Carriage Services 2nd Quarter 2026 Earnings Webcast

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Corporate Speakers

- **Steve Metzger;** Carriage Services; President
- **Carlos Quezada;** Carriage Services; CEO & Vice Chairman
- **John Enwright;** Carriage Services; CFO

Participants

- **George Kelly;** ROTH Capital Partners; Analyst
- **Liam Burke;** B. Riley Securities, Inc.; Analyst
- **Parker Snure;** Raymond James & Associates, Inc.; Analyst
- **Alexander Paris;** Barrington Research Associates, Inc.; Analyst

Operator: Good day, and thank you for standing by. Welcome to the Carriage Services Q2 2026 Earnings Call. Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Sam Mazzu, Vice President, General Counsel and Secretary. Please go ahead, sir.

Sam Mazz: Good morning, everyone, and thank you for joining us to discuss our second quarter results for 2026. In addition to myself on the call this morning from management are Carlos Quezada, Chief Executive Officer and Vice Chairman of the Board of Directors. Steve Metzger, President and Chief Operating Officer. And John Enwright, Chief Financial Officer.

On the Carriage Services website, you can find our earnings press release, which was issued yesterday after the market closed. Our press release is intended to supplement our remarks this morning and include supplemental financial information, including the reconciliation of differences between GAAP and non-GAAP financial measures. Today's call will begin with formal remarks from Carlos and John and will be followed by a question-and-answer period.

Before we begin, I'd like to remind everyone that during this call we'll make some forward-looking statements, including comments about our business projections and plans. Forward-looking statements inherently involve risks and uncertainties and only reflect our views as of today. These risks and uncertainties include, but are not limited to, factors identified in our earnings release, as well as those in our SEC filings, all of which can be found on our website. Thank you all for joining us this morning. And now I'd like to turn the call over to Carlos.

Carlos Quezada: Thank you, Sam. Welcome to everyone joining us today's second quarter earnings call. Before discussing our financial performance, I want to begin by thanking the Carriage team. Every day they serve families during some of the most difficult moments in their lives with compassion, professionalism, and genuine care. Their commitment to delivering premier experiences is what defines Carriage, and the results we are sharing today are the direct reflection of their dedication and execution.

This morning I will discuss our second quarter performance; provide some perspective on the operating environment we experienced during the quarter and first half of this year. Share an update on a couple of strategic priorities, and then turn the call over to John, who will review our financial results in greater detail.

Regarding the operating environment, the second quarter unfolded differently than we anticipated at the beginning of the year. Beginning in January, mortality trends softened across much of the country and remain below our historical expectations throughout the first half of the year. During the second quarter, comparable funeral volume declined by 3. 5%, and for the first six months ending June 30th by 4. 7%, both compared to last year.

As everyone on this call understands, mortality is the primary demand driver for our funeral business, and it is also one of the few variables we simply cannot control. What we can control is how we operate our business. I am proud of the way our team responded. Rather than allowing lower funeral volume to dictate our performance. Our field leaders and the support center teams remain focused on execution, operating discipline and serving families exceptionally well.

The improvements we made over the last three years in our operations, systems, processes and leadership capability allow us to offset much of the volume pressure through stronger execution. For example, funeral home comparable average revenue per contract grew by 3. 7% compared to the same period last year, while consolidated average price per preneed in interment right grew by 17. 3%. Another example is the 21. 1% increase in consolidated insurance-funded printed funeral contracts sold during the quarter compared to last year. In many ways, the second quarter became a real test of the organization we have been building. I believe our teams demonstrated that Carriage today is a more disciplined, more resilient, and better operated company than ever before.

Turning to our financial results, total revenue for the second quarter was 102. 9 million, an increase of 800,000, or 0. 8%, over the prior year quarter. Funeral comparable revenue was 55. 7 million compared to 57 million last year, a decrease of 2. 4%. As expected, lower funeral volume was driven by reduced mortality rates, creating pressure on revenue during the quarter. While coal volume declined year over year, our teams remained focused on serving every family with excellence, while continuing to improve operational efficiency across the business, partially offsetting the volume decline.

Cemetery comparable revenue was 33. 2 million, essentially flat, compared to 33. 3 million last year. Our consolidated preneed Cemetery sales production grew by 5% over the previous year's quarter. The timing of preneed cemetery revenue recognition will push a portion of this production to future periods. Consolidated average price per preneed interment rights sold increased by an impressive 17. 3% over the same period last year, highlighting our ability to improve performance despite lower volume that also affected the admin side of our cemetery business Financial revenue was 9. 3 million, or 14% greater than the previous year's quarter, reflecting the continued contribution of our insurance-funded preneed strategy and the ongoing efforts of our sales organization to help more families plan ahead.

Moving to profitability despite the revenue headwinds created by lower funeral volume, profitability continued to trend in a positive direction. Adjusted consolidated EBITDA was 33. 3 million, a growth of 3. 1%, representing an adjusted consolidated EBITDA margin of 32. 3%, an increase of 70 basis points when compared to the same period last year. Adjusted diluted EPS for the second quarter ended at $0. 78, compared to $0. 74 last year, an increase of $0. 04 per share, or 5. 4%. Perhaps more important than the absolute numbers, the quarter demonstrated the operating leverage we have been building into the business.

Our teams remain disciplined in managing labor, controlling discretionary spending, improving productivity, and executing consistently across the organization. Those efforts allow us to mitigate a meaningful portion of the volume decline, while continuing to invest in the business's long-term capabilities and performance.

Simply put, when external conditions became temporarily more challenging, our operating performance improved. As volume trends returned to a positive position, we believe our focus on operating performance will help drive an even more significant growth story in the quarters and years ahead. That is exactly what we would expect from a stronger operating company. John will walk you through the financials in greater detail, but I want to recognize the outstanding work performed by both our field leaders and our support center teams throughout the quarter.

Looking ahead, as we enter the third quarter, we were encouraged to see funeral volume return to positive growth during the month of July. While one month certainly does not establish a long-term trend, it is an encouraging indicator after a softer first half of the year. Our strategy has never depended on perfectly favorable market conditions; it depends on consistently operating better today than we did yesterday. That philosophy remains unchanged.

Operationally, we continue to make meaningful progress across several initiatives that will strengthen Carriage over the long term. Our core line for urns and caskets, as well as our packaged offerings, are also strategies that continue to gain traction by simplifying merchandize selections while enhancing quality and consistency. We are improving both the family experience and the economics of our business. These initiatives represent much more than procurement programs. They are examples of how disciplined operating systems can simultaneously improve service and financial performance.

We also continue expanding our passion for service program, which will become an important part of how we recognize and reinforce the behaviors that differentiate Carriage. Creating premier experiences is not simply an objective. It is the way we serve families and one another across our organization. Finally, we continue to evaluate opportunities to deploy capital in ways that create long-term shareholder value. Our balance sheet remains healthy, our strategic acquisition pipeline remains busy and active, and we will continue applying the same disciplined approach to capital allocation that has guided us over the past several years.

As I reflect on the quarter, one takeaway stands out. External conditions have tested our business, but they also validated the progress we have made. We cannot influence mortality trends. We cannot dictate macroeconomic conditions. But we can control our culture, our operating discipline, our capital allocation, and the consistency with which we execute. This quarter demonstrated the value of those capabilities. When those capabilities, combined with the return of positive volume trends, it truly allowed us to optimize the creation of value for our shareholders.

Over the past three years, we have worked intentionally to build a stronger company, not just one capable of delivering positive results when conditions are favorable, but one capable of performing through changing environments. While there is still work to do and plenty of opportunities in front of us, I believe the foundation we have built is stronger than ever and drives our focus on being an elite operating company, supported by consistent performance.

I remain confident in the direction of Carriage, confident in our leadership team, and most importantly, confident in the remarkable people across our organization who continue to serve families with compassion and excellence every single day. To our employees, thank you for your commitment. To our shareholders, thank you for your continued trust and support. With that, I will turn the call over to John.

John Enwright: Thank you, Carlos, and good morning, everyone. We are pleased with our second quarter results and the continued progress we have made during the first half of 2026 despite the challenging funeral volume declines. Our performance reflects disciplined execution of our strategy, a focus on what we can control, and a dedication of our field and support teams. I would like to thank all of our employees for their continued commitment to serving families with excellence, while staying focused on operational execution and disciplined capital allocation.

Today, I will focus primarily on second quarter 2026 performance compared to second quarter of 2025, followed by an update of our outlook for the rest of 2026. We reported consolidated adjusted EBITDA of $33. 3 million, or 32. 3% of revenue, compared to $32. 3 million, or 31. 6% of revenue, in the second quarter of 2025. The year-over-year change was primarily driven by financial income, including funeral trust income and commissions from prearranged funeral contracts, along with disciplined cost management. Together, these items contributed approximately $2. 1 million of EBITDA improvement.

Preneed cemetery sales production grew 5% on a 17. 3% increase in the average interment rights sold. However, the growth resulted in relatively flat revenue and EBITDA compared to the prior year quarter due to timing of revenue recognition. These gains were partially offset by volume impact of our comparable funeral locations, which contributed approximately $1. 4 million less in the second quarter of 2026 compared to the prior year quarter.

For the second quarter of 2026, adjusted diluted EPS was $0. 78, compared to $0. 74 in the second quarter of 2025, representing a year-over-year growth of 5. 4%. Adjusted diluted EPS increased primarily due to the stronger operating results discussed earlier, partially offset by higher depreciation and amortization expense compared to the second quarter of 2025.

Moving on to cash from operating activities, we generated 22. 5 million during the first half of 2026, compared to 21. 9 million in the first half of 2025, an increase of 600,000, or 2. 7%. The improvement was primarily driven by working capital benefits, as growth in preneed cemetery sales does not immediately impact operating cash flow because payments are collected over the life of the contract. These sales generate stable, long-term cash flow and build a strong backlog of future revenue.

Our adjusted free cash flow for the first half of the year totaled 13. 8 million, compared to 20. 3 million in the prior year. The year-over-year change primarily reflects $3. 2 million in incremental planned capital expenditures as we continue investing in our cemeteries and funeral homes to support future growth. Our disciplined capital allocation strategy continues to strengthen the balance sheet. At quarter end, our bank leverage ratio remained at four times compared to 4. 2 times at the end of the second quarter of 2025. Maintaining a lower leverage ratio helped reduce borrowing costs, resulting in interest expense that was approximately $350,000 lower than the prior year quarter.

Our average borrowing rate under the credit facility was approximately 80 basis points lower than in the second quarter of 2025. Capital expenditures for the quarter totaled $5. 3 million, compared to $2. 8 million in the second quarter of 2025. Of the total capital expenditures, maintenance capital represented 2. 1 million. Growth capital represented 3. 2 million. The year-over-year increase was primarily driven by cemetery development, which supports continued cemetery preneed growth as well as previously deferred maintenance projects. Overhead expenses totaled 12. 1 million, or 11. 8% of revenue, compared to 12. 5 million, or 12. 5% of revenue, in the second quarter of 2025.

The year-over-year change primarily reflects incentive compensation adjustments and a heightened focus on cost management across the organization. We remain committed to disciplined expense management while continuing to invest appropriately in the people, technology, and infrastructure necessary to support our long-term growth strategy.

Turning to our outlook for the remainder of 2026. We are updating our outlook to reflect changes in external demand assumptions, including the lower-than-anticipated trends in the first half of the year and the revised timing of expected acquisitions. Our outlook now anticipates revenue between 435 and 445 million. Adjusted consolidated EBITDA between 135 and 140 million. Adjusted EBITDA margin between 31% and 31. 5%. Adjusted diluted EPS between $3. 35 and $3. 55. Overhead expenses between 13. 5% and 14% of revenue. Adjusted free cash flow between 40 and 50 million. Ending leverage ratio between 3. 9 and 4 times.

Overall, we are pleased with our first half performance and remain focused on executing the strategic initiatives that we believe will create long-term shareholder value. We continue to invest in our people, strengthening our operations, maintaining disciplined capital allocation, and positioning the company for sustainable growth. That concludes our prepared remarks. I will now turn it back over to the operator to open the line for questions.

Operator: Thank you. We will now conduct a question-and-answer session. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, that is star one to ask a question, and we'll pause for just a moment to allow everyone the opportunity to signal for a question. We'll take our first question from Liam Burke with B. Riley Securities.

Liam Burke: Thank you. Good morning, Carlos, John, Steve. How are you today?

Carlos Quezada: Good morning, Liam. We're doing great. Thank you for asking.

Liam Burke: Super. In the funeral home area, we're seeing a stability between cremation and traditional burials. And there's always been a trade-off. Cremation was more profitable with a lower ticket, while traditional burials were the opposite. Larger ticket, lower margin. But looking at your results, in the quarter, average price per contract was up 4%, margins were down. Is that any kind of function of the mix between cremation and traditional burial?

Carlos Quezada: The mix is stabilizing as well, Liam. It is a great question, to give an example, for a cremation rate for the quarter was 60. 6% this year compared to the same quarter last year of 61. 2%. Actually, dropped 60 basis points from a mixed perspective. For the full year, it's basically flat at 60. 5% this year compared to 60. 6%. And so, it's really not a full influence of the cremation rate. Honestly, it's just the effort we're doing on presenting families with our packages, with our urns, and all cremation-related items.

We have a very specific program. It's one of our core four, which basically focuses on presenting direct cremation families options so they can walk away with something more than just the cremation. That's some of the impact that you see on that increase on the arch revenue per contract. But the margins that you're talking about is really pure impact of the volume we had. If you have negative volume in a fixed-cost business. That really gets a significant impact on your cost.

Liam Burke: Great. Staying with the funeral home business, are there any properties that are not performing up to snuff where you're going to have to decide, look, enough is enough and it's time to divest them?

Carlos Quezada: Repeat the question. I'm sorry.

Liam Burke: Okay. Staying with the funeral home, as you go through the properties, are there any underperforming ones that are dragging down profitability that you said enough is enough, and I want to divest them?

Steven Metzger: Yeah. Good morning, Liam, this is Steve. We really, over the past five years, have identified those businesses that didn't really fit our long-term growth model. So yeah, we're largely through that process. There are always opportunities with a few businesses to pick that performance back up, but we don't anticipate any divestitures moving forward.

Liam Burke: Great. Thanks, Steve. Thanks, Carlos.

Carlos Quezada: Thank you, Liam.

Operator: If you find that your question has been answered, you may remove yourself from the queue by pressing star two. We'll move next to Alex Paris with Barrington Research.

Alex Paris: Morning, guys. Thanks for the opportunity to ask questions. First question related to funeral homes. Obviously not a lot you can do about the death rate. You did note in the press release and in your prepared comments, Carlos, that July was encouraging. Does that mean April, May and June, the months of April, May and June were down year over year in volume? And was there an improving trend before we saw the encouraging positive volume of July?

Carlos Quezada: Yeah. So, we were negative on volume every month from January through June. Now it was a declining negative, right? Started on the high single digits. It started to really go down all the way through the end of June. But then as we came into July, it really flipped now into growth on a year-over-year basis on volume. And it is decent growth. So, it's encouraging that we see that declining of the negative down all the way through the end of the first half, and then now going into the positive as we start the second half.

Alex Paris: Historically, it's been difficult to predict the death rate from quarter to quarter. But annually it's a little bit more stable. Historically, the death rate had been around 100 basis points. What are the national mortality rates looking like today?

Carlos Quezada: Just on that note, we believe, just like you, that the full year volume trend should be somewhat similar to last year. And so, we believe that the second half should be much better than the first half has been. And that's how we're planning for. As you have seen from our outlook, we feel pretty confident that we are going to be able to get there. And from a mortality perspective, I think that the percentage, the death rate, remains about the same. It's just the amount. We haven't seen the baby boomers starting to show up that's going to impact the number of people dying.

The CDC, as you know, Alex, is quite behind on the reporting. And so, it's difficult for us to try to guide to even the first half with the data they put out. They do some preliminary work with, look at that. We try to correlate what we see based on that reporting. What I can tell you is that we do some analysis on market share, and it's pretty broad. It's not super detailed, but it is enough to know that by state, what was our share of the debts within each one of the States last year compared to this year? And I can tell you that we pretty much plateaued, maybe a few basis points above to what we did last year. So, that gives us confidence that it is not a losing market share, but it is just a number of threats coming down.

Alex Paris: Great. And then regarding your guidance, you basically reaffirmed all the profitability numbers. You actually brought down Capex a bit for the full year. The revision was really on revenue, and you attributed it to a couple of things. I wonder if you can go over that with us again, one thing being the first half performance and the other thing the timing of expected acquisitions. Because as I recall, I think there was an assumption that you'd have a $5 to $10 million contribution from acquisitions made during 2026. And we've only made one acquisition so far. And that'll be my follow-up question. I want to talk a little bit about McCammon.

John Enwright: Yeah. So, hey, Alex, this is John. I'll handle the outlook, and then I'm sure Steve will talk about the acquisition. So, from an outlook, yeah, you're right. We adjusted our revenue from down $5 million, and that really is mostly attributable to basically the timing of acquisitions. To Carlos's point, he just made, we believe the death rate over the full year is going to come back to be a little bit more normalized. Some of the volume that we missed in the first half, we're going to gain back in the second half. So, that gave us a little bit of confidence to say, "Okay, we're going to take it down about $5 million associated with the acquisition. " Before, we were 5 to 10, call it 0 to 5, obviously, we're going to have more than zero because we have an acquisition.

From a profitability perspective, in the first half of the year, we've been a little bit more profitable than where we were initially. From a range perspective. If you remember, we were 30. 5 to 31. 5 EBITDA margin range. We've been above that in the first half of the year. So, we adjusted our guide to be 31 to 31. 5. So, we're going to be a little closer to – well, our expectation is to be closer to the last two years, which was 31/2 to 31/3. Right now we're doing a good job from an expense management perspective, both in the field as well as in the HSC. We feel confident we can hit the mid of our EPS guidance.

Steven Metzger: As it relates to the acquisitions, Alex, it really is all around timing. So, the activity remains as active as I've seen during my time with Carriage. And a lot of the focus is on the valuations and bridging any gaps there might be on expectation and kind of where we think that valuation should land. Those conversations are ongoing right now.

We had mentioned in the last quarter's call that we really thought there'd be more activity, that we'd be in a position to discuss in the back half of the year. We continue to think that's going to be the case. And so, over the next five months, we believe that the conversations we're having are going to progress to a stage where we can provide some more detail.

We're very bullish and excited about the opportunity, but as you know, you've been following us for a while; we're pretty selective, and we want to remain disciplined. So when we're looking at valuations and we're looking at properties, we've got to make sure there's a path for us to help grow those under our leadership. We've got to make sure that the valuation makes sense not only for the seller but also for Carriage and our shareholders.

Alex Paris: Great. And what can you tell us about the McCammon acquisition in late May? It's in the greater Knoxville area. It's a new market, I believe, for Carriage Services. I'm trying to size it a little bit, either by number of calls per year, revenue, EBITDA price paid. I'm sure that'll be in the queue.

Steven Metzger: Yeah. You bet. So, we're obviously really excited about McCammon, primarily because Knoxville is a growing market. And McCammon has been around for a long time, has a great reputation. And the opportunity that we just talked about with McCammon is we think, with our leadership and some of the things that we can do to support that business, there's opportunity with pricing, there's opportunity on market share. Right now, it's just under 300 calls a year, and we think we can continue to drive that up as we get into the community a little bit more and present our value proposition. So excited about that. And ultimately, we'd love to grow in Knoxville and throughout Tennessee. We've got a really great presence over in Chattanooga, as you know, and we'll continue to focus in that area.

Alex Paris: Great. That's very helpful. I appreciate the additional color. I'll get back in the queue.

Carlos Quezada: Thank you, Alex

Operator: And we'll move to our next question from Parker Schnur with Raymond James.

Parker Schnur: Hi. Good morning. I was just curious on the funeral volume trend, were there any markets that were better or worse than your kind of average results, particularly focusing on some of your larger markets like California, Florida, Texas?

Carlos Quezada: Well, one thing I can tell you stands out was Florida. But Florida is a highly cremation. There are a lot of direct cremation businesses that are established in Florida. And they continue to pop up more and more in that state. We haven't lost market share, but we do see, as the most significant volume decline from a state perspective, Florida would be the one.

Parker Schnur: Okay. And then in the press release, you talked about disciplined cost management as a driver for your adjusted EBITDA performance in the quarter. Just curious if you can provide more detail there. Were these pure cost cuts, was it just like labor management, better cost management? Was this delaying some investments that maybe will just come back later in the year? Just curious on more detail there.

Carlos Quezada: Great question, Parker. If you go back to three years, we started with a plan, right? Part of that plan, if you take a picture of Carriage back then, and then compare a new picture of Carriage today, there's a lot of systems process talent that we have put in place that has led to now being able to have a much better operating leverage. It is not that we decided we're going to cut here, we're going to eliminate that, and really compromise the service quality of delivery, of excellence. We're trying to provide not just to the families we serve, but also to employees. It is just the result of the systems and people we've put in place. And it seems like it's really starting to kick in.

We have for a long time now held some pretty decent margins from an EBITDA perspective. And in this quarter, just really shows up in a much better form than we were expecting. And it's great to see. And we believe, as John stated on his comments, that we should be able to sustain a pretty nice range between 31 and 31. 5 for the remainder of the year.

Parker Schnur: Okay. Thank you.

Operator: And once again, ladies and gentlemen, if you would like to ask a question, please press star one on your telephone keypad. We'll take our next question from George Kelly with Roth Capital Partners.

George Kelly: Hey, everyone. Thanks for taking my questions. A few for you. First, can you be more specific about the volume growth that you saw in July?

John Enwright: Yeah. I can't give you a specific number, but I would say strong low single-digit.

George Kelly: Okay. That's helpful. Understood. And then the second question is with respect to your updated guide. So, it sounds like most of it has to do with that kind of reset expectation about M&A. I'm curious what's baked into your guide with respect to volume growth in the back half. I don't know how specific you can be there, but just trying to better understand what needs to happen for this kind of catch-up in volumes in the back half.

John Enwright: Yeah, it would be low single-digit growth in volume. And that can be attributed – it can be calls, right? So, calls can go back to low single digits. And we continue to see the benefit associated with the RPC that we've seen in the first half of the year.

I'm hearing feedback, but how much of that is the preneed timing that you talked to? Maybe that's what you were just alluding to, but the preneed timing is? Do you anticipate a lot of productivity that's been sold to land because projects are getting completed or whatnot in the back half of the year? Is that a big aspect?

Carlos Quezada: No, I made that comment, George, and the reason why I made it is because you saw a growth of production of 5%, but the revenue was flat. And so there's a variance between how you sell preneed and how you recognize the revenue, as you know. I was just trying to make the point of pointing out that there will be a delay of some of that production into future periods.

George Kelly: Okay. Understood. And then two last ones for me. The first one is just on the current status of Trinity. The timing of the pilots and rollout, etc., if you can talk to that. And then the second question is on John; you mentioned in your prepared remarks that there was an incentive comp adjustment. And so, I'm just wondering how material that was, and was it some reversal that benefited the quarter? Or just if you could be more specific about that? And that's all I had. Thank you.

John Enwright: Yeah. So, I'll start with Trinity. Trinity, we rolled out to 15 more locations on July 1st. Right now we're in the pilot phase of our 17 locations in total. We're learning a lot through that phase as we rolled it out to more locations. So we're going to assess the data that we get back. And ultimately, that may influence how we roll it out to the rest of the network.

In regards to the incentive compensation, there was a couple of different plans based on performance and based on kind of how we were being measured, that we took down a little bit of an accrual associated with that. So, as we kind of factor in the full year number there's an opportunity for us to kind of bring that back. But based on the first half in some of the measurement is based on EBITDA, some of the measurement is based on where revenue is. And ultimately, we just need to make a little adjustment to [inaudible].

George Kelly: Okay. Thank you.

Operator: Thank And we'll return to Alex Paris with Barrington Research.

Alex Paris: Hi. I just had a quick follow-up. I forgot to ask about Overhead. Overhead was significantly below my expectations, and I'm assuming that was because of lower variable costs associated with the lower revenue and disciplined cost management. That implies an increase in total Overhead as a percentage of revenue in the third and fourth quarters to get into that range of, did you say 13.5 to 14? Because I had down 13.5 to 14.5. Did you bring that down a little bit, or was I mistaken previously?

John Enwright: No, you're right, Alex. Ultimately, our initial guide was 13.5 to 14.5. We did take that down based on the first half results. And in the second quarter, you're right. It was about $400,000. If you look on an absolute year-over-year savings. And some of that has to do with just good cost management. Some of that has to do with some of the accruals that I just mentioned that we took a little bit down associated with that, ultimately. And then some of it is some costs that will trail into the third and fourth quarter that we initially expected in the second quarter.

Alex Paris: Okay. And then lastly, the $5 million reduction in revenue guidance, midpoint to midpoint, will that affect Q3 or Q4 more than the other, or level loaded?

John Enwright: Yeah. So, well, we would expect Q4 to be a little bit - to absorb some of that higher end. Let me say it the right way. As you look at kind of your model in third and fourth quarter, we would expect fourth quarter to have a little bit higher revenue to sustain some of that volume associated with maybe acquisitions.

Alex Paris: So, more of that $5 million reduction is in the fourth quarter than in the third quarter.

John Enwright: Yeah, we would expect that Q4 performance as other Q4s have performed in the past. And so, it should be better than Q3. Therefore, it would absorb more of that 5 million.

Alex Paris: Okay. Thank you very much.

Carlos Quezada: Thank you, Alex.

Operator: And there are no further questions in queue at this time. I will now turn the conference back over to Carlos Quezada for closing remarks.

Carlos Quezada: Thank you for joining us today. We remain focused on executing our strategy, serving families with excellence, and creating long-term shareholder value. We appreciate your continued support and look forward to updating you on our progress next quarter. Thank you, everybody.

Operator: And this concludes our call today. Thank you for your participation. You may now disconnect.