intangible assets, assets or liabilities associated with the acquisition.

See Note 3 to the Consolidated Financial Statements for additional information related to acquisitions.

### *Divested Operations*

Prior to divesting a funeral home or cemetery, we first determine whether the sale of the net assets and activities (together referred to as a "set") qualifies as a business. First, we perform a screen test to determine if the set is not a business. The principle factor in the screen test is that if substantially all of the fair value of the gross assets sold resides in a single asset or group of similar assets, the set is not a business. If the screen is not met, we perform an assessment to determine if the set is a business by evaluating whether the set has both inputs and a substantive process that together significantly contribute to the ability to create outputs. When both inputs and a substantive process are present then the set is determined to be a business, and we consider the accounting treatment of goodwill for that set (see discussion of Goodwill below). Goodwill is only allocated to the sale if the set is considered to be a business.

See Notes 4 and 5 to the Consolidated Financial Statements for additional information related to divestitures.

### *Goodwill*

The excess of the purchase price over the fair value of identifiable net assets of funeral home businesses and cemeteries we acquire is recorded as goodwill. Goodwill has an indefinite life and is not subject to amortization. As such, we test goodwill for impairment on an annual basis as of August 31<sup>st</sup> each year. Under current guidance, we are permitted to first assess qualitative factors to determine whether it is more-likely-than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative goodwill impairment test.

We performed our most recent annual goodwill impairment test as of August 31, 2025. We intend to perform a quantitative impairment test at least once every three years and perform a qualitative assessment during the remaining two years. We conducted qualitative assessments in 2023 and 2024; however, we performed a quantitative assessment in 2025. No goodwill impairment was recorded as a result of our assessments. In addition to our annual test, we assess the impairment of goodwill whenever events or changes in circumstances indicate that the carrying value of a reporting unit may be greater than

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

fair value. Factors that could trigger an interim impairment review include, but are not limited to, significant negative industry or economic trends and significant adverse changes in the business climate, which may be indicated by a decline in our market capitalization or decline in operating results.

Our quantitative goodwill impairment test involves estimates and management judgment. In the quantitative analysis, we compare the fair value of each reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, the goodwill of that reporting unit is not considered impaired. We determine fair value for each reporting unit using an income approach, weighted 80%, and two market approaches, weighted 10% each. Our methodology for determining an income-based fair value is based on discounting projected future cash flows. The projected future cash flows include assumptions concerning future operating performance and economic conditions that may differ from actual future cash flows discounted at our weighted average cost of capital based on market participant assumptions. Our first methodology for determining a market approach fair value utilizes the guideline public company method, in which we rely on market multiples of comparable companies operating in the same industry as the individual reporting units. Our second market approach methodology utilizes the guideline transaction method, in which transaction multiples are derived from acquisitions of controlling interests in companies engaged in the same or similar lines of business as the reporting units. In accordance with the guidance, if the fair value of the reporting unit is less than its carrying amount an impairment charge is recorded in an amount equal to the difference.

When we divest a portion of a reporting unit that constitutes a business in accordance with GAAP, we allocate goodwill associated with that business to be included in the gain or loss on divestiture. The goodwill allocated is based on the relative fair value of the business being divested and the portion of the reporting unit that will be retained. Additionally, after each divestiture, we will test the goodwill remaining in the portion of the reporting unit to be retained for impairment using a qualitative assessment unless we deem a quantitative assessment to be appropriate to ensure the fair value of our reporting units is greater than their carrying value.

For the year ended December 31, 2025 and 2024, after each divestiture, we concluded that it was more-likely-than not that the fair value of our reporting units was greater than their carrying value and thus there was no impairment to goodwill.

See Notes 4 and 5 to the Consolidated Financial Statements for additional information related to goodwill.

### *Intangible Assets*

Our intangible assets include tradenames resulting from acquisitions and are included in *Intangible and other non-current assets, net* on our Consolidated Balance Sheets. Our tradenames are considered to have an indefinite life and are not subject to amortization. As such, we test our intangible assets for impairment on an annual basis as of August 31<sup>st</sup> each year. Under current guidance, we are permitted to first assess qualitative factors to determine whether it is more-likely-than not that the fair value of the tradename is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative impairment test.

We performed our most recent annual intangible assets impairment test as of August 31, 2025. We intend to perform a quantitative impairment test at least once every three years and perform a qualitative assessment during the remaining two years. We conducted qualitative assessments in 2023 and 2024; however, we performed a quantitative assessment in 2025. In addition to our intangible assets annual test, we assess the impairment of intangible assets whenever certain events or changes in circumstances indicate that the carrying value of the intangible asset may be greater than the fair value. Factors that could trigger an interim impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results and significant negative industry or economic trends.

Our quantitative intangible asset impairment test involves estimates and management judgment. Our quantitative analysis is performed using the relief from royalty method, which measures the tradenames by determining the value of the royalties that we are relieved from paying due to our ownership of the asset. We determine the fair value of the asset by discounting the cash flows that represent a savings in lieu of paying a royalty fee for use of the tradename. The discounted cash flow valuation uses projections of future cash flows and includes assumptions concerning future operating performance and economic conditions that may differ from actual future cash flows and the determination and application of an appropriate royalty rate and discount rate. To estimate the royalty rates for the individual tradename, we mainly rely on the profit split method, but also consider the comparable third-party license agreements and the return on asset method. A scorecard is used to assess the relative strength of the individual tradename to further adjust the royalty rates selected under the profit-split method for qualitative factors. In accordance with the guidance, if the fair value of the tradename is less than its carrying amount, then an impairment charge is recorded in an amount equal to the difference.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Our 2025 quantitative assessment did not indicate any impairment to intangible assets as a result of our testing. As a result of our 2024 qualitative assessment, we determined that there were factors that would indicate the need to perform additional quantitative impairment tests for certain funeral home businesses. As a result of these additional quantitative impairment tests, we recorded an impairment to the tradenames for certain funeral home businesses of \$0.6 million, during the year ended December 31, 2024, as the carrying amount of these tradenames exceeded their fair value.

See Note 11 to the Consolidated Financial Statements for additional information related to intangible assets.

### *Preneed and Perpetual Care Trust Funds*

Preneed sales generally require deposits to a trust or purchase of a third-party insurance product. We have established a variety of trusts in connection with funeral home and cemetery operations as required under applicable state laws. Such trusts include (i) preneed funeral trusts; (ii) preneed cemetery merchandise and service trusts; and (iii) cemetery perpetual care trusts.

Our preneed and perpetual care trust funds are reported in accordance with the principles of consolidating Variable Interest Entities (“VIEs”). In the case of preneed trusts, the customers are the legal beneficiaries. In the case of perpetual care trusts, we do not have a right to access the corpus in the perpetual care trusts.

Our trust fund assets are reflected in our financial statements as *Preneed cemetery trust investments*, *Preneed funeral trust investments*, and *Cemetery perpetual care trust investments*. We have recognized financial interests of third parties in the trust funds in our financial statements as *Deferred preneed funeral and cemetery receipts held in trust* and *Care trusts’ corpus*.

Fixed income securities are classified as trading securities and accounted for at fair value. Equity securities with readily determinable market values are accounted for at fair value. The fair value of our trust fund assets is accounted for as Collateralized Financing Entities (“CFEs”) in ASC Topic 810. The accounting guidance for CFEs allows companies to elect to measure both the financial assets and financial liabilities using the more observable of the fair value of the financial assets or fair value of the financial liabilities. Pursuant to this guidance, we have determined the fair value of the financial assets of the trusts are more observable and we first measure those financial assets at fair value. Our fair value of the financial liabilities mirrors the fair value of the financial assets.

In accordance with respective state laws, we are required to deposit a specified amount into perpetual and memorial care trust funds for each interment right and certain memorials sold. Income from the trust funds is distributed to us and used to provide for the care and maintenance of the cemeteries and mausoleums. Trust fund income is recognized as revenue when realized by the trust and distributable to us. We are restricted from withdrawing any of the principal balances of these funds.

An enterprise is required to perform an analysis to determine whether the enterprise’s variable interest(s) give it a controlling financial interest in a VIE. This analysis identifies the primary beneficiary of a VIE as the enterprise that has both the power to direct the activities of the VIE that most significantly impact the entity’s economic performance and the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. Our analysis continues to support our position as the primary beneficiary in the majority of our funeral and cemetery trust funds.

Our preneed funeral and preneed cemetery merchandise and service trusts, as well as the corresponding trust liabilities, are reflected in our financial statements net of an allowance for contract cancellations. We determine this allowance based on our five-year historical experience of contract cancellations. On an ongoing basis, we monitor our historical trend and adjust our allowance accordingly.

See Notes 8 and 9 to the Consolidated Financial Statements for additional information related to preneed and perpetual care trust funds.

### *Deferred Revenue*

We have preneed funeral trust fund assets in trusts that are controlled and operated by third parties in which we do not have a controlling financial interest (less than 50%) in the trust assets. We account for these receivables at cost, reflected in our financial statements as *Receivables from preneed funeral trusts, net*, with a corresponding amount recognized as *Deferred preneed funeral revenue*.

Under certain state regulations, we are allowed to retain certain amounts not required to be deposited to a trust or used to purchase a third-party insurance policy. These amounts we retain represent future revenue that are not held in trust accounts and are recorded in *Deferred preneed funeral and cemetery revenue*. Future revenue that are held in trust accounts are included in *Deferred preneed funeral and cemetery receipts held in trust* discussed above.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

During the year ended December 31, 2023, we withdrew \$8.6 million of realized capital gains and earnings from our preneed funeral and cemetery trust investments. We did not withdraw any realized capital gains and earnings from our preneed trust investments during the year ended December 31, 2025 and 2024. In certain states, we are allowed to make these withdrawals prior to the delivery of preneed merchandise and service contracts. The realized capital gains and earnings withdrawn increase our cash flow from operations, but are not recognized as revenue in our Consolidated Statements of Operations, however, they reduce our *Preneed funeral trust investments* and *Preneed cemetery trust investments* and increase our *Deferred preneed funeral revenue* and *Deferred preneed cemetery revenue*.

### *Held for Sale*

The Company classifies assets and liabilities (disposal groups) to be sold as held for sale (“HFS”) in the period in which all of the following criteria are met: (1) management, having the authority to approve the action, commits to a plan to sell the disposal group; (2) the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal groups; (3) an active program to locate a buyer and other actions required to complete the plan to sell the disposal group have been initiated; (4) the sale of the disposal group is probable, and transfer of the disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond the Company’s control extend the period of time required to sell the disposal group beyond one year; (5) the disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (6) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Company initially measures a disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a disposal group until the date of sale. The Company assesses the fair value of a disposal group, less any costs to sell, each reporting period it remains classified as held for sale and reports any subsequent changes as an adjustment to the carrying value of the disposal group, as long as the new carrying value does not exceed the carrying value of the disposal group at the time it was initially classified as held for sale. Additionally, depreciation is not recorded during the period in which the long-lived assets, included in the disposal group, are classified as held for sale.

Upon determining that a disposal group meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group, if material, in the line items current and non-current assets held for sale and current and long-term liabilities held for sale in the Consolidated Balance Sheets.

See Note 20 to the Consolidated Financial Statements for additional information related to assets and liabilities held for sale.

### *Fair Value Measurements*

We measure the securities held by our funeral merchandise and service, cemetery merchandise and service, and cemetery perpetual care trusts at fair value on a recurring basis in accordance with ASC Topic 820. This guidance defines fair value as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The guidance establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

We disclose the extent to which fair value is used to measure financial assets and liabilities, the inputs utilized in calculating valuation measurements, and the effect of the measurement of significant unobservable inputs on earnings, or changes in net assets, as of the measurement date. We currently do not have any assets that have fair values determined by Level 3 inputs and no liabilities measured at fair value.

In the ordinary course of business, we are typically exposed to a variety of market risks. Currently, these are primarily related to changes in fair market values related to outstanding debts and changes in the values of securities associated with the preneed and perpetual care trusts. Management is actively involved in monitoring exposure to market risk and developing and utilizing risk management techniques when appropriate and when available for a reasonable price.

See Notes 7 and 8 to the Consolidated Financial Statements for additional required disclosures related to the fair value measurement of our financial assets and liabilities.

### *Capitalized Commissions on Preneed Contracts*

We capitalize sales commissions and other direct selling costs related to preneed cemetery merchandise and services and preneed funeral trust contracts as these costs are incremental and recoverable costs of obtaining a contract with a customer. Our

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

capitalized commissions on preneed contracts are amortized on a straight-line basis over the average maturity period of ten years for our preneed funeral trust contracts and eight years for our preneed cemetery merchandise and services contracts.

The selling costs related to the sales of cemetery interment rights, which include real property and other costs related to cemetery development activities, continue to be expensed using the specific identification method in the period in which the sale of the cemetery interment right is recognized as revenue. The selling costs related to preneed funeral insurance funded contracts continue to be expensed in the period incurred as these contracts are not included on our Consolidated Balance Sheets.

See Note 11 to the Consolidated Financial Statements for additional information related to capitalized commissions on preneed contracts.

### *Internally Developed Software*

We capitalize costs incurred during the “application development stage” of an internally developed software project, meaning only costs directly related to designing, coding, and testing the software are capitalized, while preliminary project costs and post-implementation activities are expensed, and the capitalized software is then amortized over its estimated useful life, typically ranging from two to five years.

See Note 11 to the Consolidated Financial Statements for additional information related to internally developed software.

### *Property, Plant, and Equipment*

Property, plant, and equipment are stated at cost. The costs of ordinary maintenance and repairs are charged to operations as incurred, while renewals and major replacements that extend the useful economic life of the asset are capitalized. Depreciation of property, plant, and equipment is computed based on the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Buildings and improvements	15 to 40
Furniture and fixtures	5 to 10
Machinery and equipment	3 to 15
Vehicles	5 to 7

Long-lived assets, such as property, plant, and equipment and right-of-use assets (see discussion of Leases below) are reported at the lower of their carrying amount or fair value and are reviewed for impairment whenever events, such as significant negative industry or economic trends or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Factors that could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results. We test the recoverability of our long-lived assets by comparing their carrying value to the sum of the undiscounted cash flows expected to result from the use of the assets over their remaining useful lives. We recognize an impairment loss if the carrying amount of the long-lived asset is not recoverable and exceeds its fair value.

Additionally, assets to be disposed of and assets not expected to provide any future service potential are recorded at the lower of their carrying amount or fair value less estimated costs to sell. If we determine that the carrying value is not recoverable from the proceeds of the sale, we record an impairment loss at that time.

See Note 20 to the Consolidated Financial Statements for additional information related to property, plant, and equipment.

### *Cemetery Property*

When we acquire a cemetery, we utilize an internal and external approach to determine the fair value of the cemetery property. From an external perspective, we obtain an accredited appraisal to provide reasonable assurance for property existence, property availability (unrestricted) for development, property lines, available spaces to sell, identifiable obstacles or easements, and general valuation inclusive of known variables in that market. From an internal perspective, we conduct a detailed analysis of the acquired cemetery property using other cemeteries in our portfolio as a benchmark. This provides the added benefit of relevant data that is not available to third-party appraisers. Through this thorough internal process, we are able to identify viable costs of property based on historical experience, particular markets and demographics, reasonable margins, practical retail prices and park infrastructure and condition.

When cemetery property is sold, the value of the cemetery property (interment right costs) is expensed as amortization using the specific identification method in the period in which the sale of the interment right is recognized as revenue.

See Note 20 to the Consolidated Financial Statements for additional information related to cemetery property.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### *Leases*

We have operating and finance leases. We lease certain office facilities, certain funeral homes, vehicles, and equipment under operating leases with original terms ranging from one to twenty years. Many leases include one or more options to renew, some of which include options to extend the leases for up to forty years. We lease certain funeral homes, vehicles, and equipment under finance leases with original terms ranging from three and a half to forty years. We do not have any material lease agreements with residual value guarantees, sale-leaseback terms, material restrictive covenants, related parties or sublease arrangements.

We determine if an arrangement is a lease at inception based on the facts and circumstances of the agreement. A right-of-use (“ROU”) asset represents our right to use the underlying asset for the lease term and the lease liability represents our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized on our Consolidated Balance Sheets at the lease commencement date based on the present value of lease payments over the lease term. For our leases that do not provide an implicit interest rate in the agreement, we use our incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. The lease terms used to calculate the ROU asset and related lease liability include options to extend the lease when it is reasonably certain that we will exercise that option. Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense, while the expense for finance leases is recognized as depreciation expense and interest expense using the effective interest method of recognition. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the ROU assets or liabilities. These are expensed as incurred and recorded as variable lease expense. We have real estate lease agreements which require payments for lease and non-lease components, and we account for these as a single lease component. Leases with an initial term of 12 months or less, that do not include an option to renew the underlying asset, are not recorded on our Consolidated Balance Sheets and expense is recognized on a straight-line basis over the lease term.

Operating lease ROU assets are included in *Operating lease right-of-use assets* and operating lease liabilities are included in *Current portion of operating lease obligations* and *Obligations under operating leases, net of current portion* on our Consolidated Balance Sheets. Finance lease ROU assets are included in *Property, plant, and equipment, net* and finance lease liabilities are included in *Current portion of finance lease obligations* and *Obligations under finance leases, net of current portion* on our Consolidated Balance Sheets.

See Note 14 to the Consolidated Financial Statements for additional information related to leases.

### *Equity Plans and Stock-Based Compensation*

We have equity-based employee and director compensation plans under which we have granted stock awards, stock options, and performance awards. We also have an employee stock purchase plan (the “ESPP”). We recognize compensation expense in an amount equal to the fair value of the stock-based awards expected to vest or to be purchased over the requisite service period. We recognize the effect of forfeitures in compensation cost when they occur and any previously recognized compensation cost for an award is reversed in the period that the award is forfeited.

Fair value is determined on the date of the grant. The fair value of restricted stock is determined using the stock price on the grant date. The fair value of options or awards containing options is determined using the Black-Scholes valuation model or the Monte-Carlo simulation pricing model. The fair value of the performance awards related to market performance conditions is determined using the Monte-Carlo simulation pricing model. The fair value of the ESPP is determined based on the discount element offered to employees and the embedded option element, which is determined using an option calculation model.

We recognize all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) as income tax benefit or expense in the income statement. We treat the tax effects of exercised or vested awards as discrete items in the reporting period in which they occur. The excess tax benefit related to share-based payments was \$2.8 million for the year ended December 31, 2025. The excess tax deficiency related to share-based payments was \$0.8 million for the year ended December 31, 2024. We had immaterial amounts of excess tax deficiency for the year ended December 31, 2023. Excess tax benefits and deficiencies are recorded within *Expense (benefit) related to discrete income tax items* on our Consolidated Statements of Operations and are included in operating cash flows on the Consolidated Statements of Cash Flows.

See Note 17 to the Consolidated Financial Statements for additional information related to equity plans and stock-based compensation.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### *Revenue Recognition*

Funeral and Cemetery Operations Revenue is recognized when control of the merchandise or services is transferred to the customer. Our performance obligations include the delivery of funeral and cemetery merchandise and services and cemetery property interment rights. Control transfers when merchandise is delivered or services are performed. For cemetery property interment rights, control transfers to the customer when the property is developed and the interment right has been sold and can no longer be marketed or sold to another customer. On our atneed contracts, we generally deliver the merchandise and perform the services at the time of need.

Memorial services frequently include performance obligations to direct the service, provide facilities and motor vehicles, catering, flowers, and stationary products. All other performance obligations on these contracts, including arrangement, removal, preparation, embalming, cremation, interment, and delivery of urns and caskets and related memorialization merchandise are fulfilled at the time of need. Personalized marker merchandise and marker installation services sold on atneed contracts are recognized when control is transferred to the customer, generally when the marker is delivered and installed in the cemetery.

Some of our contracts with customers include multiple performance obligations. For these contracts, we allocate the transaction price to each performance obligation based on its relative standalone selling price, which is based on prices charged to customers per our general price list. We recognize revenue when the merchandise is transferred or the service is performed, in satisfaction of the corresponding performance obligation. Sales taxes collected are recognized on a net basis in our Consolidated Financial Statements.

Ancillary funeral service revenue, which is recorded in *Other revenue*, represents revenue from our flower shop, pet cremation business, and online cremation businesses. Revenue is recognized when control of the merchandise or services is transferred to the customer and are primarily sold on an atneed basis.

The earnings from our preneed trust investments, as well as trust management fees charged by our wholly owned registered investment advisory firm CSV RIA are recorded in *Other revenue*. At December 31, 2025, CSV RIA provided investment management and advisory services to approximately 80% of our trust assets, for a fee based on the market value of trust assets. Under state trust laws, we are allowed to charge the trust a fee for advising on the investment of the trust assets and these fees are recognized as income in the period in which services are provided.

Balances due on undelivered preneed funeral trust contracts have reduced *Deferred preneed funeral revenue* by \$11.3 million and \$10.2 million at December 31, 2025 and 2024, respectively. As these performance obligations are to be completed after the date of death, we cannot quantify the recognition of revenue in future periods. However, we estimate an average maturity period of 10 years for preneed funeral contracts.

Balances due from customers on delivered preneed cemetery contracts are included in *Accounts receivable, net* and *Preneed cemetery receivables, net* on our Consolidated Balance Sheets. Balances due on undelivered preneed cemetery contracts have reduced *Deferred preneed cemetery revenue* on our Consolidated Balance Sheets by \$16.6 million and \$13.6 million at December 31, 2025 and 2024, respectively. As these performance obligations are to be completed after the date of death, we cannot quantify the recognition of revenue in future periods. However, we estimate an average maturity period of eight years for preneed cemetery contracts.

See Note 19 to the Consolidated Financial Statements for additional information related to the disaggregation of revenue by segment.

### *Income Taxes*

We and our subsidiaries file a consolidated U. S. federal income tax return, separate income tax returns in 14 states in which we operate and combined or unitary income tax returns in 10 states in which we operate. We record deferred taxes for temporary differences between the tax basis and financial reporting basis of assets and liabilities. We classify our deferred tax liabilities and assets as non-current on our Consolidated Balance Sheets.

We record a valuation allowance to reflect the estimated amount of deferred tax assets for which realization is uncertain. Management reviews the valuation allowance at the end of each quarter and makes adjustments if it is determined that it is more-likely-than not that the tax benefits will be realized.

We analyze tax benefits for uncertain tax positions and how they are to be recognized, measured, and derecognized in the financial statements; provide certain disclosures of uncertain tax matters; and specify how reserves for uncertain tax positions should be classified on our Consolidated Balance Sheets. Accrued interest and penalties related to uncertain tax positions is included in *(Benefit) expense related to discrete income tax items* on our Consolidated Statements of Operations.

See Note 16 to the Consolidated Financial Statements for additional information related to income taxes.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### *Computation of Earnings Per Common Share*

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Dilutive common equivalent shares consist of stock options and performance awards.

Share-based awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are recognized as participating securities and included in the computation of both basic and diluted earnings per share. Our grants of restricted stock awards to our employees and directors are considered participating securities, and we have prepared our earnings per share calculations attributable to common stockholders to exclude outstanding unvested restricted stock awards, using the two-class method, in both the basic and diluted weighted average shares outstanding calculation.

Our performance awards are considered to be contingently issuable shares because their issuance is contingent upon the satisfaction of certain performance and service conditions. In accordance with ASC 260, we have included in the computation of diluted earnings per share the number of performance awards that would have been issuable as if the end of the reporting period was the end of the contingency period. These shares are considered to be outstanding at the beginning of the reporting period.

See Note 18 to the Consolidated Financial Statements for additional information related to the computation of earnings per share.

## **2. RECENTLY ISSUED ACCOUNTING STANDARDS**

### *Income Taxes*

In December 2023, the FASB issued ASU, *Income Taxes - Improvements to Income Tax Disclosures* to enhance the transparency about income tax information through improvements to income tax disclosures primarily related to rate reconciliation and income taxes paid information. The amendments in this update require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation; and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income (loss) by the applicable statutory income tax rate). The amendments in this update also require that all entities disclose on an annual basis (1) the amount of net income taxes paid disaggregated by federal and state taxes; and (2) the amount of net income taxes paid disaggregated by individual jurisdictions in which net income taxes paid is equal to or greater than five percent of total net income taxes paid. The amendments are effective for annual periods beginning after December 15, 2024, and therefore were effective for us for our fiscal year beginning January 1, 2025, and for interim periods within our fiscal year beginning January 1, 2026. The adoption has no material impact on our consolidated financial statements as it modified disclosure requirements only. See Note 16 to the Consolidated Financial Statements for additional information related to income taxes.

### **Accounting Pronouncements Not Yet Adopted**

#### *Expense Disaggregation*

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures*. Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. The standard provides guidance to expand disclosures related to the disaggregation of income statement expenses. The amendments in this update require, in the notes to the financial statements, disclosure of specified information about certain costs and expenses, which includes purchases of inventory, employee compensation, depreciation and intangible asset amortization included in each relevant expense caption. This guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, on a retrospective or prospective basis, with early adoption permitted. We expect the adoption will have no material impact on our consolidated financial statements as it modifies disclosure requirements only.

#### *Internal-Use Software*

In September 2025, the FASB issued ASU 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*. Under the new guidance, costs associated with software developed for internal use will now be capitalized when management authorizes a project and when it is probable the project will be completed and used to perform the function intended, rather than when a project reaches the application development stage under existing guidance. The guidance is effective beginning January 1, 2028, with early adoption permitted, and can be applied prospectively, retrospectively, or on a modified retrospective basis. We have not determined the transition method, timing for adoption, or estimated the effect on our consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. BUSINESS COMBINATIONS

On September 9, 2025, we acquired a business consisting of six funeral homes, one cemetery, and one cremation focused business in the Orlando, FL area for approximately \$49.0 million. The purchase price consisted of \$47.0 million in cash at closing and \$2.0 million of deferred purchase price payments. The net present value of such future deferred purchase price payments was \$1.3 million. We acquired substantially all of the assets and assumed certain operating liabilities of these businesses.

On September 17, 2025, we acquired a business consisting of two funeral homes in the Pensacola, FL area for \$9.5 million in cash. We acquired substantially all of the assets and assumed certain operating liabilities of this business.

The primary reasons for the acquisitions that contributed to the recognition of goodwill include enhancement of our footprint in strategic markets and the addition of deferred revenue that will enhance our long-term stability.

The pro forma impact of these acquisitions on prior periods is not presented, as the impact is not significant to our reported results. The results of the acquired businesses are reflected in our Consolidated Statements of Operations from the date of acquisition.

The following table summarizes the breakdown of the preliminary purchase price allocation for the businesses described above (in thousands):

	<b>Preliminary Purchase Price Allocation</b>
Current assets	\$ 3,302
Preneed trust assets	4,068
Property, plant, and equipment	23,315
Cemetery property	2,733
Goodwill	37,746
Intangible and other non-current assets	3,222
Assumed liabilities	(1,293)
Preneed trust liabilities	(4,068)
Deferred revenue	(12,526)
Purchase price	<u>\$ 56,499</u>

The purchase price allocation was updated for immaterial measurement-period adjustments; no other material changes to the acquisition accounting were identified. The purchase accounting is preliminary as we have not finalized our assessment of the fair value because there has been insufficient time between the acquisition date and the issuance of these financial statements to complete our review and the final determination of fair value. We are also currently reviewing the allocation of goodwill between segments.

We did not acquire any businesses during the year ended December 31, 2024. On March 22, 2023, we acquired a business consisting of three funeral homes, two cemeteries and one cremation focused business in the Bakersfield, CA area for \$44.0 million in cash. We acquired substantially all of the assets and assumed certain operating liabilities of this business.

The pro forma impact of these acquisitions on prior periods is not presented, as the impact is not significant to our reported results. The results of the acquired businesses are reflected in our Consolidated Statements of Operations from the date of acquisition.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table summarizes the breakdown of the purchase price allocation for our Bakersfield, CA business acquisition (in thousands):

	<u>Initial Purchase Price Allocation</u>	<u>Adjustments</u>	<u>Adjusted Purchase Price Allocation</u>
Current assets	\$ 7,087	\$ 131	\$ 7,218
Preneed trust assets	—	11,428	11,428
Property, plant & equipment	12,577	245	12,822
Cemetery property	9,035	—	9,035
Goodwill	13,612	(106)	13,506
Intangible and other non-current assets	3,763	—	3,763
Assumed liabilities	(300)	(66)	(366)
Deferred tax liability	—	—	—
Preneed trust liabilities	—	(11,428)	(11,428)
Deferred revenue	(1,774)	(204)	(1,978)
Purchase price	<u>\$ 44,000</u>	<u>\$ —</u>	<u>\$ 44,000</u>

The current assets relate to accounts receivable and inventory. The intangible and other non-current assets relate to the fair value of tradenames and right-of-use operating lease assets. The assumed liabilities relate to operating lease obligations and commissions payable. As of December 31, 2023, our accounting for this acquisition is complete.

### 4. GOODWILL

Many of the former owners and staff of our acquired funeral home and cemetery businesses have provided high quality service to families for generations, which often represents a substantial portion of the value of a business. The excess of the purchase price over the fair value of identifiable net assets of acquired funeral home and cemetery businesses is recorded as goodwill.

The following table presents changes in goodwill in the accompanying Consolidated Balance Sheets (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Goodwill at the beginning of the year	\$ 414,859	\$ 423,643
Increase in goodwill related to acquisitions	37,746	—
Decrease in goodwill related to divestitures	(24,708)	(8,784)
Goodwill at the end of the year	<u>\$ 427,897</u>	<u>\$ 414,859</u>

During the year ended December 31, 2025, we allocated \$24.7 million of goodwill to the sale of thirteen funeral homes and four cemeteries which was recorded in *Net loss on divestitures and impairment charges* on our Consolidated Statements of Operations, of which \$23.0 million was allocated to our funeral home segment and \$1.7 million was allocated to our cemetery segment.

During the year ended December 31, 2024, we allocated \$8.8 million of goodwill to the sale of six funeral homes and one cemetery which was recorded in *Net loss on divestitures and impairment charges* on our Consolidated Statements of Operations, of which \$7.8 million was allocated to our funeral homes segment and \$1.0 million was allocated to our cemetery segment.

As a result of our 2025 and 2024 annual qualitative impairment assessments, we determined that there were no factors that would indicate the need to perform an additional quantitative goodwill impairment test. We concluded that it is more-likely-than-not that the fair value of our reporting units is greater than their carrying value and thus there was no impairment to goodwill.

See Notes 1, 3, and 5 to the Consolidated Financial Statements for a discussion of the methodology used for our annual goodwill impairment test and a discussion of our acquisitions and divestitures.

### 5. DIVESTED OPERATIONS

During the year ended December 31, 2025, we sold thirteen funeral homes and four cemeteries for an aggregate of \$40.4 million and merged two funeral homes with other businesses we own in existing markets. During the year ended December 31, 2024, we sold six funeral homes and one cemetery for an aggregate of \$10.9 million and merged three funeral homes with other business we own in existing markets. During the year ended December 31, 2023, we sold two funeral homes and two cemeteries for an aggregate of \$1.1 million and merged one funeral home with another business we own in a nearby market.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

*Net loss on divestitures and impairment charges.* The components of *Net loss on divestitures and impairment charges* are as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Impairment of goodwill, intangibles, and PPE	\$ 1,761	\$ 637	\$ 454
Net (gain) loss on divestitures	(1,451)	1,224	106
Net loss on disposals of fixed assets	61	719	631
Total	\$ 371	\$ 2,580	\$ 1,191

For the years ending December 31, 2025, 2024 and 2023, after each divestiture, we concluded that it was more-likely-than-not that the fair value of our reporting units was greater than their carrying value and thus there was no impairment to goodwill.

See Note 1 to the Consolidated Financial Statements for a discussion of the methodology used for assessing goodwill impairment after a divestiture of a business.

### 6. RECEIVABLES

#### *Accounts Receivable*

Accounts receivable is comprised of the following (in thousands):

	December 31, 2025				
	Funeral	Cemetery	Corporate	Held for Sale	Total
Trade and financed receivables	\$ 7,369	\$ 31,267	\$ —	\$ —	\$ 38,636
Other receivables	1,245	2,614	1,726	—	5,585
Allowance for credit losses	(363)	(3,211)	—	—	(3,574)
Accounts receivable, net	\$ 8,251	\$ 30,670	\$ 1,726	\$ —	\$ 40,647

	December 31, 2024				
	Funeral	Cemetery	Corporate	Held for Sale	Total
Trade and financed receivables	\$ 7,085	\$ 24,355	\$ —	\$ (833)	\$ 30,607
Other receivables	557	345	—	—	902
Allowance for credit losses	(302)	(1,014)	—	—	(1,316)
Accounts receivable, net	\$ 7,340	\$ 23,686	\$ —	\$ (833)	\$ 30,193

Other receivables include supplier rebates, commissions due from third-party insurance companies and perpetual care income receivables.

The following table summarizes the activity in our allowance for credit losses by portfolio segment for the year ended December 31, 2025 (in thousands):

	January 1, 2025	Provision for Credit Losses	Write Offs	Recoveries	December 31, 2025
Trade and financed receivables:					
Funeral	\$ (302)	\$ (1,021)	\$ 1,811	\$ (851)	\$ (363)
Cemetery	(1,014)	(999)	(1,198)	—	(3,211)
Total allowance for credit losses on trade and financed receivables	\$ (1,316)	\$ (2,020)	\$ 613	\$ (851)	\$ (3,574)

#### *Cemetery Receivables*

Our cemetery receivables are comprised of the following (in thousands):

	December 31, 2025	December 31, 2024
Interment rights	\$ 99,741	\$ 79,436
Merchandise and services	17,761	13,128
Unearned finance charges	4,805	4,983
Cemetery receivables	\$ 122,307	\$ 97,547

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The components of our cemetery receivables are as follows (in thousands):

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cemetery receivables	\$ 122,307	\$ 97,547
Less: unearned finance charges	(4,805)	(4,983)
Cemetery receivables, at amortized cost	\$ 117,502	\$ 92,564
Less: allowance for contract cancellation and credit losses	(5,812)	(3,018)
Less: balances due on undelivered cemetery preneed contracts	(16,579)	(13,576)
Less: amounts in accounts receivable	(28,056)	(23,341)
Preneed cemetery receivables, net including HFS	\$ 67,055	\$ 52,629
Less: Held for sale	—	(1,671)
Preneed cemetery receivables, net	\$ 67,055	\$ 50,958

The following table summarizes the activity in our allowance for credit losses for *Preneed cemetery receivables, net* for the year ended December 31, 2025 (in thousands):

	<b>January 1, 2025</b>	<b>Provision for Credit Losses</b>	<b>Write Offs</b>	<b>December 31, 2025</b>
Total allowance for credit losses on <i>Preneed cemetery receivables, net</i>	\$ (2,004)	\$ (1,556)	\$ 959	\$ (2,601)

The amortized cost basis of our cemetery receivables by year of origination as of December 31, 2025 is as follows (in thousands):

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>Prior</b>	<b>Total</b>
Total cemetery receivables, at amortized cost	\$ 60,523	\$ 32,912	\$ 13,978	\$ 6,886	\$ 2,254	\$ 949	\$ 117,502

The aging of past due cemetery receivables as of December 31, 2025 is as follows (in thousands):

	<b>31-60 Past Due</b>	<b>61-90 Past Due</b>	<b>91-120 Past Due</b>	<b>&gt;120 Past Due</b>	<b>Total Past Due</b>	<b>Current</b>	<b>Total</b>
Recognized revenue	\$ 2,523	\$ 1,174	\$ 460	\$ 4,345	\$ 8,502	\$ 92,421	\$ 100,923
Deferred revenue	575	236	258	4,226	5,295	16,089	21,384
Total contracts	\$ 3,098	\$ 1,410	\$ 718	\$ 8,571	\$ 13,797	\$ 108,510	\$ 122,307

The aging of past due preneed cemetery receivables as of December 31, 2024 is as follows (in thousands):

	<b>31-60 Past Due</b>	<b>61-90 Past Due</b>	<b>91-120 Past Due</b>	<b>&gt;120 Past Due</b>	<b>Total Past Due</b>	<b>Current</b>	<b>Total</b>
Recognized revenue	\$ 1,599	\$ 1,065	\$ 832	\$ 2,578	\$ 6,074	\$ 72,914	\$ 78,988
Deferred revenue	302	160	105	612	1,179	17,380	18,559
Total contracts	\$ 1,901	\$ 1,225	\$ 937	\$ 3,190	\$ 7,253	\$ 90,294	\$ 97,547

### 7. FAIR VALUE MEASUREMENTS

We evaluated our financial assets and liabilities for those that met the criteria of the disclosure requirements and fair value framework. The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate the fair values of those instruments due to the short-term nature of the instruments. The fair values of our receivables on preneed cemetery contracts are impracticable to estimate because of the lack of a trading market and the diverse number of individual contracts with varying terms. Our acquisition debt and Credit Facility (as defined in Note 12) and Senior Notes (as defined in Note 13) are classified within Level 2 of the Fair Value Measurements hierarchy.

At December 31, 2025, the carrying value and fair value of our Credit Facility was \$126.7 million. We believe that our Credit Facility bears interest at a rate that approximates prevailing market rates for instruments with similar characteristics and therefore, the carrying value of our Credit Facility approximates fair value. We estimate the fair value of our acquisition debt utilizing an income approach, which uses a present value calculation to discount payments based on current market rates as of the reporting date. At December 31, 2025, the carrying value of our acquisition debt was \$6.2 million, which approximated its fair value. The fair value of our Senior Notes was \$385.7 million at December 31, 2025, based on the last traded or broker quoted price.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

In addition, we have an investment in a limited partnership fund, whose fair value has been estimated using the net asset value per share practical expedient described in ASC 820-10-35-59, *Fair Value Measurement of Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* and therefore, has not been classified in the fair value hierarchy. The investment strategy of this fund is to generate attractive risk-adjusted returns over a multi-year performance period through the construction of a concentrated portfolio of investments possessing certain distinct business attributes that suggest the potential for long-term value creation. The value of the investments in this fund cannot be liquidated at December 31, 2025 because the investments include restrictions that do not allow for liquidation until 2027. As of December 31, 2025, we do not have an unfunded commitment for this investment.

Furthermore, we have six investments in real estate debt and structured credit (“alternative investments”), whose fair value has been estimated using NAV and therefore, has not been classified in the fair value hierarchy. The investment strategy for these alternative investments is to create capital growth, income generation, and risk-adjusted returns. Capital growth is achieved by identifying high-potential investments that are appreciated over time. Income generation may involve dividends, rental income, or interest from various investments. Risk-adjusted returns focus on balancing potential profits with acceptable levels of risk, often through diversification and careful asset allocation. The real estate debt is approximately 44% of the total alternative investment and can be liquidated with a 40-day notice period and cannot exceed 5% of the total fund’s value. The structured credit is approximately 56% of the total alternative investment and can be liquidated with a 15-day notice period with no restrictions. As of December 31, 2025, we had approximately \$43.1 million in unfunded commitments for these investments.

We identified investments in fixed income securities, common stock, and mutual funds presented within the preneed and perpetual care trust investments categories on our Consolidated Balance Sheets as having met the criteria for fair value measurement. Our receivables from preneed funeral trusts represent assets in trusts, which are controlled and operated by third parties in which we do not have a controlling financial interest (less than 50%) in the trust assets. We account for these receivables at cost.

The following three-level valuation hierarchy based upon the transparency of inputs is utilized in the measurement and valuation of financial assets or liabilities as of the measurement date:

- Level 1—Fair value of securities based on unadjusted quoted prices for identical assets or liabilities in active markets. Our investments classified as Level 1 securities include cash, U.S. treasury debt, common stock and equity mutual funds;
- Level 2—Fair value of securities estimated based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted market prices that are observable or that can be corroborated by observable market data by correlation. These inputs include interest rates, yield curves, credit risk, prepayment speeds, rating and tax-exempt status. Our investments classified as Level 2 securities include U.S. agency obligations, foreign debt, corporate debt, preferred stocks, certificates of deposit and fixed income mutual funds and other investments.
- Level 3—Unobservable inputs based upon the reporting entity’s internally developed assumptions, which market participants would use in pricing the asset or liability. As of December 31, 2025 and 2024, we did not have any assets that had fair values determined by Level 3 inputs and no liabilities measured at fair value.

See Notes 8 and 9 to our Consolidated Financial Statements for the fair value hierarchy levels of our trust investments.

### 8. TRUST INVESTMENTS

Preneed trust investments represent trust fund assets that we are generally permitted to withdraw as the services and merchandise are provided to customers. Preneed funeral and cemetery contracts are secured by payments from customers, less amounts not required by law to be deposited into trust. These earnings are recognized in *Other revenue* on our Consolidated Statements of Operations, when a service is performed or merchandise is delivered. Trust management fees charged by our wholly owned registered investment advisory firm are included as revenue in the period in which they are earned. Our investments are diversified across multiple industry segments using a balanced allocation strategy to minimize long-term risk. We do not intend to sell and it is likely that we will not be required to sell the securities prior to their anticipated recovery.

Cemetery perpetual care trust investments represent a portion of the proceeds from the sale of cemetery property interment rights that we are required by various state laws to deposit into perpetual care trust funds. The income earned from these perpetual care trusts offsets maintenance expenses for cemetery property and memorials. This trust fund income is recognized in *Other revenue*.

Changes in the fair value of our trust fund assets (*Preneed funeral, cemetery and perpetual care trust investments*) are offset by changes in the fair value of our trust fund liabilities (*Deferred preneed funeral and cemetery receipts held in trust and Care trusts’ corpus*) and reflected in *Other, net*. There is no impact on earnings until such time the services are performed, or

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

the merchandise is delivered, causing the contract to be withdrawn from the trust in accordance with state regulations and the gain or loss is allocated to the contract.

We rely on our trust investments to provide funding for the various contractual obligations that arise upon maturity of the underlying preneed contracts. Because of the long-term relationship between the establishment of trust investments and the required performance of the underlying contractual obligations, the impact of current market conditions that may exist at any given time is not necessarily indicative of our ability to generate profit on our future performance obligations.

***Preneed Cemetery Trust Investments***

The components of *Preneed cemetery trust investments* on our Consolidated Balance Sheets are as follows (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Preneed cemetery trust investments, at market value	\$ 112,531	\$ 106,143
Less: allowance for contract cancellation	(3,379)	(3,147)
Preneed cemetery trust investments	<u>\$ 109,152</u>	<u>\$ 102,996</u>
Less: Held for sale	—	(4,876)
Preneed cemetery trust investments	<u><u>\$ 109,152</u></u>	<u><u>\$ 98,120</u></u>

The cost and market values associated with preneed cemetery trust investments at December 31, 2025, are detailed below (in thousands):

	<u>Fair Value Hierarchy Level</u>	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Market Value</u>
Cash and money market accounts	1	\$ 15,653	\$ —	\$ —	\$ 15,653
Common stock	1	11,599	768	(1,709)	10,658
Limited partnership fund		3,496	—	(93)	3,403
Mutual funds:					
Equity	1	9,483	—	(279)	9,204
Fixed income	2	43,013	353	(50)	43,316
Alternative investments		29,380	374	(68)	29,686
Trust securities		<u>\$ 112,624</u>	\$ 1,495	\$ (2,199)	\$ 111,920
Accrued investment income		<u>\$ 611</u>			\$ 611
Preneed cemetery trust investments					<u><u>\$ 112,531</u></u>
Market value as a percentage of cost					<u><u>99.4 %</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The cost and market values associated with preneed cemetery trust investments at December 31, 2024 are detailed below (in thousands):

	<b>Fair Value Hierarchy Level</b>	<b>Cost</b>	<b>Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Market Value</b>
Cash and money market accounts	1	\$ 23,215	\$ —	\$ —	\$ 23,215
Fixed income securities:					
U.S. agency obligations	2	664	1	(46)	\$ 619
Foreign debt	2	8,575	1,431	(8)	9,998
Corporate debt	2	8,500	365	(256)	8,609
Preferred stock	2	2,833	479	(176)	3,136
Certificates of deposit	2	79	—	(5)	74
Common stock	1	29,325	4,322	(3,381)	30,266
Limited partnership fund		3,530	84	—	3,614
Mutual funds:					
Equity	1	911	85	—	996
Fixed income	2	27,268	94	(2,376)	24,986
Trust securities		<u>\$ 104,900</u>	<u>\$ 6,861</u>	<u>\$ (6,248)</u>	\$ 105,513
Accrued investment income		<u>\$ 630</u>			\$ 630
Preneed cemetery trust investments					<u>\$ 106,143</u>
Market value as a percentage of cost					<u>100.6 %</u>

The following table summarizes our fixed income securities (excluding mutual funds) within our preneed cemetery trust investments in an unrealized loss position at December 31, 2024, aggregated by major security type and length of time in a continuous unrealized loss position (in thousands):

	<b>December 31, 2024</b>					
	<b>In Loss Position Less than 12 months</b>		<b>In Loss Position Greater than 12 months</b>		<b>Total</b>	
	<b>Fair market value</b>	<b>Unrealized Losses</b>	<b>Fair market value</b>	<b>Unrealized Losses</b>	<b>Fair market value</b>	<b>Unrealized Losses</b>
Fixed income securities:						
U.S. agency obligations	\$ —	\$ —	\$ 479	\$ (46)	\$ 479	\$ (46)
Foreign debt	—	—	211	(8)	211	(8)
Corporate debt	1,274	(139)	94	(117)	1,368	(256)
Preferred stock	889	(5)	891	(171)	1,780	(176)
Certificates of deposit	—	—	74	(5)	74	(5)
Total fixed income securities with an unrealized loss	<u>\$ 2,163</u>	<u>\$ (144)</u>	<u>\$ 1,749</u>	<u>\$ (347)</u>	<u>\$ 3,912</u>	<u>\$ (491)</u>

There were no fixed income securities (excluding mutual funds) within our preneed cemetery trust investments in an unrealized loss position at December 31, 2025.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Preneed cemetery trust investment security transactions recorded in *Other, net* on our Consolidated Statements of Operations are as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Investment income	\$ 2,712	\$ 2,834	\$ 2,479
Realized gains	12,008	11,600	3,492
Realized losses	(7,784)	(14,191)	(2,507)
Unrealized gains (losses), net	(704)	613	(4,352)
Expenses and taxes	(1,951)	(2,175)	(1,653)
Net change in deferred preneed cemetery receipts held in trust	(4,281)	1,319	2,541
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Purchases and sales of investments in the preneed cemetery trusts are as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Purchases	\$ (70,979)	\$ (25,246)	\$ (22,478)
Sales	72,597	33,725	18,378

***Preneed Funeral Trust Investments***

Preneed funeral trust investments represent trust fund assets that we are permitted to withdraw as services and merchandise are provided to customers. Preneed funeral contracts are secured by payments from customers, less retained amounts not required to be deposited into trust.

The components of *Preneed funeral trust investments* on our Consolidated Balance Sheets are as follows (in thousands):

	December 31, 2025	December 31, 2024
Preneed funeral trust investments, at market value	\$ 118,993	\$ 111,721
Less: allowance for contract cancellation	(3,577)	(3,305)
Preneed funeral trust investments	\$ 115,416	\$ 108,416
Less: Held for sale	—	(2,197)
Preneed funeral trust investments	<u>\$ 115,416</u>	<u>\$ 106,219</u>

The cost and market values associated with preneed funeral trust investments at December 31, 2025 are detailed below (in thousands):

	Fair Value Hierarchy Level	Cost	Unrealized Gains	Unrealized Losses	Fair Market Value
Cash and money market accounts	1	\$ 20,985	\$ —	\$ —	\$ 20,985
Fixed income securities:					
U.S agency obligations	2	306	—	(18)	288
Common stock	1	11,981	793	(1,765)	11,009
Limited partnership fund		3,611	—	(97)	3,514
Mutual funds:					
Equity	1	9,226	—	(276)	8,950
Fixed income	2	41,059	331	(48)	41,342
Other investments	2	1,724	—	—	1,724
Alternative investments		30,344	386	(70)	30,660
Trust securities		<u>\$ 119,236</u>	<u>\$ 1,510</u>	<u>\$ (2,274)</u>	\$ 118,472
Accrued investment income		<u>\$ 521</u>			\$ 521
Preneed cemetery trust investments					<u>\$ 118,993</u>
Market value as a percentage of cost					<u>99.4 %</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The estimated maturities of the fixed income securities (excluding mutual funds) included above are as follows (in thousands):

Due in one year or less	\$	—
Due in one to five years		189
Due in five to ten years		99
Thereafter		—
Total fixed income securities	\$	<u>288</u>

The cost and market values associated with preneed funeral trust investments at December 31, 2024 are detailed below (in thousands):

	<b>Fair Value Hierarchy Level</b>	<b>Cost</b>	<b>Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Market Value</b>
Cash and money market accounts	1	\$ 33,735	\$ —	\$ —	\$ 33,735
Fixed income securities:					
U.S agency obligations	2	387	—	(30)	357
Foreign debt	2	8,193	1,373	(7)	9,559
Corporate debt	2	7,941	351	(134)	8,158
Preferred stock	2	2,577	460	(218)	2,819
Common stock	1	26,293	3,989	(2,876)	27,406
Limited partnership fund		3,392	80	—	3,472
Mutual funds:					
Equity	1	763	41	—	804
Fixed income	2	24,952	83	(2,118)	22,917
Other investments	2	1,910	—	—	1,910
Trust securities		<u>\$ 110,143</u>	<u>\$ 6,377</u>	<u>\$ (5,383)</u>	\$ 111,137
Accrued investment income		<u>\$ 584</u>			\$ 584
Preneed cemetery trust investments					<u>\$ 111,721</u>
Market value as a percentage of cost					<u>100.9 %</u>

The following table summarizes our fixed income securities (excluding mutual funds) within our preneed funeral trust investment in an unrealized loss position at December 31, 2025, aggregated by major security type and length of time in a continuous unrealized loss position (in thousands):

	<b>December 31, 2025</b>					
	<b>In Loss Position Less than 12 months</b>		<b>In Loss Position Greater than 12 months</b>		<b>Total</b>	
	<b>Fair market value</b>	<b>Unrealized Losses</b>	<b>Fair market value</b>	<b>Unrealized Losses</b>	<b>Fair market value</b>	<b>Unrealized Losses</b>
Fixed income securities:						
U.S agency obligations	\$ —	\$ —	\$ 288	\$ (18)	\$ 288	\$ (18)
Total fixed income securities with an unrealized loss	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 288</u>	<u>\$ (18)</u>	<u>\$ 288</u>	<u>\$ (18)</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table summarizes our fixed income securities (excluding mutual funds) within our preneed funeral trust investment in an unrealized loss position at December 31, 2024, aggregated by major security type and length of time in a continuous unrealized loss position (in thousands):

	December 31, 2024					
	In Loss Position Less than 12 months		In Loss Position Greater than 12 months		Total	
	Fair market value	Unrealized Losses	Fair market value	Unrealized Losses	Fair market value	Unrealized Losses
Fixed income securities:						
U.S agency obligations	\$ —	\$ —	\$ 274	\$ (30)	\$ 274	\$ (30)
Foreign debt	—	—	203	(7)	203	(7)
Corporate debt	1,225	(133)	—	(1)	1,225	(134)
Preferred stock	842	(4)	717	(214)	1,559	(218)
Total fixed income securities with an unrealized loss	<u>\$ 2,067</u>	<u>\$ (137)</u>	<u>\$ 1,194</u>	<u>\$ (252)</u>	<u>\$ 3,261</u>	<u>\$ (389)</u>

Preneed funeral trust investment security transactions recorded in *Other, net* on our Consolidated Statements of Operations are as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Investment income	2,174	2,177	2,004
Realized gains	16,311	10,722	3,354
Realized losses	(8,420)	(12,947)	(2,170)
Unrealized gains (losses), net	(764)	994	(3,104)
Expenses and taxes	(1,197)	(1,120)	(848)
Net change in deferred preneed funeral receipts held in trust	(8,104)	174	764
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Purchases and sales of investments in the preneed funeral trusts are as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Purchases	(63,188)	(23,799)	(21,425)
Sales	85,178	31,038	17,300

***Cemetery Perpetual Care Trust Investments***

*Care trusts' corpus* on our Consolidated Balance Sheets represent the corpus of those trusts plus undistributed income. The components of *Care trusts' corpus* are as follows (in thousands):

	December 31, 2025	December 31, 2024
Cemetery perpetual care trust investments, at market value	\$ 95,625	\$ 87,337
Obligations due to (due from) trust	(2,200)	(885)
Care trusts' corpus, including HFS	\$ 93,425	\$ 86,452
Less: Held for sale	—	(2,234)
Care trusts' corpus	<u>\$ 93,425</u>	<u>\$ 84,218</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The following table reflects the cost and market values associated with the trust investments held in perpetual care trust funds at December 31, 2025 (in thousands):

	<b>Fair Value Hierarchy Level</b>	<b>Cost</b>	<b>Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Market Value</b>
Cash and money market accounts	1	\$ 8,800	\$ —	\$ —	\$ 8,800
Fixed income securities:					
Corporate debt	2	94	2	—	96
Common stock	1	10,527	1,028	(1,451)	10,104
Limited partnership fund		2,892	—	(77)	2,815
Mutual funds:					
Equity	1	9,271	216	(257)	9,230
Fixed income	2	39,229	319	(145)	39,403
Alternative investments		24,308	310	(57)	24,561
Trust securities		<u>\$ 95,121</u>	<u>\$ 1,875</u>	<u>\$ (1,987)</u>	\$ 95,009
Accrued investment income		<u>\$ 616</u>			\$ 616
Preneed cemetery trust investments					<u>\$ 95,625</u>
Market value as a percentage of cost					<u>99.9 %</u>

The estimated maturities of the fixed income securities (excluding mutual funds) included above are as follows (in thousands):

Due in one year or less	\$ 25
Due in one to five years	71
Due in five to ten years	—
Thereafter	—
Total fixed income securities	<u>\$ 96</u>

The following table reflects the cost and market values associated with the trust investments held in perpetual care trust funds at December 31, 2024 (in thousands):

	<b>Fair Value Hierarchy Level</b>	<b>Cost</b>	<b>Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Market Value</b>
Cash and money market accounts	1	\$ 14,054	\$ —	\$ —	\$ 14,054
Fixed income securities:					
Foreign debt	2	7,770	1,262	(7)	9,025
Corporate debt	2	7,942	357	(402)	7,897
Preferred stock	2	2,725	418	(148)	2,995
Common stock	1	25,563	3,866	(3,036)	26,393
Limited partnership fund		3,078	73	—	3,151
Mutual funds:					
Equity	1	789	68	—	857
Fixed income	2	24,374	111	(2,115)	22,370
Trust securities		<u>\$ 86,295</u>	<u>\$ 6,155</u>	<u>\$ (5,708)</u>	\$ 86,742
Accrued investment income		<u>\$ 595</u>			\$ 595
Preneed cemetery trust investments					<u>\$ 87,337</u>
Market value as a percentage of cost					<u>100.5 %</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table summarizes our fixed income securities within our perpetual care trust investment in an unrealized loss position at December 31, 2024, aggregated by major security type and length of time in a continuous unrealized loss position (in thousands):

	December 31, 2024					
	In Loss Position Less than 12 months		In Loss Position Greater than 12 months		Total	
	Fair market value	Unrealized Losses	Fair market value	Unrealized Losses	Fair market value	Unrealized Losses
Fixed income securities:						
Foreign debt	\$ —	\$ —	\$ 184	\$ (7)	\$ 184	\$ (7)
Corporate debt	1,111	(121)	316	(281)	1,427	(402)
Preferred stock	764	(4)	1,086	(144)	1,850	(148)
Total fixed income securities with an unrealized loss	<u>\$ 1,875</u>	<u>\$ (125)</u>	<u>\$ 1,586</u>	<u>\$ (432)</u>	<u>\$ 3,461</u>	<u>\$ (557)</u>

Perpetual care trust investment security transactions recorded in *Other, net* on our Consolidated Statements of Operations are as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Realized gains	1,897	1,432	1,025
Realized losses	\$ (1,966)	\$ (1,873)	\$ (639)
Unrealized gains (losses), net	(112)	447	(3,767)
Net change in care trusts' corpus	181	(6)	3,381
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Perpetual care trust investment security transactions recorded in *Other revenue* are as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Investment income	\$ 10,664	\$ 14,806	\$ 12,824
Realized losses	(888)	(3,589)	(1,583)
Total	<u>\$ 9,776</u>	<u>\$ 11,217</u>	<u>\$ 11,241</u>

Purchases and sales of investments in the perpetual care trusts are as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Purchases	\$ (64,928)	\$ (21,441)	\$ (18,024)
Sales	\$ 64,880	\$ 29,967	\$ 21,613

### 9. RECEIVABLES FROM PRENEED FUNERAL TRUSTS

Our receivables from preneed funeral trusts represent assets in trusts which are controlled and operated by third parties in which we do not have a controlling financial interest (less than 50%) in the trust assets. We account for these investments at cost. Receivables from preneed funeral trusts are as follows (in thousands):

	December 31, 2025	December 31, 2024
Preneed funeral trust funds, at cost	\$ 16,758	\$ 23,063
Less: allowance for contract cancellation	(503)	(691)
Receivables from preneed funeral trusts, net	<u>\$ 16,255</u>	<u>\$ 22,372</u>

The following summary reflects the composition of the assets held in trust and controlled by third parties to satisfy our future obligations related to the underlying preneed funeral contracts at December 31, 2025 and 2024. The cost basis includes reinvested interest and dividends that have been earned on the trust assets. Fair value includes unrealized gains and losses on trust assets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The composition of the preneed trust funds at December 31, 2025, is as follows (in thousands):

	<b>Historical Cost Basis</b>	<b>Fair Value</b>
Cash and cash equivalents	\$ 2,220	\$ 2,220
Fixed income investments	11,108	11,108
Mutual funds and common stocks	3,426	3,306
Annuities	4	4
<b>Total</b>	<b>\$ 16,758</b>	<b>\$ 16,638</b>

The composition of the preneed trust funds at December 31, 2024, is as follows (in thousands):

	<b>Historical Cost Basis</b>	<b>Fair Value</b>
Cash and cash equivalents	\$ 6,826	\$ 6,826
Fixed income investments	12,998	12,998
Mutual funds and common stocks	3,235	2,999
Annuities	4	4
<b>Total</b>	<b>\$ 23,063</b>	<b>\$ 22,827</b>

### 10. CONTRACTS FUNDED BY INSURANCE

When preneed funeral contracts are funded through third-party insurance policies, we earn a commission on the sale of the policies, which are recorded in *Other revenue*. These insurance commissions are subject to refund (charge-back) if the preneed policy is cancelled within a year or if there is an imminent death of beneficiary before the first year anniversary of the policy. Approximately 10% of our preneed funeral contracts are cancelled before the first year anniversary of the policy. As such, we recognize 90% of our commissions revenue at the time that it is earned. Based on our historical cancellation rate, we defer 10% of the commissions revenue earned for twelve months until the commission is no longer subject to refund. All selling costs incurred pursuant to the sale of the insurance funded preneed contracts are expensed as incurred.

Additionally, during the year ended December 31, 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, which increased our cash flow from operations and *Deferred preneed funeral revenue*. The incentive payment is subject to partial claw-back if certain preneed funeral sales volumes are not met within the ten-year term of the agreement. As such, we recognize the incentive payment in proportion to our achieved preneed funeral sales volume, net of cancellations, at each reporting period. We recognized \$0.4 million in the year ended December 31, 2025, and \$0.2 million in each of the years ended December 31, 2024 and 2023 of the incentive payment as *Other revenue*.

Generally, at the time of the sale of either the preneed insurance or preneed trust contract, the intent is that the beneficiary has made a commitment to assign the proceeds to us for the fulfillment of the service and merchandise obligations on the preneed contract at the time of need. However, this commitment is generally revocable and the proceeds from the policy are portable, so the customer can choose to use an alternative provider at the time of need.

Preneed funeral contracts to be funded at maturity by third-party insurance policies totaled \$420.4 million and \$421.3 million at December 31, 2025 and 2024, respectively, and are not recorded as assets or liabilities on our Consolidated Balance Sheets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. INTANGIBLE AND OTHER NON-CURRENT ASSETS

Intangible and other non-current assets are as follows (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Trade names	\$ 29,867	\$ 28,116
Internally developed software, net of accumulated amortization of \$1,898 and \$764, respectively	6,948	5,601
Capitalized commissions on preneed contracts, net of accumulated amortization of \$5,288 and \$4,653, respectively	5,151	4,991
Prepaid agreements not-to-compete, net of accumulated amortization of \$3,875 and \$3,543, respectively	650	923
Non-current prepaid and other intangibles, net of accumulated amortization of \$478 and \$109, respectively	654	1,011
Deferred Compensation	337	—
Intangible and other non-current assets, net including HFS	<u>\$ 43,607</u>	<u>\$ 40,642</u>
Less: Held for sale	<u>—</u>	<u>(215)</u>
Intangible and other non-current assets, net	<u><u>\$ 43,607</u></u>	<u><u>\$ 40,427</u></u>

#### ***Trade names***

During the year ended December 31, 2025, we increased the value of our trade names by \$3.1 million, with \$2.1 million allocated to our funeral home segment and \$1.0 million allocated to our cemetery segment, related to our acquisition of businesses, as more fully described in Note 3 to the Consolidated Financial Statements.

During the year ended December 31, 2025, four of the funeral homes that we sold and one funeral home that was closed and subsequently sold as real property had a carrying value of trade names of \$1.3 million, which was included in the loss on sale and recorded in *Net loss on divestitures and impairment charges* on our Consolidated Statements of Operations.

During the year ended December 31, 2024, two of the funeral homes that we sold had a carrying value of trade names of \$0.2 million, which was included in the loss on sale and recorded in *Net loss on divestitures and impairment charges* on our Consolidated Statements of Operations.

See Notes 1, 3, and 5 to the Consolidated Financial Statements for additional information related to Tradenames.

#### ***Internally Developed Software***

Internally developed software is typically amortized on a straight-line basis over five years. Amortization expense was \$1.1 million for each of the years ended December 31, 2025, and \$0.3 million for each of the years ended December 31, 2024 and 2023.

#### ***Capitalized Commissions***

Amortization expense was \$0.9 million for each of the years ended December 31, 2025 and 2024, and \$0.8 million and for the year ended December 31, 2023.

#### ***Prepaid Agreements Not-to-Compete***

Prepaid agreements not-to-compete are amortized over the term of the respective agreements, generally ranging from one to ten years. Amortization expense was \$0.4 million, \$0.5 million, and \$0.6 million for the years ended December 31, 2025, 2024 and 2023, respectively.

#### ***Non-current Prepaid and Other Intangibles***

Non-current prepaid agreements are related to software licenses that have been prepaid for multiple years. These agreements are amortized on a straight-line basis over the term of the respective agreements, generally ranging from two to three years. Other intangible assets relate to intellectual property and are amortized on a straight-line basis, typically over three years. Amortization expense was \$0.1 million for each of the years ended December 31, 2025 and 2024 and \$37 thousand for the year ended December 31, 2023.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The aggregate amortization expense for our capitalized commissions, prepaid not-to-compete agreements, internal-use software and non-current prepaid and other agreements as of December 31, 2025 is as follows (in thousands):

	<u>Capitalized Commissions</u>	<u>Prepaid Agreements Not-to-compete</u>	<u>Internally Developed Software</u>	<u>Non-current Prepaid and Other Intangibles</u>
Years ending December 31,				
2026	\$ 964	\$ 306	\$ 1,701	\$ 85
2027	906	182	1,704	488
2028	830	118	1,367	51
2029	727	30	1,090	30
2030	623	5	1,086	—
Thereafter	1,101	9	—	—
Total amortization expense	<u>\$ 5,151</u>	<u>\$ 650</u>	<u>\$ 6,948</u>	<u>\$ 654</u>

### 12. CREDIT FACILITY AND ACQUISITION DEBT

At December 31, 2025, our senior secured revolving credit facility (as amended, the “Credit Facility”) was comprised of: (i) a \$250.0 million revolving credit facility, including a \$15.0 million subfacility for letters of credit and a \$10.0 million swingline, and (ii) an accordion or incremental option allowing for future increases in the facility size by an additional amount of up to \$75.0 million in the aggregate in the form of increased revolving commitments or incremental term loans.

Our obligations under the Credit Facility are unconditionally guaranteed on a joint and several basis by the same subsidiaries which guarantee the Senior Notes (as defined in Note 13) and certain of our subsequently acquired or organized domestic subsidiaries (collectively, the “Subsidiary Guarantors”).

On July 31, 2024, the Company entered into a fourth amendment, (the “Credit Facility Amendment”), to our Credit Facility, with the financial institutions party thereto, as lenders, and Bank of America, N.A., as administrative agent. The Credit Facility Amendment provided, among other things, for (i) the extension of the maturity date of the Credit Facility to July 31, 2029, provided that, if the Senior Notes (as defined in the Credit Facility) have a stated maturity date that is prior to July 31, 2029, then the maturity date shall instead be the date that is 91 days prior to the stated maturity date of the Senior Notes; (ii) the establishment of Term Secured Overnight Financing Rate (“SOFR”) as a benchmark rate and the removal of BSBY from the Credit Facility, including conforming revisions to certain defined terms under the Credit Facility; (iii) the conversion of each existing BSBY Rate Loan (as defined in the Credit Facility prior to giving effect to the Credit Facility Amendment) to a Term SOFR Loan (as defined in the Credit Facility); (iv) modifications to the definitions of “Applicable Rate” and “Applicable Fee Rate” to change the applicable rates and pricing levels set forth in each pricing grid; (v) the removal of certain mandatory prepayments arising from the issuance of either Equity Interests or Debt (as both are defined by the Credit Facility); and (vi) modifications to the permitted investments covenant, relating to the Company’s ability to make certain acquisitions, subject to the satisfaction of certain conditions therein.

The Credit Facility contains customary affirmative covenants, including, but not limited to, covenants with respect to the use of proceeds, payment of taxes and other obligations, continuation of the Company’s business and the maintenance of existing rights and privileges, the maintenance of property and insurance, among others.

In addition, the Credit Facility also contains customary negative covenants, including, but not limited to, covenants that restrict (subject to certain exceptions) the ability of the Company and the Subsidiary Guarantors to incur indebtedness, grant liens, make investments, engage in mergers and acquisitions, and pay dividends and other restricted payments, and certain financial maintenance covenants. At December 31, 2025, we were subject to the following financial covenants under our Credit Facility: (A) a Total Leverage Ratio not to exceed 5.00 to 1.00 and (B) a Fixed Charge Coverage Ratio (as defined in the Credit Facility) of not less than 1.20 to 1.00 as of the end of any period of four consecutive fiscal quarters. These financial maintenance covenants are calculated for the Company and its subsidiaries on a consolidated basis. We were in compliance with all of the covenants contained in our Credit Facility at December 31, 2025.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Our Credit Facility and acquisition debt consisted of the following (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Credit Facility	\$ 126,700	\$ 137,000
Debt issuance costs, net of accumulated amortization of \$3,300 and \$2,947, respectively	(1,265)	(1,618)
Total Credit Facility	<u>\$ 125,435</u>	<u>\$ 135,382</u>
Acquisition debt	\$ 6,188	\$ 5,466
Less: current portion	(607)	(571)
Total acquisition debt, net of current portion	<u>\$ 5,581</u>	<u>\$ 4,895</u>

At December 31, 2025, we had outstanding borrowings under the Credit Facility of \$126.7 million. We also had one letter of credit for \$2.2 million under the Credit Facility. The letter of credit will expire on November 25, 2026, and is expected to automatically renew annually and secures our obligations under our various self-insured policies. At December 31, 2025, we had \$121.1 million of availability under the Credit Facility.

Outstanding borrowings under our Credit Facility bear interest at a prime rate or the SOFR rate, plus an applicable margin based on our leverage ratio. At December 31, 2025, the prime rate margin was equivalent to 1.13% and the SOFR term margin was 2.50%. The weighted average interest rate on our Credit Facility was 6.7% and 8.7% for the years ended December 31, 2025 and 2024, respectively.

We have no material assets or operations independent of the Subsidiary Guarantors, as all of our assets and operations are held and conducted by the Subsidiary Guarantors. Additionally, we do not currently have any significant restrictions on our ability to receive dividends or loans from any Subsidiary Guarantors.

The interest expense and amortization of debt issuance costs related to our Credit Facility are as follows (in thousands):

	<u>Year ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Credit Facility interest expense	\$ 8,948	\$ 13,390	17,251
Credit Facility amortization of debt issuance costs	353	469	552

Acquisition debt consists of deferred purchase price and promissory notes payable to sellers. A majority of the deferred purchase price and notes bear no interest and are discounted at imputed interest rates ranging from 6.5% to 8.5%. Original maturities typically range from nine to twenty years.

The imputed interest expense related to our acquisition debt is as follows (in thousands):

	<u>Year ended December 31,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Acquisition debt imputed interest expense	367	406	291

The aggregate maturities of our Credit Facility and acquisition debt for the next five years subsequent to December 31, 2025 and thereafter, excluding debt issuance costs, are as follows (in thousands):

	<u>Credit Facility</u>	<u>Acquisition Debt</u>
<b>Years ending December 31,</b>		
2026	\$ —	\$ 691
2027	—	691
2028	—	691
2029	126,700	691
2030	—	691
Thereafter	—	5,947
Total Credit Facility and acquisition debt	<u>\$ 126,700</u>	<u>\$ 9,402</u>
Less: Interest	—	(3,214)
Present value of Credit Facility and acquisition debt	<u>\$ 126,700</u>	<u>\$ 6,188</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. SENIOR NOTES

At December 31, 2025, we had \$400.0 million in aggregate principal amount of 4.25% Senior Notes due 2029 (the “Senior Notes”) and related guarantees by the Subsidiary Guarantors, which were issued in a private offering under Rule 144A and Regulation S of the Securities Act.

The Senior Notes were issued under an indenture, dated as of May 13, 2021 (the “Indenture”), among the Company, the Subsidiary Guarantors and Wilmington Trust, National Association, as trustee (“Collateral Trustee”). The Senior Notes are unsecured, senior obligations and are fully and unconditionally guaranteed on a senior unsecured basis, jointly and severally by each of the Subsidiary Guarantors. The Senior Notes mature on May 15, 2029, unless earlier redeemed or purchased and bear interest at 4.25% per year, which is payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2021.

We may redeem the Senior Notes, in whole or in part, at the redemption price of 100% on or after May 15, 2026, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

If a “change of control” occurs, holders of the Senior Notes will have the option to require us to purchase for cash all or a portion of their Senior Notes at a price equal to 101% of the principal amount of the Senior Notes, plus accrued and unpaid interest. In addition, if we make certain asset sales and do not reinvest the proceeds thereof or use such proceeds to repay certain debt, we will be required to use the proceeds of such asset sales to make an offer to purchase the Senior Notes at a price equal to 100% of the principal amount of the Senior Notes, plus accrued and unpaid interest.

The Indenture contains restrictive covenants limiting our ability and our Restricted Subsidiaries (as defined in the Indenture) to, among other things, incur additional indebtedness or issue certain preferred shares, create liens on certain assets to secure debt, pay dividends or make other equity distributions, purchase or redeem capital stock, make certain investments, sell assets, agree to certain restrictions on the ability of Restricted Subsidiaries to make payments to us, consolidate, merge, sell or otherwise dispose of all or substantially all assets, or engage in transactions with affiliates. The Indenture also contains customary events of default.

The debt discount and the debt issuance costs are being amortized using the effective interest method over the remaining term of 41 months of the Senior Notes. The effective interest rate on the unamortized debt discount and the unamortized debt issuance costs for the Senior Notes for each of the years ended December 31, 2025 and 2024 was 4.42%.

The carrying value of our Senior Notes is reflected on our Consolidated Balance Sheets as follows (in thousands):

The carrying value of our 4.25% senior notes due 2029 (the “Senior Notes”) is reflected on our Consolidated Balance Sheets as follows (in thousands):

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Principal amount	\$ 400,000	\$ 400,000
Debt discount, net of accumulated amortization of \$2,411 and \$1,848, respectively	(2,089)	(2,652)
Debt issuance costs, net of accumulated amortization of \$685 and \$526, respectively	(592)	(751)
Carrying value of the Senior Notes	\$ 397,319	\$ 396,597

At December 31, 2025, the fair value of the Senior Notes, which are Level 2 measurements, was \$385.7 million.

The Senior Notes were issued under an indenture, dated as of May 13, 2021 (the “Indenture”), among the Company, the Subsidiary Guarantors and Wilmington Trust, National Association, as trustee. The Senior Notes are unsecured, senior obligations and are fully and unconditionally guaranteed on a senior unsecured basis, jointly and severally by each of the Subsidiary Guarantors. The Senior Notes mature on May 15, 2029, unless earlier redeemed or purchased and bear interest at 4.25% per year, which is payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2021.

The Indenture contains restrictive covenants limiting our ability and our Restricted Subsidiaries (as defined in the Indenture) to, among other things, incur additional indebtedness or issue certain preferred shares, create liens on certain assets to secure debt, pay dividends or make other equity distributions, purchase or redeem capital stock, make certain investments, sell assets, agree to certain restrictions on the ability of Restricted Subsidiaries to make payments to us, consolidate, merge, sell or otherwise dispose of all or substantially all assets, or engage in transactions with affiliates. The Indenture also contains customary events of default.

The interest expense and amortization of debt discount and debt issuance costs related to our Senior Notes are as follows (in thousands):

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

	Year ended December 31,		
	2025	2024	2023
Senior Notes interest expense	\$ 17,000	\$ 17,000	\$ 17,000
Senior Notes amortization of debt discount	563	539	515
Senior Notes amortization of debt issuance costs	159	153	147

The aggregate maturities of our Senior Notes for the next five years subsequent to December 31, 2025 and thereafter are as follows (in thousands):

	Principal Maturity	Discount Amortization	Carrying Value
<b>Years ending December 31,</b>			
2026	\$ —	\$ (588)	\$ (588)
2027	—	(615)	(615)
2028	—	(642)	(642)
2029	400,000	(244)	399,756
2030	—	—	—
Thereafter	—	—	—
<b>Total</b>	<b>\$ 400,000</b>	<b>\$ (2,089)</b>	<b>\$ 397,911</b>

**14. LEASES**

Our lease obligations consist of operating and finance leases related to real estate, vehicles and equipment. The components of lease cost are as follows (in thousands):

	Income Statement Classification	Years Ended December 31,		
		2025	2024	2023
Operating lease cost	Facilities and grounds expense <sup>(1)</sup>	\$ 3,865	\$ 3,998	\$ 3,526
Short-term lease cost	Facilities and grounds expense <sup>(1)</sup>	277	232	372
Variable lease cost	Facilities and grounds expense <sup>(1)</sup>	183	380	234
Finance lease cost:				
Depreciation of leased assets	Depreciation and amortization <sup>(2)</sup>	\$ 543	511	541
Interest on lease liabilities	<i>Interest expense</i>	967	506	500
Total finance lease cost		1,510	1,017	1,041
Total lease cost		<b>\$ 5,835</b>	<b>\$ 5,627</b>	<b>\$ 5,173</b>

(1) Facilities and grounds expense is included within *Cost of service* and *General, administrative, and other* on our Consolidated Statements of Operations.

(2) Depreciation and amortization expense is included within *Field depreciation expense* and *General, administrative, and other* on our Consolidated Statements of Operations.

Supplemental cash flow information related to our leases is as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Cash paid for operating leases included in operating activities	\$ 4,833	\$ 4,325	\$ 3,779
Cash paid for finance leases included in financing activities	642	1,083	1,153

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Right-of-use assets obtained in exchange for new leases are as follows (in thousands):

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 1,501	\$ 1,224
Right-of-use assets obtained in exchange for new finance lease liabilities	3,761	1,027

Supplemental balance sheet information related to leases is as follows (in thousands):

<b>Lease Type</b>	<b>Balance Sheet Classification</b>	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Operating lease right-of-use assets	<i>Operating lease right-of-use assets</i>	\$ 12,045	\$ 14,953
Finance lease right-of-use assets	<i>Property, plant, and equipment, net</i>	\$ 12,174	\$ 8,564
Accumulated depreciation	<i>Property, plant, and equipment, net</i>	(3,817)	(3,214)
Finance lease right-of-use assets, net		\$ 8,357	\$ 5,350
Operating lease current liabilities	<i>Current portion of operating lease obligations</i>	\$ 3,084	\$ 2,810
Finance lease current liabilities	<i>Current portion of finance lease obligations</i>	605	533
Total current lease liabilities	<i>Total current lease liabilities</i>	\$ 3,689	\$ 3,343
Operating lease non-current liabilities	<i>Obligations under operating leases, net of current portion</i>	\$ 10,538	\$ 14,035
Finance lease non-current liabilities	<i>Obligations under finance leases, net of current portion</i>	9,339	6,045
Total non-current lease liabilities	<i>Total non-current lease liabilities</i>	\$ 19,877	\$ 20,080
Total lease liabilities		<u>\$ 23,566</u>	<u>\$ 23,423</u>

The average lease terms and discount rates at December 31, 2025 are as follows:

	<b>Weighted-average remaining lease term (years)</b>	<b>Weighted-average discount rate</b>
Operating leases	6.0	8.2 %
Finance leases	22.4	8.7 %

The aggregate future lease payments for non-cancelable operating and finance leases at December 31, 2025 are as follows (in thousands):

	<b>Operating</b>	<b>Finance</b>
Lease payments due:		
2026	\$ 4,008	\$ 1,681
2027	3,838	1,676
2028	3,518	1,184
2029	2,873	1,093
2030	813	1,108
Thereafter	1,831	15,663
Total lease payments	\$ 16,881	\$ 22,405
Less: Interest	(3,259)	(12,461)
Present value of lease liabilities, including HFS	<u>\$ 13,622</u>	<u>\$ 9,944</u>

At December 31, 2025, we had no significant operating or finance leases that had not yet commenced.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15. COMMITMENTS AND CONTINGENCIES

#### *Non-Compete, Consulting, and Employment Agreements*

We have various non-compete agreements with former owners and employees. These agreements are generally for one to ten years and provide for periodic future payments over the term of the agreements.

We have various consulting agreements with former owners of businesses we have acquired. Payments for such agreements are generally not made in advance. These agreements are generally for one to ten years and provide for bi-weekly or monthly payments.

We have employment agreements with our executive officers. These agreements are generally for two to five years and provide for participation in various incentive compensation arrangements. These agreements generally renew automatically on an annual basis after their initial term has expired.

At December 31, 2025, the maximum estimated future cash commitments under these agreements with remaining commitment terms, and with original terms of more than one year, are as follows (in thousands):

	<u>Non-Compete</u>	<u>Consulting<sup>(1)</sup></u>	<u>Employment<sup>(1)</sup></u>	<u>Total</u>
<b>Years ending December 31,</b>				
2026	\$ 1,226	\$ 1,017	\$ 3,754	\$ 5,997
2027	795	685	—	1,480
2028	361	391	—	752
2029	240	20	—	260
2030	145	20	—	165
Thereafter	363	35	—	398
<b>Total</b>	<u>\$ 3,130</u>	<u>\$ 2,168</u>	<u>\$ 3,754</u>	<u>\$ 9,052</u>

(1) In connection with Mr. Payne's transition from Executive Chairman of the Board of Directors to serving as a special advisor to the Board of Directors, his employment agreement with the Company was terminated and he entered into a Transition Agreement, dated effective February 22, 2024.

#### *Defined Contribution Plan*

We sponsor a defined contribution plan, a 401K plan, for the benefit of our employees. Matching contributions and plan administrative expenses totaled \$3.1 million, \$2.9 million, and \$2.8 million for the year ended December 31, 2025, 2024 and 2023, respectively. We do not offer any post-retirement or post-employment benefits.

#### *Litigation*

We are a party to various litigation matters and proceedings. For each of our outstanding legal matters, we evaluate the merits of the case, our exposure to the matter, possible legal or settlement strategies, and the likelihood of an unfavorable outcome. If we determine that an unfavorable outcome is probable and can be reasonably estimated, we establish the necessary accruals. We hold certain insurance policies that may reduce cash outflows with respect to an adverse outcome of certain of these litigation matters.

*Denning v. Carriage Services, Inc., et al.*, Superior Court of California, Ventura County, Case No. 2024 CU OE 028098. On July 29, 2024, a wage and hour class action was filed against the Company and several of its subsidiaries. Plaintiff, a former employee, seeks monetary damages on behalf of herself and other similarly situated current and former non-exempt employees as the putative class for the alleged failure to pay legally mandated compensation and reimbursement expenses. As of December 31, 2025, we are unable to reasonably estimate the possible loss or ranges of loss, if any. The prospective class has not been certified by a court of competent jurisdiction and the Company intends to vigorously defend itself in all respects.

*Frost v. Rolling Hills Memorial Park*, Superior Court of California, Contra Costa County, Case No. C24-02653. On October 4, 2024, a consumer class action was filed against the Company's subsidiary, Rolling Hills Memorial Park. Plaintiff, an owner of an interment right and purchaser of merchandise and services from Rolling Hills Memorial Park, seeks monetary damages on behalf of herself and other similarly situated current and former consumers and owners of interment rights as the putative class for the alleged failure to properly set cemetery merchandise and maintain the perpetual care cemetery. As of December 31, 2025, we are unable to reasonably estimate the possible loss or ranges of loss, if any. The prospective class has not been certified by a court of competent jurisdiction and the Company intends to vigorously defend itself in all respects.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**16. INCOME TAXES**

U.S. income from continuing operations before income tax expense was \$70.3 million, \$50.1 million, and \$46.4 million for the year ended December 31, 2025, 2024, and 2023, respectively. The provision for income taxes consisted of the following (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Current:			
U.S. federal provision	\$ 10,500	\$ 13,902	\$ 7,862
State provision	4,275	3,923	1,847
Total current provision	\$ 14,775	\$ 17,825	\$ 9,709
Deferred:			
U.S. federal (benefit) provision	\$ 4,507	\$ (1,338)	\$ 2,117
State provision (benefit)	(526)	640	1,190
Total deferred (benefit) provision	\$ 3,981	\$ (698)	\$ 3,307
Total income tax provision	\$ 18,756	\$ 17,127	\$ 13,016

A reconciliation of income taxes calculated at the U.S. federal statutory rate to those reflected in the Consolidated Statements of Operations is as follows (dollars in thousands):

	Years Ended December 31,					
	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
Federal statutory rate	\$ 14,755	21.0 %	\$ 10,517	21.0 %	\$ 9,750	21.0 %
Effect of state income taxes, net of federal benefit	2,961	4.2	3,655	7.3	2,396	5.2
Effect of non-taxable or non-deductible expenses, net						
162(m) Officers' Compensation Limitation	2,075	3.0	1,717	3.4	332	0.7
Restricted stock and performance awards	(2,097)	(3.0)	72	0.1	(4)	—
Divestiture and impairment of business	775	1.1	219	0.4	—	—
ESPP and stock options	(376)	(0.5)	601	1.2	157	0.3
Other adjustments	663	0.9	346	0.8	385	0.8
Total	\$ 18,756	26.7 %	\$ 17,127	34.2 %	\$ 13,016	28.0 %

We are subject to taxation in the U.S. and various state jurisdictions. In 2025, state and local income taxes in California comprise the majority of the effect of state income taxes, net of federal benefit category. In 2024, and 2023, state and local income taxes in California and Virginia comprise the majority of the effect of state income taxes, net of federal benefit category. Income taxes paid by jurisdiction is as follows (in thousands):

	Years Ended December 31,		
	2025	2024	2023
U.S. federal	\$ 12,200	\$ 13,178	\$ 7,720
U.S. state and local			
California	1,919	1,398	573
Virginia <sup>(1)</sup>	981	—	683
All other states	1,890	2,078	1,472
Total income taxes paid	\$ 16,990	\$ 16,654	\$ 10,448

(1) The blank cells indicate that the amount of income tax paid during the year is either immaterial or does not meet the 5% disaggregation threshold.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The tax effects of temporary differences from total operations that give rise to significant deferred tax assets and liabilities are as follows (in thousands):

	Years Ended December 31,	
	2025	2024
Deferred income tax assets:		
Net operating loss carryforwards	\$ 435	\$ 483
Interest expense limitation	5,281	7,350
Tax credit carryforwards	51	51
State depreciation	913	1,096
Accrued and other liabilities	7,738	9,787
Amortization of non-compete agreements	803	875
Preneed assets, net	373	312
Lease liabilities	5,726	4,135
Total deferred income tax assets	21,320	24,089
Less: valuation allowance	(111)	(156)
Total deferred income tax assets	21,209	23,933
Deferred income tax liabilities:		
Depreciation and amortization	\$ (68,082)	\$ (69,730)
Right-of-use assets	(5,964)	(3,670)
Prepaid assets and other	(2,572)	(1,962)
Total deferred income tax liabilities	(76,618)	(75,362)
Total net deferred tax liabilities	\$ (55,409)	\$ (51,429)

Our deferred tax assets and liabilities, along with related valuation allowances, are classified as non-current on our Consolidated Balance Sheets at December 31, 2025 and 2024. We record a valuation allowance to reflect the estimated amount of deferred tax assets for which realization is uncertain. Management reviews the valuation allowance at the end of each quarter and makes adjustments if it is determined that it is more-likely-than not that the tax benefits will be realized. We recognized an immaterial net decrease in our valuation allowance during the years ended December 31, 2025 and 2024.

For state reporting purposes, we have \$8.7 million of net operating loss carryforwards that will expire between 2026 and 2043, if not utilized. Based on management's assessment of the various state net operating losses, it was determined that it is more-likely-than not that we will be able to realize tax benefits on some portion of the amount of the state losses. The valuation allowance at December 31, 2025 was attributable to the deferred tax asset related to a portion of the state operating losses.

We analyze tax benefits for uncertain tax positions and how they are to be recognized, measured, and derecognized in financial statements; provide certain disclosures of uncertain tax matters; and specify how reserves for uncertain tax positions should be classified on our Consolidated Balance Sheets. The deferred tax assets recognized for those net operating losses ("NOLs") are presented net of these unrecognized tax benefits.

At December 31, 2025, the Company's unrecognized tax benefit for uncertain tax positions primarily relates to the uncertainty of receiving audit protection for revenue recognition of cemetery property for the benefit derived from carrying back losses generated in 2018 to tax years with a higher effective tax rate than the current 21.0% rate. Our unrecognized tax benefit for the years ended December 31, 2025 and 2024 was \$3.6 million and \$3.5 million, respectively.

A reconciliation of the beginning and ending amount of unrecognized tax benefit is as follows (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Unrecognized tax benefit at beginning of year	\$ 3,471	\$ 3,382	\$ 3,294
Gross decreases - tax positions in prior period	162	—	88
Gross increases - tax positions in current period	—	89	—
Unrecognized tax benefit at end of year	\$ 3,633	\$ 3,471	\$ 3,382

Our total unrecognized tax benefits that, if recognized, would affect our effective tax rates were \$3.6 million, \$3.5 million, and \$3.4 million as of December 31, 2025, 2024 and 2023, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

We accrued interest of \$0.2 million during 2025 and in total, as of December 31, 2025, recognized a liability related to the unrecognized tax benefit noted above for interest of \$0.5 million. During 2024, we accrued interest of \$0.1 million and in total, as of December 31, 2024, recognized a liability for interest of \$0.4 million.

As of December 31, 2025, tax years 2013 to 2016, 2018, and 2022 to current are subject to examination by taxing authorities. In 2017, we filed amended returns for the tax years ending December 31, 2013, 2014, 2015, resulting in \$1.9 million in refunds. These amended returns were selected for a limited scope audit. Additionally, losses incurred in the tax years ending December 31, 2018, and 2019 were carried back to the tax years 2015 and 2016, generating refunds exceeding \$5.0 million, which require Joint Committee approval. In late 2024, the refunds for the tax years 2013, 2014, and 2015 were received; however, the Company continues to be under examination.

### 17. STOCKHOLDERS' EQUITY

#### *Share Authorization*

We are authorized to issue 80,000,000 shares of common stock, \$0.01 per share par value. We had 27,378,870 and 26,881,355 shares issued and 15,751,052 and 15,253,537 shares outstanding, net of 11,627,818 shares held in treasury at par, at December 31, 2025 and 2024, respectively.

#### *Stock Based Compensation Plans*

During the year ended December 31, 2025, we had two stock benefits plans in effect under which stock, restricted stock, stock options, and performance awards have been granted or remain outstanding: the Second Amended and Restated 2006 Long-Term Incentive Plan (as amended, the "Amended and Restated 2006 Plan") and the 2017 Omnibus Incentive Plan (as amended, the "2017 Plan"). The Amended and Restated 2006 Plan was terminated upon the approval of the 2017 Plan at the annual stockholders meeting on May 17, 2017. The 2017 Plan expires on May 17, 2027. All stock-based plans are administered by the Compensation Committee appointed by our Board of Directors (the "Board").

At December 31, 2025, we had 2,740,182 shares available to issue under our 2017 Plan. The termination of the Amended and Restated 2006 Plan does not affect the awards previously issued and outstanding.

#### *Restricted Stock*

Restricted stock activity is as follows (in thousands, except shares):

	Years Ended December 31,					
	2025		2024		2023	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
Granted <sup>(1)</sup>	114,684	\$ 4,764	156,630	\$ 3,834	142,020	\$ 4,634
Returned for payroll taxes	28,656	\$ 1,168	16,354	\$ 419	1,473	\$ 50
Cancelled	10,004	\$ 357	55,050	\$ 1,623	1,826	\$ 61

(1) Restricted stock granted during the year ended December 31, 2025, 2024 and 2023 will vest over a three-year period, if the employee has remained continuously employed by us during the vesting period, at a weighted average stock price of \$41.54, \$24.48 and \$32.63, respectively.

A summary of the number of unvested restricted stock awards and their weighted average grant date fair values during the year ended December 31, 2025 is presented in the table below:

<b>Restricted stock awards</b>	<b>Shares</b>	<b>Weighted Average Grant Date Fair Value</b>
Unvested at January 1	196,480	\$ 27.01
Granted	114,684	\$ 41.54
Vested	(75,600)	\$ 27.77
Cancelled	(10,004)	\$ 35.73
Unvested at December 31	<u>225,560</u>	<u>\$ 33.76</u>

We recorded stock-based compensation expense, which is included in *Regional and unallocated funeral and cemetery costs* and *General, administrative and other* expenses, for restricted stock awards of \$3.3 million, \$2.0 million and \$1.4 million for the years ended December 31, 2025, 2024 and 2023, respectively.

At December 31, 2025, we had \$7.6 million of total unrecognized compensation costs related to unvested restricted stock awards, which are expected to be recognized over a weighted average period of 1.5 years.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**Stock Options**

Stock option grants and cancellations are as follows (in thousands, except shares):

	Years Ended December 31,					
	2025		2024		2023	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
Granted <sup>(1)</sup>	—	\$ —	370,590	\$ 3,830	214,191	\$ 2,506
Cancelled	22,190	\$ 273	532,266	\$ 6,311	105,150	\$ 1,380

(1) Stock options granted during the years ended December 31, 2024 and 2023 had a weighted average price of \$24.48 and \$32.69, respectively. The fair value of these options was calculated using the Black-Scholes option pricing model. The options granted in 2024 and 2023 vest over a three-year period and have a ten-year term.

Additional stock option activity is as follows (in thousands, except shares):

	Years Ended December 31,					
	2025		2024		2023	
	Shares	Cash	Shares	Cash	Shares	Cash
Exercised <sup>(1)</sup>	324,497	\$ 584	97,548	\$ 1,439	74,200	N/A
Returned for option price <sup>(2)</sup>	191,280	\$ 8,547	28,882	\$ 1,113	56,957	—
Returned for payroll taxes <sup>(3)</sup>	34,969	\$ 1,446	4,482	\$ 174	5,486	\$ 174

(1) Stock options exercised during the years ended December 31, 2025, 2024, and 2023 had a weighted average exercise price of \$27.46, \$26.12 and \$23.98, respectively.

(2) Represents shares withheld/cash received for the payment of the option price.

(3) Represents shares withheld/cash paid for the payment of payroll taxes.

Stock options are granted with an exercise price equal to the closing price of our common stock on the date of grant. All of the options granted and outstanding under this plan have either a seven or ten-year term. We utilized the Black-Scholes option pricing model for estimating the fair value of our stock options. These models allow for the use of a range of assumptions related to volatility, risk-free interest rate, expected holding period and dividend yield. The expected volatility utilized in these valuation models is based on the historical volatility of our stock price. The dividend yield and expected holding period are based on historical experience and management's estimate of future events. The risk-free interest rate is derived from the U.S. Treasury yield curve based on the expected life of the option in effect at the time of grant.

The fair value of the options granted using the Black-Scholes option pricing model was estimated on the date of grant with the following assumptions:

	Years Ended December 31,	
	2024	2023
Grant date	February 21	February 22
Expected holding period (years)	6.0	4.0
Awards granted	370,590	214,191
Dividend yield	1.79 %	1.38 %
Expected volatility	43.59 %	43.68 %
Risk-free interest rate	4.31 %	4.27 %
Black-Scholes value	\$10.34	\$11.70

A summary of the number of stock options and their weighted average exercise prices during the year ended December 31, 2025 is presented in the table below (shares in thousands):

	Shares	Wtd. Avg. Ex. Price
Outstanding at January 1	1,344	\$ 32.39
Exercised	(324)	\$ 27.46
Forfeited or expired	(23)	\$ 36.97
Outstanding at December 31	997	\$ 33.89
Exercisable at December 31	556	\$ 34.08

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

A summary of the number of stock options and their weighted average grant date fair values during the year ended December 31, 2025 is presented in the table below (shares in thousands):

	Shares	Wtd. Avg. Fair Value
Non-vested at January 1	727	\$ 11.98
Vested or exercised	(268)	\$ 11.35
Forfeited	(18)	\$ 11.45
Non-vested at December 31	441	\$ 12.34

A summary of the intrinsic value of stock options exercised and the fair value of stock options vested for the three years ended December 31, 2025 is presented in the table below (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Intrinsic value of options exercised	\$ 5,053	\$ 647	\$ 538
Fair value of stock options vested	6,258	5,825	6,003

The following table further describes our outstanding stock options at December 31, 2025:

Actual Ranges of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding at 12/31/25	Weighted- Average Remaining Contractual Life	Weighted- Average Exercise Price	Number Exercisable at 12/31/25	Weighted- Average Remaining Contractual Life	Weighted- Average Exercise Price
\$18.02 - \$18.02	13,333	4.48	\$ 18.02	13,333	4.48	\$ 18.02
\$20.06 - \$26.54	353,520	7.10	\$ 24.75	145,220	5.61	\$ 25.14
\$31.58 - \$31.58	12,600	6.74	\$ 31.58	12,600	6.74	\$ 31.58
\$32.69 - \$49.48	617,945	5.88	\$ 39.51	385,246	5.77	\$ 38.08
\$18.02 - \$49.48	997,398	6.31	\$ 33.89	556,399	5.72	\$ 34.08

The aggregate intrinsic value of the outstanding and exercisable stock options were both \$10.0 million and \$5.3 million, respectively, at December 31, 2025. We had \$3.0 million of unrecognized compensation cost related to unvested stock options expected to be recognized over a weighted average period of 2.1 years at December 31, 2025.

We recorded stock-based compensation expense, which is included in *Regional and unallocated funeral and cemetery costs* and *General, administrative and other* expenses, for stock options \$2.9 million, \$2.5 million, and \$2.9 million, for the years ended December 31, 2025, 2024, and 2023, respectively.

### Performance Awards

During the year ended December 31, 2025, we granted performance awards to our executive leadership team payable in shares. These awards will vest, if at all, provided that certain predetermined performance metrics related to the Company's adjusted consolidated EBITDA (adjusted earnings before interest tax depreciation and amortization) are achieved during the period commencing on the grant date, March 7, 2025, through March 31, 2028, subject to certification by the Compensation Committee of the Board of Directors ("Board") and the individual remaining continuously employed by us through such date.

Performance award activity is as follows (in thousands, except shares):

	Years Ended December 31,					
	2025		2024		2023	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
Granted	90,894	\$ 3,508	—	\$ —	—	\$ —
Returned for payroll taxes	142,070	\$ 5,662	—	\$ —	—	\$ —
Cancelled	58,013	\$ 2,423	80,276	\$ 871	54,229	\$ 1,565

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

A summary of the number of performance awards and their weighted average grant date fair values during the year ended December 31, 2025 is presented in the table below:

<u>Performance Awards</u>	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
At January 1	297,531	\$ 22.23
Granted	90,894	\$ 38.59
Vested	(239,518)	17.50
Cancelled	(58,013)	\$ 41.77
At December 31	<u>90,894</u>	<u>\$ 38.59</u>

At December 31, 2025, we had \$3.5 million of total unrecognized compensation costs related to performance awards, which are expected to be recognized over a weighted average period of 2.2 years.

We recorded stock-based compensation expense, which is included in *Regional and unallocated funeral and cemetery costs* and *General, administrative and other* expenses, for performance awards of \$1.0 million, \$1.1 million, and \$1.6 million during the years ended December 31, 2025, 2024, and 2023, respectively.

### **Employee Stock Purchase Plan**

We provide all employees the opportunity to purchase common stock through payroll deductions in our ESPP. Purchases are made quarterly; the price being 85% of the lower of the price on the first day of the plan entry date (beginning of the fiscal year) or the actual date of purchase (end of quarter).

ESPP activity is as follows:

	<u>Years Ended December 31,</u>					
	<u>2025</u>		<u>2024</u>		<u>2023</u>	
	<u>Shares</u>	<u>Price</u>	<u>Shares</u>	<u>Price</u>	<u>Shares</u>	<u>Price</u>
ESPP	34,208	\$ 33.09	55,850	\$ 21.26	63,372	\$ 23.58

We recorded stock-based compensation expense, which is included in *Regional and unallocated funeral and cemetery costs* and *General, administrative and other* expenses, for our ESPP of \$0.3 million, \$0.4 million, and \$0.6 million during the years ended December 31, 2025, 2024, and 2023, respectively.

The fair values of the right to purchase shares under the ESPP are estimated at the date of purchase with the four quarterly purchase dates using the following assumptions:

	<u>Years Ended December 31,</u>					
	<u>2025</u>		<u>2024</u>		<u>2023</u>	
Dividend yield	1.05 %		1.51 %		1.30 %	
Expected volatility	28.8 %		41.2 %		53.5 %	
Risk-free interest rate	4.36%, 4.25%, 4.21%, 4.17%		5.46%, 5.24%, 5.02%, 4.80%		4.53%, 4.77%, 4.75%, 4.72%	
Expected life (years)	0.25, 0.50, 0.75, 1.00		0.25, 0.50, 0.75, 1.00		0.25, 0.50, 0.75, 1.00	

Expected volatilities are based on the historical volatility during the previous twelve months of the underlying common stock. The risk-free rate for the quarterly purchase periods is based on the U.S. Treasury yields in effect at the time of purchase. The expected life of the ESPP grants represents the calendar quarters from the beginning of the year to the purchase date (end of each quarter).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### Common Stock

#### Former Employee

Common stock activity is as follows (in thousands, except shares):

	Years Ended December 31,					
	2025		2024		2023	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
Granted <sup>(1)</sup>	—	\$ —	—	\$ —	30,000	\$ 826
Returned for payroll taxes	—	\$ —	—	\$ —	1,001	\$ 28

(1) During the year ended December 31, 2023, we issued 30,000 shares of common stock to a former executive at a stock price of \$27.54, in accordance with his Separation and Release Agreement pertaining to his resignation from his position as the Company's Executive Vice President, Chief Financial Officer & Treasurer effective January 2, 2023.

We recorded stock-based compensation expense, which is included in General, administrative, and other expenses, for common stock awards of \$0.8 million, for the year ended December 31, 2023.

#### Good to Great Incentive Program

Common stock issued to certain employees under this incentive program is as follows (in thousands, except shares):

	Years Ended December 31,					
	2025		2024		2023	
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value
	11,958	\$ 497	31,470	\$ 790	8,444	\$ 276

(1) Common stock granted during the year ended December 31, 2025, 2024, and 2023 had a grant date stock price of \$41.54, \$25.08, and \$32.69, respectively.

### Share Repurchase Program

Our shares were purchased in the open market at times and in amounts as management determined appropriate based on factors such as market conditions, legal requirements and other business considerations. Shares purchased pursuant to the repurchase program are currently held as treasury stock. No shares were repurchased during the years ended December 31, 2025, 2024, and 2023. At December 31, 2025, our share repurchase program had \$48.9 million authorized for repurchases.

## 18. EARNINGS PER SHARE

The following table sets forth the computation of the basic and diluted earnings per share (in thousands, except per share data):

	Year ended December 31,		
	2025	2024	2023
<b>Numerator for basic and diluted earnings per share:</b>			
Net income	\$ 51,507	\$ 32,953	\$ 33,413
Less: Earnings allocated to unvested restricted stock	(687)	(432)	(306)
Income attributable to common stockholders	\$ 50,820	\$ 32,521	\$ 33,107
<b>Denominator:</b>			
Denominator for basic earnings per common share – weighted average shares outstanding	15,428	14,971	14,803
Effect of dilutive securities:			
Stock options	206	56	55
Performance awards	—	416	597
Denominator for diluted earnings per common share – weighted average shares outstanding	15,634	15,443	15,455
Basic earnings per common share:	\$ 3.29	\$ 2.17	\$ 2.24
Diluted earnings per common share:	\$ 3.25	\$ 2.10	\$ 2.14

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Stock options excluded from the computation of diluted earnings per share because the inclusion of such stock options would result in an antidilutive effect are as follows (in thousands):

	Year ended December 31,		
	2025	2024	2023
Antidilutive stock options	223	1,143	1,208

Share-based awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities and included in the computation of both basic and diluted earnings per share. Our grants of stock awards to our employees are considered participating securities and we have prepared our earnings per share calculations to exclude earnings allocated to unvested restricted stock awards, using the two-class method, in the basic and diluted weighted average shares outstanding calculation.

### 19. SEGMENT REPORTING

Our Chief Operating Decision Maker (the “CODM”), who is the Chief Executive Officer, utilizes segment operating income (loss) for resource allocation across segments, particularly during the annual budgeting and forecasting processes. The CODM examines variances on a monthly basis to make informed decisions regarding capital and personnel distribution among segments.

The tables below present revenue, disaggregated by major source for each of our reportable segments, as well as, significant segment expenses, other segment expenses, operating income (loss), depreciation and amortization, interest expense, income (loss) before income taxes, income tax expense (benefit), total assets, long-lived assets, goodwill, capital expenditures and number of operating locations by segment as follows, (in thousands, except number of operating locations) for the years ended December 31, 2025, 2024, and 2023, respectively:

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

<b>Year Ended, December 31, 2025</b>	<b>Funeral</b>	<b>Cemetery</b>	<b>Corporate</b>	<b>Total</b>
<b>Revenue</b>				
Services	\$ 171,118	\$ 20,160	\$ —	\$ 191,278
Merchandise	76,649	17,100	—	93,749
Cemetery property	—	94,754	—	94,754
Other revenue	21,445	16,214	—	37,659
Total revenue	<u>269,212</u>	<u>148,228</u>	<u>—</u>	<u>417,440</u>
<b>Less:</b>				
Salaries, benefits, and commission expenses	70,414	42,147	—	112,561
Cost of merchandise	21,160	8,194	—	29,354
Allocated overhead costs <sup>(1)</sup>	12,658	5,127	—	17,785
Facilities and grounds expenses	11,316	6,204	—	17,520
General and administrative expenses <sup>(2)</sup>	11,176	3,840	—	15,016
Other segment expenses <sup>(3)</sup>	57,744	21,155	48,648	127,547
Operating income (loss)	<u>\$ 84,744</u>	<u>\$ 61,561</u>	<u>\$ (48,648)</u>	<u>\$ 97,657</u>
Interest expense	\$ 1,318	\$ 17	\$ 27,030	\$ 28,365
Depreciation and amortization	\$ 11,252	\$ 11,303	\$ 1,952	\$ 24,507
Income (loss) before income taxes	\$ 85,874	\$ 64,413	\$ (80,024)	\$ 70,263
Income tax expense (benefit)	\$ 22,924	\$ 17,195	\$ (21,363)	\$ 18,756
Total assets	\$ 786,968	\$ 534,403	\$ 24,534	\$ 1,345,905
Long-lived assets	\$ 634,568	\$ 228,898	\$ 10,816	\$ 874,282
Goodwill	\$ 355,752	\$ 72,145	\$ —	\$ 427,897
Capital expenditures	\$ 3,826	\$ 13,600	\$ 3,202	\$ 20,628
Number of operating locations at year end	155	28	—	183

(1) Allocated overhead costs include: property insurance costs, property tax expenses, and corporate overhead fees allocated to the field, such as information technology, human resources, legal, and finance.

(2) General and administrative expenses include: professional services, travel and meals expenses, computer software expenses, and office supplies.

(3) The Corporate segment's other segment expenses primarily include general, administrative, and other expenses, net loss on divestitures and impairment charges and amortization and depreciation expenses. The Funeral and Cemetery segment's other segment expenses primarily include transportation costs, other funeral costs, non-payroll related promotional costs, net loss on divestitures and impairment charges, and amortization and depreciation expenses.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

<b>Year Ended December 31, 2024</b>	<b>Funeral</b>	<b>Cemetery</b>	<b>Corporate</b>	<b>Total</b>
<b>Revenue</b>				
Services	\$ 163,696	\$ 19,355	\$ —	\$ 183,051
Merchandise	81,036	17,482	—	98,518
Cemetery property	—	88,414	—	88,414
Other revenue	18,382	15,833	—	34,215
Total revenue	<u>263,114</u>	<u>141,084</u>	<u>—</u>	<u>404,198</u>
<b>Less:</b>				
Salaries, benefits, and commission expenses	69,552	37,958	—	107,510
Cost of merchandise	27,831	8,058	—	35,889
Allocated overhead costs <sup>(1)</sup>	13,135	4,883	—	18,018
Facilities and grounds expenses	10,561	6,527	—	17,088
General and administrative expenses <sup>(2)</sup>	10,324	3,616	—	13,940
Other segment expenses <sup>(3)</sup>	47,454	23,459	59,041	129,954
Operating income (loss)	<u>\$ 84,257</u>	<u>\$ 56,583</u>	<u>\$ (59,041)</u>	<u>\$ 81,799</u>
Interest expense	\$ 947	\$ 27	\$ 31,101	\$ 32,075
Depreciation and amortization	\$ 11,736	\$ 10,161	\$ 993	\$ 22,890
Income (loss) before income taxes	\$ 83,945	\$ 56,933	\$ (90,798)	\$ 50,080
Income tax expense (benefit)	\$ 28,709	\$ 19,471	\$ (31,053)	\$ 17,127
Total assets	\$ 781,006	\$ 477,487	\$ 21,087	\$ 1,279,580
Long-lived assets	\$ 628,681	\$ 207,427	\$ 10,232	\$ 846,340
Goodwill	\$ 356,869	\$ 57,990	\$ —	\$ 414,859
Capital expenditures	\$ 5,724	\$ 8,814	\$ 1,560	\$ 16,098
Number of operating locations at year end	162	31	—	193

(1) Allocated overhead costs include: property insurance costs, property tax expenses, and corporate overhead fees allocated to the field, such as information technology, human resources, legal, and finance.

(2) General and administrative expenses include: professional services, travel and meals expenses, computer software expenses, and office supplies.

(3) The Corporate segment's other segment expenses primarily include general, administrative, and other expenses, net loss on divestitures and impairment charges and amortization and depreciation expenses. The Funeral and Cemetery segment's other segment expenses primarily include transportation costs, other funeral costs, non-payroll related promotional costs, net loss on divestitures and impairment charges, and amortization and depreciation expenses.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

<b>Year Ended December 31, 2023</b>	<b>Funeral</b>	<b>Cemetery</b>	<b>Corporate</b>	<b>Total</b>
<b>Revenue</b>				
Services	163,600	18,566	—	182,166
Merchandise	85,795	16,385	—	102,180
Cemetery property	—	67,310	—	67,310
Other revenue	15,381	15,483	—	30,864
Total revenue	264,776	117,744	—	382,520
<b>Less:</b>				
Salaries, benefits and commission expenses	72,210	33,962	—	106,172
Cost of merchandise	29,387	7,445	—	36,832
Allocated overhead costs <sup>(1)</sup>	12,767	4,147	—	16,914
Facilities and grounds expenses	10,063	5,578	—	15,641
General and administrative expenses <sup>(2)</sup>	10,301	3,253	—	13,554
Other segment expenses <sup>(3)</sup>	48,742	21,436	42,250	112,428
Operating income (loss)	81,306	41,923	(42,250)	80,979
Interest expense	783	8	35,475	36,266
Depreciation and amortization	12,197	8,008	912	21,117
Income (loss) before income taxes	82,453	42,208	(78,232)	46,429
Income tax expense (benefit)	23,115	11,833	(21,932)	13,016
Total assets	802,368	448,018	17,666	1,268,052
Long-lived assets	648,253	209,401	5,732	863,386
Goodwill	364,639	59,004	—	423,643
Capital expenditures	7,483	10,061	495	18,039
Number of operating locations at year end	171	32	—	203

(1) Allocated overhead costs include: property insurance costs, property tax expenses and corporate overhead fees allocated to the field, such as information technology, human resources, legal, and finance.

(2) General and administrative expenses include: professional services, travel and meals expenses, computer software expenses, and office supplies.

(3) The Corporate segment's other segment expenses primarily include general, administrative, and other expenses, net loss on divestitures, disposals, and impairment charges and amortization and depreciation expenses. The Funeral and Cemetery segment's other segment expenses primarily include transportation costs, other funeral costs, non-payroll related promotional costs, net loss on divestitures and impairment charges, and amortization and depreciation expenses.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**20. SUPPLEMENTARY DATA**

***Balance Sheets***

The following table presents the detail of certain balance sheet accounts (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepaid and other current assets:		
Prepaid expenses	\$ 3,528	\$ 3,987
Federal income tax receivable	1,709	—
State income tax receivable	600	—
Other current assets	141	136
Total prepaid and other current assets	<u>\$ 5,978</u>	<u>\$ 4,123</u>
Current portion of debt and lease obligations:		
Acquisition debt	\$ 607	\$ 571
Finance lease obligations	605	533
Operating lease obligations	3,084	2,810
Total current portion of debt and lease obligations	<u>\$ 4,296</u>	<u>\$ 3,914</u>
Accrued and other liabilities:		
Incentive compensation	\$ 11,020	\$ 12,860
Insurance	2,876	3,584
Unrecognized tax benefit	3,633	3,471
Vacation	2,808	2,803
Interest	2,490	2,288
Salaries and wages	2,853	4,867
Employee meetings and award trips	1,366	1,550
Income tax payable	8	208
Commissions	1,244	1,218
Perpetual care trust payable	357	2,143
Ad valorem taxes	2,378	2,314
Other accrued liabilities	2,889	1,300
Total accrued and other liabilities, including HFS	<u>\$ 33,922</u>	<u>\$ 38,606</u>
Less: Held for sale	—	(146)
Total accrued and other liabilities	<u>\$ 33,922</u>	<u>\$ 38,460</u>
Other long-term liabilities:		
Incentive compensation	\$ 1,496	\$ 996
Deferred compensation	358	—
Other long-term liabilities	—	183
Total other long-term liabilities	<u>\$ 1,854</u>	<u>\$ 1,179</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

***Held for Sale***

The table below presents the carrying amounts of the assets and liabilities included in held for sale (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable, net	\$ —	\$ 833
Inventories	—	302
Current assets held for sale	<u>\$ —</u>	<u>\$ 1,135</u>
Preneed cemetery trust investments	\$ —	\$ 4,876
Preneed funeral trust investments	—	2,197
Preneed cemetery receivables, net	—	1,671
Property, plant, and equipment, net	322	4,898
Cemetery property, net	—	3,362
Intangible and other non-current assets, net	—	215
Cemetery perpetual care trust investments	—	2,234
Non-current assets held for sale	<u>\$ 322</u>	<u>\$ 19,453</u>
Accounts payable	\$ —	\$ 94
Accrued and other liabilities	—	146
Current liabilities held for sale	<u>\$ —</u>	<u>\$ 240</u>
Deferred preneed cemetery revenue	\$ —	\$ 3,517
Deferred preneed funeral revenue	—	1,018
Deferred preneed cemetery receipts held in trust	—	4,876
Deferred preneed funeral receipts held in trust	—	2,197
Care trusts' corpus	—	2,234
Long-term liabilities held for sale	<u>\$ —</u>	<u>\$ 13,842</u>

***Property, plant, and equipment***

Property, plant, and equipment is comprised of the following (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land	\$ 92,739	\$ 86,609
Buildings and improvements	268,647	265,231
Furniture, equipment, and vehicles	71,832	72,052
Property, plant, and equipment, at cost	<u>433,218</u>	<u>423,892</u>
Less: accumulated depreciation	<u>(146,086)</u>	<u>(145,990)</u>
Property, plant, and equipment, net including HFS	287,132	277,902
Less: Held for sale	(322)	(4,898)
Property, plant, and equipment, net	<u>\$ 286,810</u>	<u>\$ 273,004</u>

***Cemetery property***

Cemetery property is comprised of the following (in thousands):

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cemetery property, at cost	\$ 194,549	\$ 185,518
Less: accumulated amortization	<u>(78,904)</u>	<u>(72,580)</u>
Cemetery property, net including HFS	115,645	112,938
Less: Held for sale	—	(3,362)
Cemetery property, net	<u>\$ 115,645</u>	<u>\$ 109,576</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

### ITEM 9A. CONTROLS AND PROCEDURES.

#### *Management's Evaluation of Disclosure Controls and Procedures*

Our management, including our principal executive and financial officers, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Our disclosure controls and procedures are designed to ensure that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to ensure that such information is accumulated and communicated to management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officers have concluded that our disclosure controls and procedures were effective as of December 31, 2025 (the end of the period covered by this Form 10-K).

#### *Management's Annual Report on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Management's report on our internal control over financial reporting is presented on the following page of this Form 10-K. Grant Thornton LLP, the independent registered public accounting firm that audited the financial statements included in this Form 10-K, has issued an attestation report on our internal control over financial reporting.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

(i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the U.S., and that our receipts and expenditures are being made only in accordance with authorizations of management and our directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the Company's internal control over financial reporting as of December 31, 2025 using the framework specified in *Internal Control — Integrated Framework (2013)*, published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2025.

The Company's internal control over financial reporting as of December 31, 2025 has been audited by Grant Thornton LLP, an independent registered public accounting firm, which also audited the financial statements of the Company for the year ended December 31, 2025, as stated in their report that is presented in this Annual Report.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### ***Changes in Internal Control Over Financial Reporting***

During the three months ended December 31, 2025, there was no change in our system of internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 9B. OTHER INFORMATION.**

#### *Rule 10b5-1 Stock Selling Plan*

Our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to comply with Rule 10b5-1 (as defined in Item 408 of Regulation S-K under the Exchange Act) and satisfy the affirmative defense of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act.

During three months ended December 31, 2025, no Rule 10b5-1 trading arrangements were adopted or terminated by any of our directors or officers. During three months ended December 31, 2025, no non-Rule 10b5-1 trading arrangements were adopted or terminated by any of our directors or officers.

### **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.**

Not applicable.

## **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

The information required by Item 10 is incorporated in this Form 10-K by reference to our definitive proxy statement or an amendment to this Form 10-K to be filed with the SEC not later than 120 days after the end of the fiscal year ended December 31, 2025.

#### **Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics (as amended, the “Code”), which is applicable to each of our Directors, Officers, and employees, including our principal executive officer and other senior financial officers, who include our principal financial officer, principal accounting officer or controller, and persons performing similar functions. The Code is available on our internet website at [www.carriageservices.com](http://www.carriageservices.com). To the extent required by SEC rules, we intend to disclose any amendments to this code and any waiver of a provision of the Code for the benefit of our principal executive officer, principal financial officer, principal accounting officer or corporate controller, or persons performing similar functions, on our website within four business days following any such amendment of waiver, or within any other period that may be required under SEC rules from time to time.

#### **Insider Trading and Anti-Hedging Policy**

We have adopted an Insider Trading & Anti-Hedging Policy governing the purchase, sale and other disposition of our securities that applies to all of our employees, including directors, officers and other covered persons that is designed to promote compliance with insider trading laws, rules and regulations, and applicable New York Stock Exchange listing standards, as well as procedures designed to further the foregoing purposes. A copy of our Insider Trading & Anti-Hedging Policy is filed with this Form 10-K as Exhibit 19.1.

### **ITEM 11. EXECUTIVE COMPENSATION.**

The information required by Item 11 is incorporated in this Form 10-K by reference to our definitive proxy statement or an amendment to this Form 10-K to be filed with the SEC not later than 120 days after the end of the fiscal year ended December 31, 2025.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.**

The information required by Item 12 is incorporated in this Form 10-K by reference to our definitive proxy statement or an amendment to this Form 10-K to be filed with the SEC not later than 120 days after the end of the fiscal year ended December 31, 2025.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table, required by Item 201(d) of Regulation S-K, summarizes information regarding the number of shares of our common stock that are available for issuance under all of our existing equity compensation plans as of December 31, 2025.

<u>Plan Category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	997,398	\$ 33.89	2,740,182
Equity compensation plans not approved by security holders	—	—	—
Total	<u>997,398</u>	<u>\$ 33.89</u>	<u>2,740,182</u>

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

The information required by Item 13 is incorporated in this Form 10-K by reference to our definitive proxy statement or an amendment to this Form 10-K to be filed with the SEC not later than 120 days after the end of the fiscal year ended December 31, 2025.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by Item 14 is incorporated in this Form 10-K by reference to our definitive proxy statement or an amendment to this Form 10-K to be filed with the SEC not later than 120 days after the end of the fiscal year ended December 31, 2025.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

#### (a)(1)-(2) Financial Statements and Schedule:

The financial statements are listed in the accompanying Index to Financial Statements and Related Schedule on page 35 of this report.

#### (3) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
3.1	Amended and Restated Certificate of Incorporation, as amended, of the Company. Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 1996, filed on March 20, 1997.
3.2	Certificate of Amendment dated May 7, 1997. Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for its fiscal quarter ended September 30, 1997, filed on November 14, 1997.
3.3	Certificate of Amendment dated May 7, 2002. Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for its fiscal quarter ended June 30, 2002, filed on August 13, 2002.
3.4	Amended and Restated By-Laws of Carriage Services, Inc. dated June 21, 2023. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 22, 2023.
4.1	Indenture, dated as of May 13, 2021, among the Company, the Guarantors (as defined therein) and Wilmington Trust, National Association, as Trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed May 13, 2021.
4.2	Form of 4.25% Senior Notes due 2029 (included with the Indenture filed as Exhibit 4.1). Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 13, 2021.
4.3	Second Amended and Restated 2006 Long-Term Incentive Plan. Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for its quarter ended June 30, 2012, filed on August 7, 2012. †

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 4.4 First Amendment to Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan. Incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, filed March 5, 2014. †
- 4.5 Amended and Restated Carriage Services, Inc. 2007 Employee Stock Purchase Plan. Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for its quarter ended September 30, 2013, filed on November 6, 2013. †
- 4.6 First Amendment to the Amended and Restated Carriage Services, Inc. 2007 Employee Stock Purchase Plan. Incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A filed on April 4, 2018. †
- 4.7 Second and Third Amendments to the Amended and Restated Carriage Services, Inc. 2007 Employee Stock Purchase Plan. Incorporated by reference to Appendix A and B, respectively, to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 5, 2021 and Amendment No. 1 to our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 6, 2021. †
- 4.8 Carriage Services, Inc. 2017 Omnibus Incentive Plan. Incorporated by reference to Appendix A of the Proxy Statement on Schedule 14A filed on April 5, 2017. †
- 4.9 First Amendment to the Carriage Services, Inc. 2017 Omnibus Incentive Plan. Incorporated by reference to Appendix C to the Company's Definitive Proxy Statement on Schedule 14A filed on April 5, 2021 and Amendment No. 1 to our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 6, 2021. †
- 4.10 Summary of Securities Registered under Section 12. Incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2021, filed on March 2, 2022.
- 10.1 Director Compensation Policy dated effective April 2, 2024. Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for its quarter ended June 30, 2024, filed on August 2, 2024. †
- 10.2 Form of Incentive Stock Option Agreement under Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan. Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for its quarter ended June 30, 2013, filed on August 8, 2013. †
- 10.3 Form of Employee Stock Option Agreement under Carriage Services, Inc. 2017 Omnibus Incentive Plan. Incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2017, filed on February 21, 2018. †
- 10.4 Form of Employee Incentive Stock Option Agreement under Carriage Services, Inc. 2017 Omnibus Incentive Plan. Incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2017, filed on February 21, 2018. †
- 10.5 Form of Employee Restricted Stock Agreement under Carriage Services, Inc. 2017 Omnibus Incentive Plan. Incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2017, filed on February 21, 2018. †
- 10.6 Form of Performance Award Agreement under Carriage Services, Inc. 2017 Omnibus Incentive Plan. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 22, 2020. †
- 10.7 Form of First Amendment to Performance Award Agreement under Carriage Services, Inc. 2017 Omnibus Incentive Plan dated as of June 1, 2021. Incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2021, filed on March 2, 2022. †
- 10.8 Form of Performance Award Agreement under Carriage Services, Inc. 2017 Omnibus Incentive Plan. Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 10-Q filed on May 2, 2025. †
- 10.9 Employment Agreement dated June 25, 2020, by and between the Company and Carlos Quezada. Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2021, filed on March 2, 2022. †
- 10.10 First Amendment to Employment Agreement dated June 1, 2021, by and between the Company and Carlos Quezada. Incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2021, 10-K filed on March 2, 2022. †
- 10.11 Second Amendment to Employment Agreement dated September 30, 2022, by and between the Company and Carlos Quezada. Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for its quarter ended September 30, 2022, filed on November 2, 2022. †
- 10.12 Third Amendment to Employment Agreement dated June 21, 2023, by and between the Company and Carlos R. Quezada. Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for its quarter ended June 30, 2023, filed on August 7, 2023. †

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 10.13 Fourth Amendment to Employment Agreement dated February 21, 2024, by and between the Company and Carlos R. Quezada. Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for its quarter ended March 31, 2024, filed on May 3, 2024. †
- 10.14 Employment Agreement dated November 5, 2019, by and between the Company and Steven D. Metzger. Incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2021, filed on March 2, 2022. †
- 10.15 First Amendment to Employment Agreement dated June 1, 2021, by and between the Company and Steven D. Metzger. Incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2021, filed on March 2, 2022. †
- 10.16 Second Amendment to Employment Agreement dated September 30, 2022, by and between the Company and Steven D. Metzger. Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for its quarter ended September 30, 2022, filed on November 2, 2022. †
- 10.17 Third Amendment to Employment Agreement dated June 21, 2023, by and between the Company and Steven D. Metzger. Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for its quarter ended June 30, 2023, filed on August 7, 2023. †
- 10.18 Fourth Amendment to Employment Agreement dated February 21, 2024, by and between the Company and Steven D. Metzger. Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for its quarter ended March 31, 2024, filed on May 3, 2024. †
- 10.19 Employment Agreement dated April 1, 2022, by and between the Company and Rob Franch. Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for its quarter ended March 31, 2025, filed on May 2, 2025. †
- 10.20 First Amendment to Employment Agreement dated April 29, 2024, by and between the Company and Rob Franch. Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for its quarter ended March 31, 2025, filed on May 2, 2025. †
- 10.21 Employment Agreement dated February 23, 2022, by and between the Company and Shane Pudenz. Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for its quarter ended March 31, 2025, filed on May 2, 2025. †
- 10.22 First Amendment to Employment Agreement dated April 30, 2024, by and between the Company and Shane Pudenz. Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for its quarter ended March 31, 2025, filed on May 2, 2025. †
- 10.23 Employment Agreement dated March 25, 2024, by and between the Company and Kathryn Shanley. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 25, 2024. †
- 10.24 Employment Agreement dated January 2, 2025, by and between the Company and John Enwright. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 4, 2024. †
- 10.25 Indemnity Agreement with Melvin C. Payne dated December 18, 2000. Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2000, filed on April 2, 2001. †
- 10.26 Transition Agreement, dated February 21, 2024, by and between the Company and Melvin C. Payne. Incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on February 22, 2024. †
- 10.27 Form of Notes Repurchase Agreement. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 4, 2020.
- 10.28 First Amended and Restated Credit Agreement dated as of May 13, 2021, among Carriage Services, Inc., the guarantors party thereto, the financial institutions party thereto, as lenders, and Bank of America, N.A., as administrative agent. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 13, 2021.
- 10.29 First Amendment and Commitment Increase to First Amended and Restated Credit Agreement dated as of November 22, 2021, among Carriage Services, Inc., the financial institutions party thereto, as lenders, and Bank of America, N.A., as administrative agent, swing line lender and L/C issuer. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 23, 2021.
- 10.30 Second Amendment and Commitment Increase to First Amended and Restated Credit Agreement dated as of May 27, 2022, among Carriage Services, Inc., the financial institutions party thereto, as lenders, and Bank of America, N.A., as administrative agent, swing line lender, and L/C issuer. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 1, 2022.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 10.31 Third Amendment and Commitment Increase to First Amended and Restated Credit Agreement dated as of December 9, 2022, among Carriage Services, Inc., the financial institutions party thereto, as lenders, and Bank of America, N.A., as administrative agent, swing line lender and L/C issuer. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 12, 2022.
- 10.32 Fourth Amendment to First Amended and Restated Credit Agreement dated as of July 31, 2024, among Carriage Services, Inc., the guarantors party thereto, the financial institutions party thereto, as lenders, and Bank of America, N.A., as administrative agent, swing line lender and L/C issuer. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 31, 2024.
- 19.1 Carriage Services, Inc. Insider Trading & Anti-Hedging Policy, dated February 19, 2025. Incorporated by reference to Exhibit 19.1 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2024, filed on February 28, 2025.
- \*21.1 Subsidiaries of the Company.
- \*23.1 Consent of Grant Thornton LLP.
- \*31.1 Certification of Periodic Financial Reports by Carlos R. Quezada in satisfaction of Section 302 of the Sarbanes-Oxley Act of 2002.
- \*31.2 Certification of Periodic Financial Reports by John Enwright in satisfaction of Section 302 of the Sarbanes-Oxley Act of 2002.
- \*\*32 Certification of Periodic Financial Reports by Carlos R. Quezada and John Enwright in satisfaction of Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. Section 1350.
- 97.1 Carriage Services, Inc. Compensation Recovery Policy, dated January 10, 2024. Incorporated by reference to Exhibit 97.1 to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2023, filed on March 1, 2024.
- \*101 Interactive Data Files.

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(\*) Filed herewith.

(\*\*) Furnished herewith.

(†) Management contract or compensatory plan or arrangement.

### ITEM 16. FORM 10-K SUMMARY.

None.



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# Corporate Information

Carriage Services is a leading provider of funeral and cemetery services and merchandise in the United States. As of December 31, 2025, the Company operated 155 funeral homes in 24 states and 28 cemeteries in 9 states. It is dedicated to delivering premier experiences through innovation, partnership, and elevated service.

## Board of Directors

### Donald D. Patteson, Jr.\*

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

### Carlos R. Quezada

Chief Executive Officer and  
Vice Chair of the Board

### Chad Fargason\*

Principal,  
ArcVest, LLC

### Douglas B. Meehan\*

Miri Capital Management

### Dr. Edmondo Robinson\*

Board Member, Ardent Health  
Former Senior Vice President and  
Chief Digital Officer, Moffitt Cancer Center

### Julie Sanders\*

Senior Vice President and  
Chief Audit Executive, Dell Technologies

### Somer Webb\*

Former Chief Financial Officer, iFit, Inc.

\*Independent Director

## Advisor to the Board of Directors

### Gregory R. Brudnicki

Former 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, 2025, may be obtained by writing to: Investor Relations, Carriage Services, Inc., 3040 Post Oak Boulevard, Suite 300, Houston, Texas and via the Company's website: [www.carriageservices.com](http://www.carriageservices.com); or via the SEC's website: [www.sec.gov](http://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

### Equiniti Trust Company, LLC

48 Wall Street, Floor 23, New York, NY 10005  
800.937.5449 | Website: [equiniti.com](http://equiniti.com)

## Executive Leadership Team

### Carlos R. Quezada

Chief Executive Officer  
and Vice Chair of the Board

### Steven D. Metzger

President and Chief Operating Officer

### John Enwright

Senior Vice President, Chief Financial  
Officer and Treasurer

### Rob P. Franch

Chief Information Officer

### Kathryn Shanley

Chief Accounting Officer

### Sam A. Mazzu, III

Vice President, General Counsel and Secretary

## Houston Support Center

### Carriage Services, Inc.

3040 Post Oak Boulevard, Suite 300  
Houston, Texas 77056  
713.332.8400 | [www.carriageservices.com](http://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 Annual Report on Form 10-K for the year ended December 31, 2025, 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, INC.**

713.332.8400

3040 Post Oak Boulevard, Suite 300

Houston, Texas 77056