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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

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	**76-0423828**
(State or other jurisdiction of incorporation or organization)	**(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:

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

Indicate by check mark whether the registrant (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, a smaller reporting company, or an emerging growth 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's Common Stock, $.01 par value per share, outstanding as of July 31, 2026 was 15,882,296.

CARRIAGE SERVICES, INC.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Revenue:				
Service revenue	$ 45,605	$ 46,510	$ 96,527	$ 99,520
Property and merchandise revenue	47,149	46,513	93,041	92,099
Other revenue	10,195	9,124	19,501	17,597
Total revenue	102,949	102,147	209,069	209,216
Field costs and expenses:				
Cost of service	23,897	23,787	48,344	48,364
Cost of merchandise	32,524	32,156	64,538	64,765
Cemetery property amortization	3,129	2,241	5,124	4,069
Field depreciation expense	3,357	3,288	6,765	6,610
Regional and unallocated funeral and cemetery costs	3,652	3,260	8,043	8,495
Other expenses	1,346	1,480	2,571	3,136
Total field costs and expenses	67,905	66,212	135,385	135,439
Gross profit	35,044	35,935	73,684	73,777
Corporate costs and expenses:				
General, administrative, and other	11,001	11,938	24,086	23,986
Net loss (gain) on divestitures and impairment charges	90	(1)	368	(5,771)
Operating income	23,953	23,998	49,230	55,562
Interest expense	6,683	7,034	13,567	14,332
Other, net	113	107	107	(1,881)
Income before income taxes	17,157	16,857	35,556	43,111
Expense for income taxes	4,935	5,260	10,098	13,451
Benefit related to discrete income tax items	(50)	(142)	(306)	(3,005)
Total expense for income taxes	4,885	5,118	9,792	10,446
Net income	$ 12,272	$ 11,739	$ 25,764	$ 32,665
Basic earnings per common share:	$ 0.78	$ 0.75	$ 1.63	$ 2.09
Diluted earnings per common share:	$ 0.77	$ 0.74	$ 1.61	$ 2.07
Dividends declared per common share:	$ 0.1125	$ 0.1125	$ 0.2250	$ 0.2250
Weighted average number of common and common equivalent shares outstanding:				
Basic	15,651	15,458	15,609	15,352
Diluted	15,842	15,653	15,811	15,528

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

CARRIAGE SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited and in thousands, except share data)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,550	$ 1,688
Accounts receivable, net	43,649	40,647
Inventories	7,727	7,763
Prepaid and other current assets	13,714	5,978
Total current assets	67,640	56,076
Preneed cemetery trust investments	113,456	109,152
Preneed funeral trust investments	112,900	115,416
Preneed cemetery receivables, net	69,605	67,055
Receivables from preneed funeral trusts, net	16,165	16,255
Property, plant, and equipment, net	286,815	286,810
Cemetery property, net	114,718	115,645
Goodwill	428,714	427,897
Intangible and other non-current assets, net	45,274	43,607
Operating lease right-of-use assets	11,563	12,045
Cemetery perpetual care trust investments	98,772	95,625
Non-current assets held for sale	322	322
Total assets	$ 1,365,944	$ 1,345,905
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt and lease obligations	$ 4,715	$ 4,296
Accounts payable	16,298	18,999
Accrued and other liabilities	25,467	33,922
Total current liabilities	46,480	57,217
Long-term debt	526,016	528,335
Obligations under finance leases, net of current portion	9,011	9,339
Obligations under operating leases, net of current portion	9,531	10,538
Deferred preneed cemetery revenue	79,360	76,781
Deferred preneed funeral revenue	32,654	33,663
Deferred tax liability	57,834	55,409
Other long-term liabilities	1,469	1,854
Deferred preneed cemetery receipts held in trust	113,456	109,152
Deferred preneed funeral receipts held in trust	112,900	115,416
Care trusts’ corpus	97,864	93,425
Total liabilities	1,086,575	1,091,129
Commitments and contingencies:		
Stockholders’ equity:		
Common stock, $0.01 par value; 80,000,000 shares authorized and 27,510,114 and 27,378,870 shares issued, respectively and 15,882,296 and 15,751,052 shares outstanding, respectively	275	274
Additional paid-in capital	237,367	238,539
Retained earnings	320,480	294,716
Treasury stock, at cost; 11,627,818 shares	(278,753)	(278,753)
Total stockholders’ equity	279,369	254,776
Total liabilities and stockholders’ equity	$ 1,365,944	$ 1,345,905

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

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

	Six months ended June 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 25,764	$ 32,665
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,037	11,574
Provision for credit losses	2,048	1,973
Stock-based compensation expense	4,026	3,845
Deferred income tax expense	2,426	3,264
Amortization of intangibles	643	660
Amortization of debt issuance costs	259	255
Amortization and accretion of debt	292	278
Net loss (gain) on divestitures and impairment charges	368	(5,771)
Net gain on sale of excess real property	—	(1,993)
Changes in operating assets and liabilities that provided (used) cash:		
Accounts and preneed receivables	(7,601)	(11,430)
Inventories, prepaid, and other current assets	(7,376)	(3,136)
Intangible and other non-current assets	(2,717)	(1,117)
Preneed funeral and cemetery trust investments	(3,380)	(4,281)
Accounts payable	(3,444)	(2,245)
Accrued and other liabilities	(8,229)	(10,458)
Deferred preneed funeral and cemetery revenue	1,572	1,941
Deferred preneed funeral and cemetery receipts held in trust	4,762	5,853
Net cash provided by operating activities	22,450	21,877
Cash flows from investing activities:		
Acquisitions of businesses	(4,500)	—
Capital expenditures	(9,223)	(6,009)
Proceeds from divestitures and sale of other assets	342	18,822
Net cash (used in) provided by investing activities	(13,381)	12,813
Cash flows from financing activities:		
Borrowings from the credit facility	63,029	24,600
Payments against the credit facility	(65,729)	(48,700)
Payments on acquisition debt and obligations under finance leases	(251)	(221)
Proceeds from the exercise of stock options and employee stock purchase plan contributions	688	983
Taxes paid on restricted stock, performance award vestings, and exercise of stock options	(2,387)	(7,631)
Dividends paid on common stock	(3,557)	(3,488)
Net cash used in financing activities	(8,207)	(34,457)
Net increase in cash and cash equivalents	862	233
Cash and cash equivalents at beginning of period	1,688	1,165
Cash and cash equivalents at end of period	$ 2,550	$ 1,398
Supplemental disclosure of cash flow information:		
Cash paid for interest and financing costs	$ 12,901	$ 13,614
Cash paid for income taxes	13,109	9,884

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

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

	Three months ended June 30, 2026					
	Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance - March 31, 2026	15,872	$ 275	$ 237,209	$ 308,208	$ (278,753)	$ 266,939
Net income	—	—	—	12,272	—	12,272
Issuance of common stock from employee stock purchase plan	8	—	325	—	—	325
Issuance of common stock to directors and board advisor	2	—	62	—	—	62
Exercise of stock options	18	—	3	—	—	3
Restricted common stock, performance awards, and stock options surrendered for taxes paid	(16)	—	(315)	—	—	(315)
Stock-based compensation expense	—	—	1,868	—	—	1,868
Dividends on common stock ($0.1125 per share)	—	—	(1,785)	—	—	(1,785)
Balance - June 30, 2026	15,884	$ 275	$ 237,367	$ 320,480	$ (278,753)	$ 279,369

	Three months ended June 30, 2025					
	Shares Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance - March 31, 2025	15,693	$ 273	$ 237,407	$ 264,135	$ (278,753)	$ 223,062
Net income	—	—	—	11,739	—	11,739
Issuance of common stock from employee stock purchase plan	9	—	295	—	—	295
Issuance of common stock to directors and board advisor	1	—	63	—	—	63
Exercise of stock options	2	—	—	—	—	—
Restricted common stock, performance awards, and stock options surrendered for taxes paid	(4)	—	(2)	—	—	(2)
Stock-based compensation expense	—	—	2,029	—	—	2,029
Dividends on common stock ($0.1125 per share)	—	—	(1,766)	—	—	(1,766)
Balance - June 30, 2025	15,701	$ 273	$ 238,026	$ 275,874	$ (278,753)	$ 235,420

	Six months ended June 30, 2026										
	Shares Outstanding	Common Stock		Additional Paid-in Capital		Retained Earnings		Treasury Stock		Total	
Balance - December 31, 2025	15,751	$	274	$	238,539	$	294,716	$	(278,753)	$	254,776
Net income	—		—		—		25,764		—		25,764
Issuance of common stock from employee stock purchase plan	18		—		685		—		—		685
Issuance of common stock to directors and board advisor	3		—		125		—		—		125
Issuance of restricted common stock	110		1		(1)		—		—		—
Exercise of stock options	63		—		3		—		—		3
Restricted common stock, performance awards, and stock options surrendered for taxes paid	(62)		—		(2,387)		—		—		(2,387)
Stock-based compensation expense	—		—		3,901		—		—		3,901
Dividends on common stock ($0.2250 per share)	—		—		(3,557)		—		—		(3,557)
Other	1		—		59		—		—		59
Balance - June 30, 2026	15,884	$	275	$	237,367	$	320,480	$	(278,753)	$	279,369

	Six months ended June 30, 2025										
	Shares Outstanding	Common Stock		Additional Paid-in Capital		Retained Earnings		Treasury Stock		Total	
Balance - December 31, 2024	15,254	$	269	$	243,825	$	243,209	$	(278,753)	$	208,550
Net income	—		—		—		32,665		—		32,665
Issuance of common stock from employee stock purchase plan	20		—		662		—		—		662
Issuance of common stock to directors and board advisor	3		—		140		—		—		140
Issuance of common stock	271		3		(3)		—		—		—
Issuance of restricted common stock	115		1		(1)		—		—		—
Exercise of stock options	79		—		321		—		—		321
Restricted common stock, performance awards, and stock options surrendered for taxes paid	(53)		—		(7,631)		—		—		(7,631)
Stock-based compensation expense	—		—		3,705		—		—		3,705
Dividends on common stock ($0.2250 per share)	—		—		(3,488)		—		—		(3,488)
Other	12		—		496		—		—		496
Balance - June 30, 2025	15,701	$	273	$	238,026	$	275,874	$	(278,753)	$	235,420

The accompanying condensed notes are an integral part of these Condensed 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 66% of our total revenue and Cemetery Operations, which currently accounts for approximately 34% of our total revenue. At June 30, 2026, 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 and Interim Condensed Disclosures

Our unaudited Condensed Consolidated Financial Statements include the Company and its subsidiaries. All intercompany balances and transactions have been eliminated. Our interim Condensed Consolidated Financial Statements are unaudited, but include all adjustments, which consist of normal, recurring accruals, that are necessary for a fair presentation of our financial position and results of operations as of and for the interim periods presented.

There have been no material changes in our accounting policies previously disclosed in Part II, Item 8 “Financial Statements and Supplementary Data” in Note 1 in our Annual Report on Form 10-K for the year ended December 31, 2025. In addition, our unaudited Condensed Consolidated Financial Statements have been prepared in a manner consistent with the accounting principles described in our Annual Report on Form 10-K for the year ended December 31, 2025, unless otherwise disclosed herein, and should be read in conjunction therewith.

Use of Estimates

The preparation of our Condensed 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 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.

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.

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 Condensed Consolidated Balance Sheets.

Held for sale balances on our Condensed Consolidated Balance Sheets primarily consist of $0.3 million of property, plant and equipment as of June 30, 2026, and December 31, 2025, respectively.

On July 10, 2026, we completed the sale of excess land that was classified as held for sale on our Condensed Consolidated Balance Sheets as of June 30, 2026.

During the three months ended June 30, 2026, we sold one funeral home for an aggregate of $0.3 million. We recorded an impairment of $0.1 million and $0.3 million, for the three and six months ended June 30, 2026, respectively, resulting in an immaterial loss recorded in *Net (gain) loss on divestitures and impairment charges* on our Condensed Consolidated Statements of Operations.

During the three months ended June 30, 2025, we merged one funeral home with another business we own in an existing market. During the six months ended June 30, 2025, we sold two funeral homes and three cemeteries for an aggregate of $15.8 million and merged one funeral home with another business we own in an existing market. We recorded an impairment of $0.1 million during the six months ended June 30, 2025, resulting in a gain of $5.9 million recorded in *Net (gain) loss on divestitures and impairment charges* on our Condensed Consolidated Statements of Operations.

Income Taxes

Income tax expense was $4.9 million and $5.1 million for the three months ended June 30, 2026 and 2025, respectively, and $9.8 million and $10.4 million for the six months ended June 30, 2026 and 2025, respectively. Our operating tax rate before discrete items was 28.8% and 31.2% for the three months ended June 30, 2026 and 2025, respectively, and 28.4% and 31.2% for the six months ended June 30, 2026 and 2025, respectively.

2. RECENTLY ISSUED ACCOUNTING STANDARDS

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.

3. SEGMENT REPORTING

Our Chief Operating Decision Maker (the "CODM"), who is the Chief Executive Officer, utilizes segment adjusted operating profit 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. Additionally, the CODM employs segment gross profit for product pricing evaluation and uses segment adjusted operating profit to assess each segment's performance by comparing results and return on assets against expected outcomes. The CODM does not review disaggregated assets by segment; therefore assets by segment are not provided.

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, regional and unallocated funeral and cemetery costs, and gross profit by segment as follows: (in thousands) for the three and six months ended June 30, 2026 and 2025, respectively:

Three months ended June 30, 2026	**Funeral**	**Cemetery**	**Total**
Revenue			
Services	$ 40,414	$ 5,191	$ 45,605
Merchandise	17,912	4,433	22,345
Cemetery property	—	24,804	24,804
Other revenue	7,366	2,829	10,195
Total revenue	$ 65,692	$ 37,257	$ 102,949
Less:			
Salaries, benefits, and commission expenses	$ 17,607	$ 11,221	$ 28,828
Cost of merchandise	3,328	2,069	5,397
Allocated overhead costs(1)	3,039	1,244	4,283
Facilities and grounds expenses	2,774	1,564	4,338
General and administrative expenses(2)	2,818	1,024	3,842
Other segment expenses(3)	8,946	2,133	11,079
Adjusted operating profit (4)	$ 27,180	$ 18,002	$ 45,182
Reconciliation of Adjusted operating profit margin to Gross profit			
Cemetery property amortization	$ —	$ 3,129	$ 3,129
Field depreciation expense	2,829	528	3,357
Regional and unallocated funeral and cemetery costs	2,096	1,556	3,652
Gross profit	$ 22,255	$ 12,789	$ 35,044
Corporate costs and expenses:			
General and administrative expenses			$ 11,001
Net loss on divestitures and impairment charges			90
Operating income			$ 23,953
Interest expense			$ 6,683
Other, net			113
Income before income taxes			$ 17,157

(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) Other segment expenses primarily include transportation costs, other funeral costs, and non-payroll related promotional costs.

(4) During the first quarter of 2026, the Company changed its measure of segment profit from segment operating income to segment adjusted operating profit. The change reflects how management now evaluates segment performance and allocates resources. The change primarily relates to the exclusion of depreciation, amortization, and certain corporate allocations. Prior-period amounts have been recast for comparability.

Three months ended June 30, 2025	**Funeral**	**Cemetery**	**Total**
Revenue			
Services	$ 41,308	$ 5,202	$ 46,510
Merchandise	18,264	4,330	22,594
Cemetery property	—	23,919	23,919
Other revenue	5,675	3,449	9,124
Total revenue	$ 65,247	$ 36,900	$ 102,147
Less:			
Salaries, benefits, and commission expenses	$ 17,011	$ 10,533	$ 27,544
Cost of merchandise	5,276	2,135	7,411
Allocated overhead costs[1]	3,387	1,367	4,754
Facilities and grounds expenses	2,709	1,561	4,270
General and administrative expenses[2]	2,703	956	3,659
Other segment expenses[3]	7,911	1,874	9,785
Adjusted operating profit [4]	$ 26,250	$ 18,474	$ 44,724
Reconciliation of Adjusted operating profit margin to Gross profit			
Cemetery property amortization	$ —	$ 2,241	$ 2,241
Field depreciation expense	2,835	453	3,288
Regional and unallocated funeral and cemetery costs	1,736	1,524	3,260
Gross profit	$ 21,679	$ 14,256	$ 35,935
Corporate costs and expenses:			
General and administrative expenses			$ 11,938
Net loss on divestitures and impairment charges			(1)
Operating income			$ 23,998
Interest expense			$ 7,034
Other, net			107
Income before income taxes			$ 16,857

(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) Other segment expenses primarily include transportation costs, other funeral costs, and non-payroll related promotional costs.

(4) During the first quarter of 2026, the Company changed its measure of segment profit from segment operating income to segment adjusted operating profit. The change reflects how management now evaluates segment performance and allocates resources. The change primarily relates to the exclusion of depreciation, amortization, and certain corporate allocations. Prior-period amounts have been recast for comparability.

Six months ended, June 30, 2026	Funeral	Cemetery	Total
Revenue			
Services	$ 85,906	$ 10,621	$ 96,527
Merchandise	38,425	8,598	47,023
Cemetery property	—	46,018	46,018
Other revenue	13,075	6,426	19,501
Total revenue	$ 137,406	$ 71,663	$ 209,069
Less:			
Salaries, benefits, and commission expenses	$ 35,480	$ 21,355	$ 56,835
Cost of merchandise	8,919	4,070	12,989
Allocated overhead costs[1]	5,998	2,405	8,403
Facilities and grounds expenses	5,845	2,815	8,660
General and administrative expenses[2]	6,246	2,077	8,323
Other segment expenses[3]	16,140	4,103	20,243
Adjusted operating profit [4]	$ 58,778	$ 34,838	$ 93,616
Reconciliation of Adjusted operating profit to Gross profit			
Cemetery property amortization	$ —	$ 5,124	$ 5,124
Field depreciation expense	5,715	1,050	6,765
Regional and unallocated funeral and cemetery costs	4,427	3,616	8,043
Gross profit	$ 48,636	$ 25,048	$ 73,684
Corporate costs and expenses:			
General and administrative expenses			$ 24,086
Net loss on divestitures and impairment charges			368
Operating income			$ 49,230
Interest expense			$ 13,567
Other, net			107
Income before income taxes			$ 35,556

(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) Other segment expenses primarily include transportation costs, other funeral costs, and non-payroll related promotional costs.

(4) During the first quarter of 2026, the Company changed its measure of segment profit from segment operating income to segment adjusted operating profit. The change reflects how management now evaluates segment performance and allocates resources. The change primarily relates to the exclusion of depreciation, amortization, and certain corporate allocations. Prior-period amounts have been recast for comparability.

Six months ended June 30, 2025	Funeral	Cemetery	Total
Revenue			
Services	89,257	10,263	$ 99,520
Merchandise	39,820	8,369	48,189
Cemetery property	—	43,910	43,910
Other revenue	10,789	6,808	17,597
Total revenue	139,866	69,350	209,216
Less:			
Salaries, benefits, and commission expenses	34,988	20,452	55,440
Cost of merchandise	11,547	3,961	15,508
Allocated overhead costs(1)	6,613	2,699	9,312
Facilities and grounds expenses	5,638	2,765	8,403
General and administrative expenses(2)	5,724	1,851	7,575
Other segment expenses(3)	15,927	4,100	20,027
Adjusted operating profit (4)	$ 59,429	$ 33,522	$ 92,951
Reconciliation of Adjusted operating profit margin to Gross profit			
Cemetery property amortization	—	4,069	$ 4,069
Field depreciation expense	5,661	949	$ 6,610
Regional and unallocated funeral and cemetery costs	4,886	3,609	8,495
Gross profit	$ 48,882	$ 24,895	$ 73,777
Corporate costs and expenses:			
General and administrative expenses			$ 23,986
Net loss on divestitures and impairment charges			(5,771)
Operating income			$ 55,562
Interest expense			$ 14,332
Other, net			(1,881)
Income before income taxes			$ 43,111

(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) Other segment expenses primarily include transportation costs, other funeral costs, and non-payroll related promotional costs.

(4) During the first quarter of 2026, the Company changed its measure of segment profit from segment operating income to segment adjusted operating profit. The change reflects how management now evaluates segment performance and allocates resources. The change primarily relates to the exclusion of depreciation, amortization, and certain corporate allocations. Prior-period amounts have been recast for comparability.

4. EARNINGS PER SHARE

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Numerator for basic and diluted earnings per share:				
Net income	$ 12,272	$ 11,739	$ 25,764	$ 32,665
Less: Earnings allocated to unvested restricted stock	(150)	(194)	(333)	(540)
Income attributable to common stockholders	$ 12,122	$ 11,545	$ 25,431	$ 32,125
Denominator:				
Denominator for basic earnings per common share – weighted average shares outstanding	15,651	15,458	15,609	15,352
Effect of dilutive securities:				
Stock options	191	195	202	176
Denominator for diluted earnings per common share – weighted average shares outstanding	15,842	15,653	15,811	15,528
Basic earnings per common share:	$ 0.78	$ 0.75	$ 1.63	$ 2.09
Diluted earnings per common share:	$ 0.77	$ 0.74	$ 1.61	$ 2.07

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):

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Antidilutive stock options	208	228	213	224

5. 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 Condensed Consolidated Balance Sheets (in thousands):

	June 30, 2026	December 31, 2025
Goodwill at the beginning of the period	$ 427,897	$ 414,859
Increase in goodwill related to acquisitions	1,096	37,746
Decrease in goodwill related to divestitures	(279)	(24,708)
Goodwill at the end of the period	$ 428,714	$ 427,897

During the six months ended June 30, 2026, we allocated $0.3 million of goodwill to the sale of one funeral home which was recorded in *Net loss on divestitures and impairment charges* on our Condensed Consolidated Statements of Operations, allocated to our funeral home segment.

During the six months ended June 30, 2025, we allocated $4.2 million of goodwill to the sale of two funeral homes and three cemeteries which was recorded in *Net loss (gain) on divestitures and impairment charges* on our Condensed Consolidated Statements of Operations, of which $2.6 million was allocated to our funeral home segment and $1.6 million was allocated to our cemetery segment.

During the first quarter of 2026, the Company implemented an executive leadership restructuring that changed the manner in which certain funeral home operations are managed and reviewed. As a result, the Company reassessed its reporting unit structure under ASC 350, Intangibles—Goodwill and Other and determined that certain reporting units within the funeral home segment no longer met the criteria to be considered separate reporting units. Accordingly, the Company combined these reporting units into a single reporting unit. This change did not affect the Company's operating segments under ASC 280, Segment Reporting. In connection with the change in reporting unit structure, the Company performed a qualitative goodwill impairment assessment and concluded that it was not more likely than not that the fair value of the combined reporting unit was less than its carrying amount. Accordingly, no quantitative impairment test was required, and no goodwill impairment charge was recognized.

6. RECEIVABLES

Accounts Receivable

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*.

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

	June 30, 2026			
	Funeral	Cemetery	Corporate	Total
Trade and financed receivables	$ 5,769	$ 33,659	$ —	$ 39,428
Other receivables	852	2,900	3,015	6,767
Allowance for credit losses	(273)	(2,273)	—	(2,546)
Accounts receivable, net	$ 6,348	$ 34,286	$ 3,015	$ 43,649

	December 31, 2025			
	Funeral	Cemetery	Corporate	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

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 six months ended June 30, 2026 (in thousands):

	January 1, 2026	Provision for Credit Losses	Write Offs	Recoveries	June 30, 2026
Trade and financed receivables:					
Funeral	$ (363)	$ (243)	$ 749	$ (416)	$ (273)
Cemetery	(3,211)	(651)	1,589	—	(2,273)
Total allowance for credit losses on trade and financed receivables	$ (3,574)	$ (894)	$ 2,338	$ (416)	$ (2,546)

Cemetery Receivables

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

	June 30, 2026	December 31, 2025
Interment rights	$ 107,481	$ 99,741
Merchandise and services	17,920	17,761
Unearned finance charges	4,496	4,805
Cemetery receivables	$ 129,897	$ 122,307

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

	June 30, 2026	December 31, 2025
Cemetery receivables	$ 129,897	$ 122,307
Less: unearned finance charges	(4,496)	(4,805)
Cemetery receivables, at amortized cost	$ 125,401	$ 117,502
Less: allowance for contract cancellation and credit losses	(6,091)	(5,812)
Less: balances due on undelivered cemetery preneed contracts	(18,319)	(16,579)
Less: amounts in accounts receivable	(31,386)	(28,056)
Preneed cemetery receivables, net	$ 69,605	$ 67,055

The following table summarizes the activity in our allowance for credit losses for *Preneed cemetery receivables, net* for the six months ended June 30, 2026 (in thousands):

	January 1, 2026	Provision for Credit Losses	Write Offs	June 30, 2026
Total allowance for credit losses on *Preneed cemetery receivables, net*	$ (2,601)	$ (1,154)	$ (63)	$ (3,818)

The amortized cost basis of our cemetery receivables by year of origination as of June 30, 2026 is as follows (in thousands):

	2026	2025	2024	2023	2022	Prior	Total
Total cemetery receivables, at amortized cost	$ 36,562	$ 44,683	$ 27,364	$ 10,718	$ 4,617	$ 1,457	$ 125,401

The aging of past due cemetery receivables as of June 30, 2026 is as follows (in thousands):

	31-60 Past Due	61-90 Past Due	91-120 Past Due	>120 Past Due	Total Past Due	Current	Total
Recognized revenue	$ 4,138	$ 1,629	$ 849	$ 6,834	$ 13,450	$ 93,632	$ 107,082
Deferred revenue	419	272	142	2,578	3,411	19,404	22,815
Total contracts	$ 4,557	$ 1,901	$ 991	$ 9,412	$ 16,861	$ 113,036	$ 129,897

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, Credit Facility, and Senior Notes (as defined in Note 10) are classified within Level 2 of the Fair Value Measurements hierarchy.

At June 30, 2026, the carrying value and fair value of our Credit Facility was $124.0 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 June 30, 2026, the carrying value of our acquisition debt was $6.2 million, which approximated its fair value. The fair value of our Senior Notes was $383.1 million at June 30, 2026, based on the last traded or broker quoted price.

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 June 30, 2026 because the investments include restrictions that do not allow for liquidation until 2027. As of June 30, 2026, we do not have an unfunded commitment for this investment.

Furthermore, we have nine 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 41% 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 59% of the total alternative investment and can be liquidated with a 15-day notice period with no restrictions. As of June 30, 2026, we had approximately $29 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 Condensed 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 June 30, 2026 and 2025, 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 Condensed 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 Condensed 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 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 Condensed Consolidated Balance Sheets are as follows (in thousands):

	June 30, 2026	December 31, 2025
Preneed cemetery trust investments, at market value	$ 116,947	$ 112,531
Less: allowance for contract cancellation	(3,491)	(3,379)
Preneed cemetery trust investments	$ 113,456	$ 109,152

The cost and market values associated with preneed cemetery trust investments at June 30, 2026, are detailed below (in thousands):

	Fair Value Hierarchy Level	Cost	Unrealized Gains	Unrealized Losses	Fair Market Value
Cash and money market accounts	1	$ 15,317	$ —	$ —	$ 15,317
Common stock	1	11,736	2,123	(1,679)	12,180
Limited partnership fund		3,514	679	—	4,193
Mutual funds:					
Equity	1	10,233	77	(1,203)	9,107
Fixed income	2	43,007	92	(358)	42,741
Alternative investments		32,552	392	(157)	32,787
Trust securities		$ 116,359	$ 3,363	$ (3,397)	$ 116,325
Accrued investment income		$ 622			$ 622
Preneed cemetery trust investments					$ 116,947
Market value as a percentage of cost					100.0 %

The cost and market values associated with preneed cemetery 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	$ 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		$ 112,624	$ 1,495	$ (2,199)	$ 111,920
Accrued investment income		$ 611			$ 611
Preneed cemetery trust investments					$ 112,531
Market value as a percentage of cost					99.4 %

There were no fixed income securities (excluding mutual funds) within our preneed cemetery trust investments in an unrealized loss position at June 30, 2026 and December 31, 2025.

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Investment income	$ 648	$ 770	$ 1,156	$ 1,417
Realized gains	40	6,199	402	8,202
Realized losses	(16)	(5,494)	(98)	(7,097)
Unrealized gains (losses), net	294	(886)	(34)	(31)
Expenses and taxes	(271)	(585)	(923)	(809)
Net change in deferred preneed cemetery receipts held in trust	(695)	(4)	(503)	(1,682)
	$ —	$ —	$ —	$ —

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Purchases	$ (8,359)	$ (38,172)	$ (12,398)	$ (41,678)
Sales	6,793	29,933	10,100	48,002

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 Condensed Consolidated Balance Sheets are as follows (in thousands):

	June 30, 2026	December 31, 2025
Preneed funeral trust investments, at market value	$ 116,379	$ 118,993
Less: allowance for contract cancellation	(3,479)	(3,577)
Preneed funeral trust investments	$ 112,900	$ 115,416

The cost and market values associated with preneed funeral trust investments at June 30, 2026 are detailed below (in thousands):

	Fair Value Hierarchy Level	Cost	Unrealized Gains	Unrealized Losses	Fair Market Value
Cash and money market accounts	1	$ 20,488	$ —	$ —	$ 20,488
Fixed income securities:					
U.S agency obligations	2	307	—	(19)	288
Common stock	1	11,373	2,057	(1,627)	11,803
Limited partnership fund		3,405	658	—	4,063
Mutual funds:					
Equity	1	9,382	7	(1,165)	8,224
Fixed income	2	37,746	79	(321)	37,504
Other investments	2	1,692	—	—	1,692
Alternative investments		31,545	379	(153)	31,771
Trust securities		$ 115,938	$ 3,180	$ (3,285)	$ 115,833
Accrued investment income		$ 546			$ 546
Preneed cemetery trust investments					$ 116,379
Market value as a percentage of cost					99.9 %

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

Due in one year or less	$ 99
Due in one to five years	91
Due in five to ten years	98
Thereafter	—
Total fixed income securities	$ 288

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		$ 119,236	$—	$ 1,510	$—	$ (2,274)	$ 118,472
Accrued investment income		$ 521					$ 521
Preneed cemetery trust investments							$ 118,993
Market value as a percentage of cost							99.4 %

The following table summarizes our fixed income securities (excluding mutual funds) within our preneed funeral trust investment in an unrealized loss position at June 30, 2026, aggregated by major security type and length of time in a continuous unrealized loss position (in thousands):

	June 30, 2026					
	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	$ —	$ —	$ 288	$ (19)	$ 288	$ (19)
Total fixed income securities with an unrealized loss	$ —	$ —	$ 288	$ (19)	$ 288	$ (19)

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):

	December 31, 2025					
	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	$ —	$ —	$ 288	$ (18)	$ 288	$ (18)
Total fixed income securities with an unrealized loss	$ —	$ —	$ 288	$ (18)	$ 288	$ (18)

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Investment income	$ 498	$ 521	897	994
Realized gains	39	5,521	406	7,448
Realized losses	(15)	(4,519)	(98)	(6,228)
Unrealized gains (losses), net	296	(1,102)	(105)	211
Expenses and taxes	(316)	(365)	(705)	(470)
Net change in deferred preneed funeral receipts held in trust	(501)	(56)	(395)	(1,955)
	$ 1	$ —	$ —	$ —

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Purchases	$ (7,669)	$ (33,083)	(11,407)	(36,455)
Sales	6,583	25,098	9,934	42,457

Cemetery Perpetual Care Trust Investments

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

	June 30, 2026	December 31, 2025
Cemetery perpetual care trust investments, at market value	$ 98,772	$ 95,625
Obligations due to (due from) trust	(908)	(2,200)
Care trusts' corpus	$ 97,864	$ 93,425

The following table reflects the cost and market values associated with the trust investments held in perpetual care trust funds at June 30, 2026 (in thousands):

	Fair Value Hierarchy Level	Cost	Unrealized Gains	Unrealized Losses	Fair Market Value
Cash and money market accounts	1	$ 6,302	$ —	$ —	$ 6,302
Common stock	1	10,288	1,861	(1,472)	10,677
Limited partnership fund		3,081	595	—	3,676
Mutual funds:					
Equity	1	9,386	120	(1,054)	8,452
Fixed income	2	40,564	90	(330)	40,324
Alternative investments		28,535	344	(138)	28,741
Trust securities		$ 98,156	$ 3,010	$ (2,994)	$ 98,172
Accrued investment income		$ 600			$ 600
Preneed cemetery trust investments					$ 98,772
Market value as a percentage of cost					100.0 %

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):

	Fair Value Hierarchy Level	Cost	Unrealized Gains	Unrealized Losses	Fair Market Value
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		$ 95,121	$ 1,875	$ (1,987)	$ 95,009
Accrued investment income		$ 616			$ 616
Preneed cemetery trust investments					$ 95,625
Market value as a percentage of cost					99.9 %

There were no fixed income securities (excluding mutual funds) within our perpetual care trust investment in an unrealized loss position at June 30, 2026 and December 31, 2025.

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Realized gains	$ 5	$ 1,028	700	1,279
Realized losses	(2)	(1,228)	$ (173)	$ (1,429)
Unrealized gains (losses), net	257	(901)	16	(213)
Net change in care trusts' corpus	(260)	1,101	(543)	363
	$ —	$ —	$ —	$ —

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Investment income	$ 1,528	$ 2,420	$ 3,828	$ 4,907
Realized losses	(462)	(587)	(891)	(1,259)
Total	$ 1,066	$ 1,833	$ 2,937	$ 3,648

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Purchases	$ (7,682)	$ (35,774)	$ (11,232)	$ (38,896)
Sales	5,955	26,968	$ 12,332	$ 42,931

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):

	June 30, 2026	December 31, 2025
Preneed funeral trust funds, at cost	$ 16,665	$ 16,758
Less: allowance for contract cancellation	(500)	(503)
Receivables from preneed funeral trusts, net	$ 16,165	$ 16,255

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 June 30, 2026 and December 31, 2025. 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.

The composition of the preneed trust funds at June 30, 2026, is as follows (in thousands):

	Historical Cost Basis	Fair Value
Cash and cash equivalents	$ 2,268	$ 2,268
Fixed income investments	10,975	10,975
Mutual funds and common stocks	3,418	3,269
Annuities	4	4
Total	$ 16,665	$ 16,516

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

	Historical Cost Basis	Fair Value
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
Total	$ 16,758	$ 16,638

10. LONG TERM DEBT

Our long-term debt consists of the following (in thousands):

	June 30, 2026	December 31, 2025
Senior Notes	$ 397,693	$ 397,319
Credit Facility	122,912	125,435
Acquisition debt, net of current portion	5,411	5,581
Total Long-term debt	$ 526,016	$ 528,335

Senior Notes

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

	June 30, 2026	December 31, 2025
Principal amount	$ 400,000	$ 400,000
Debt discount, net of accumulated amortization of $2,702 and $2,411, respectively	(1,798)	(2,089)
Debt issuance costs, net of accumulated amortization of $768 and $685, respectively	(509)	(592)
Carrying value of the Senior Notes	$ 397,693	$ 397,319

At June 30, 2026, the fair value of the Senior Notes, which are Level 2 measurements, was $383.1 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):

	Three months ended June 30,		Six months ended June 30,		
	2026	2025	2026	2025	Filter Handle
Senior Notes interest expense	4,250	4,250	$ 8,500	$ 8,500	X
Senior Notes amortization of debt discount	145	140	291	278	X
Senior Notes amortization of debt issuance costs	42	40	83	79	X

The debt discount and the debt issuance costs are being amortized using the effective interest method over the remaining term of approximately 35 months of the Senior Notes. The effective interest rates on the unamortized debt discount and the unamortized debt issuance costs for the Senior Notes for both the three and six months ended June 30, 2026 and 2025 were 4.42% and 4.30%, respectively.

Credit Facility

At June 30, 2026, 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 Senior Notes above) 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 June 30, 2026, 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 June 30, 2026.

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

	June 30, 2026	December 31, 2025
Credit Facility	$ 124,000	$ 126,700
Debt issuance costs, net of accumulated amortization of $3,477 and $3,300, respectively	(1,088)	(1,265)
Total Credit Facility	$ 122,912	$ 125,435
Acquisition debt	$ 6,205	$ 6,188
Less: current portion	(794)	(607)
Total acquisition debt, net of current portion	$ 5,411	$ 5,581

At June 30, 2026, we had outstanding borrowings under the Credit Facility of $124.0 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 June 30, 2026, we had $123.8 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 June 30, 2026, the prime rate margin was equivalent to 1.125% and the SOFR term margin was 2.225%. The weighted average interest rate on our Credit Facility was 6.0% and 6.8% for the three months ended June 30, 2026 and 2025, respectively. The weighted average interest rate on our Credit Facility was 5.9% and 6.9% for the three months ended June 30, 2026 and 2025, 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):

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Credit Facility interest expense	1,977	2,102	$ 3,964	$ 4,601
Credit Facility amortization of debt issuance costs	90	89	177	177

Acquisition debt

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):

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Acquisition debt imputed interest expense	$ 112	$ 93	262	187

11. BUSINESS COMBINATIONS

On May 27, 2026, we acquired a business consisting of one funeral home for approximately $4.5 million. We acquired substantially all of the assets and assumed certain operating liabilities of this business.

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

	Preliminary Purchase Price Allocation
Current assets	$ 58
Property, plant, and equipment	3,024
Goodwill	1,096
Intangible and other non-current assets	322
Purchase price	$ 4,500

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.

The primary reasons for the acquisition that contributed to the recognition of goodwill include the expansion of our footprint in strategic markets.

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

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 Condensed 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):

	Preliminary Purchase Price Allocation
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	$ 56,499

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.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q contains certain statements and information that 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 related to the ATM Program, potential future sales thereunder, and the expected uses of proceeds thereof, including our ability to meet the expectations, timing and plans, if at all, related to the ATM Program; 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;
- 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;
- our ability to meet the timing, objectives, and expectations of our ATM Program, if at all, including the planned use of proceeds and the potentially dilutive effects to our shareholders of issuances of shares under the ATM Program;
- 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 updated full year outlook, if at all;
- the timely and full payment of death benefits related to preneed funeral contracts funded through life insurance contracts;

- the financial condition of third-party insurance companies that fund our preneed funeral contracts;
- increased or unanticipated costs, such as merchandise, goods, insurance or taxes, and our ability to mitigate or minimize such costs, if at all;
- our level of indebtedness and the cash required to service our indebtedness;
- changes in federal income tax laws and regulations and the implementation and interpretation of these laws and regulations by the Internal Revenue Service, 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;
- interruptions or security lapses of our information technology, including any cybersecurity or ransomware incidents;
- adverse developments affecting the financial services industry;
- military conflicts, acts of war or terrorists acts and the governmental or military response to such acts or conflicts;
- 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 (i) Part II, Item 1A “Risk Factors” in this Quarterly Report on Form 10-Q and (ii) Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025.

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.

Item 2. 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 66% of our total revenue and Cemetery Operations, which currently accounts for approximately 34% of our total revenue. At June 30, 2026, 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.

COMPANY DEVELOPMENTS

ATM Program

On May 6, 2026, the Company announced it had entered into an Equity Distribution Agreement with Oppenheimer & Co. Inc. and Raymond James & Associates, Inc., as sales agents (together, the “Sales Agents”), with respect to an at-the-market equity offering program (the “ATM Program”) under which the Company may offer and sell, from time to time, shares of its common stock having an aggregate offering price of up to $100.0 million (“Shares”) through or to the Sales Agents, as sales agents and/or principals. To date, we have not sold any Shares under our ATM Program.

Board of Directors

On May 12, 2026, upon the recommendation of the Corporate Governance Committee of the Company, the Board of Directors (the “Board”) unanimously elected Douglas Meehan to serve as the Chair of the Compensation Committee, effective on that date. Mr. Meehan has been a director of the Company since 2018. He succeeds Somer Webb, who continues to serve on the Board and as a member of the Audit, Compensation, and Corporate Governance Committees.

Macroeconomic and Inflationary Factors

We continue to monitor the macroeconomic, geopolitical, and certain policy factors and their potential impact, if any, on our business. During the first half of 2026, consumer discretionary spending has reflected mixed trends, with higher-income consumers appearing more resilient and moderate-income consumers exhibiting more cautious behavior, which could result in an overall reduction in consumer spending and demand for products and services. These trends continue to be influenced by moderating, but still elevated, inflation, evolving tariff and trade policies, geopolitical developments, and volatility in energy prices. Although certain indicators suggest that inflation has moderated, these factors continue to create uncertainty regarding future cost trends and broader economic conditions. Inflation and other macroeconomic conditions may negatively impact consumer discretionary spending, including the amount consumers are able to spend on our services. To date, these conditions have not materially impacted our business, and our industry has historically demonstrated resilience during similar adverse economic and market environments.

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 additional details related to our debt and lease obligations, including our Credit Facility, Acquisition Debt and Senior Notes, refer to Notes 10 to our unaudited Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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, including, for example, through our ATM Program, 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 2026 with $1.7 million in cash and ended the quarter with $2.6 million in cash. As of June 30, 2026, we had borrowings of $124.0 million outstanding on our Credit Facility compared to $126.7 million as of December 31, 2025.

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

	Six months ended June 30,	
	2026	**2025**
Cash and cash equivalents at beginning of period	$ 1,688	$ 1,165
Net cash provided by operating activities	22,450	21,877
Acquisitions of businesses	(4,500)	—
Capital expenditures	(9,223)	(6,009)
Proceeds from divestitures and sale of other assets	342	18,822
Net cash (used in) provided by investing activities	(13,381)	12,813
Net payments on our credit facility, acquisition debt, and finance lease obligations	(2,951)	(24,321)
Net payments on employee equity plans	(1,699)	(6,648)
Dividends paid on common stock	(3,557)	(3,488)
Net cash used in financing activities	(8,207)	(34,457)
Cash and cash equivalents at end of period	$ 2,550	$ 1,398

Operating Activities

For the six months ended June 30, 2026, cash provided by operating activities was $22.5 million compared to $21.9 million for the six months ended June 30, 2025. The growth was primarily driven by improvements in working capital.

Investing Activities

Our investing activities resulted in net cash outflows of $13.4 million for the six months ended June 30, 2026, compared to net cash inflows of $12.8 million for the six months ended June 30, 2025, a decrease of $26.2 million, primarily as a result of the activity described below.

Acquisition and Divestiture Activity

During the six months ended June 30, 2026, we acquired one funeral home for $4.5 million.

During the six months ended June 30, 2026, we sold one funeral home for an aggregate of $0.3 million.

During the six months ended June 30, 2025, we sold two funeral homes and three cemeteries for an aggregate of $15.8 million. Additionally, we sold real property for $3.0 million.

Capital Expenditures

For the six months ended June 30, 2026, our capital expenditures (comprised of growth and maintenance spend) totaled $9.2 million compared to $6.0 million for the six months ended June 30, 2025, an increase of $3.2 million.

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

	Six months ended June 30,	
	2026	**2025**
Growth	$ 4,882	$ 3,469
Maintenance	4,341	2,540
Total capital expenditures	$ 9,223	$ 6,009

Financing Activities

Our financing activities resulted in a net cash outflow of $8.2 million for the six months ended June 30, 2026, compared to a net cash outflow of $34.5 million for the six months ended June 30, 2025, a decrease of $26.3 million.

During the six months ended June 30, 2026, we had net payments on our Credit Facility, acquisition debt, and finance leases of $3.0 million, net payments on our employee equity plans of $1.7 million, and paid dividends of $3.6 million.

During the six months ended June 30, 2025, we had net payments on our Credit Facility, acquisition debt, and finance leases of $24.3 million, net payments on our employee equity plans of $6.6 million, and paid dividends of $3.5 million.

FINANCIAL HIGHLIGHTS

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

	Three months ended June 30,			
	2026	**2025**	**Inc/(Dec)**	**% Change**
Total revenue	$ 102,949	$ 102,147	$ 802	0.8 %
Funeral contracts	10,169	10,589	(420)	(4.0)%
Average revenue per funeral contract	$ 6,048	$ 5,776	$ 272	4.7 %
Preneed insurance contracts sold	3,648	3,013	635	21.1 %
Preneed interment rights (property) sold	3,454	4,016	(562)	(14.0)%
Average price per preneed interment right (property) sold	$ 6,884	$ 5,871	$ 1,013	17.3 %
Preneed sales production (M&S and property)	$ 24,636	$ 23,469	$ 1,167	5.0 %
Gross profit	$ 35,044	$ 35,935	$ (891)	(2.5)%
Net income	$ 12,272	$ 11,739	$ 533	4.5 %

Revenue for the three months ended June 30, 2026 increased $0.8 million, compared to the three months ended June 30, 2025, primarily due to an increase in acquisition and financial revenue that was partially offset by a decline in divested and comparable revenue. In our Funeral segment, we experienced a 4.7% increase in the average revenue per funeral contract, and a 21.1% increase in preneed insurance contracts sold; partially offset by a 4.0% decrease in funeral contract volume. In our Cemetery segment, we experienced a 5.0% increase in preneed sales production and a 17.3% increase in the average price per interment right (property) sold; partially offset by a 14.0% decrease in the number of preneed interment rights (property) sold.

Gross profit for the three months ended June 30, 2026 decreased $0.9 million compared to the three months ended June 30, 2025, primarily due to an increase in depreciation and amortization.

Net income for the three months ended June 30, 2026 increased $0.5 million, compared to the three months ended June 30, 2025, primarily due to a $0.9 million decrease in general and administrative expenses, a $0.4 million decrease in interest expense, and a $0.2 million decrease in income tax expense; partially offset by a $0.9 million decrease in gross profit contribution from our businesses.

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

	Six months ended June 30,			
	2026	2025	Inc/(Dec)	% Change
Total revenue	$ 209,069	$ 209,216	$ (147)	(0.1)%
Funeral contracts	21,386	22,761	(1,375)	(6.0)%
Average revenue per funeral contract	$ 6,049	$ 5,825	$ 224	3.8 %
Preneed insurance contracts sold	6,575	5,724	851	14.9 %
Preneed interment rights (property) sold	6,607	7,252	(645)	(8.9)%
Average price per preneed interment right (property) sold	$ 6,470	$ 5,669	$ 801	14.1 %
Preneed sales production (M&S and property)	45,769	42,978	2,791	6.5 %
Gross profit	$ 73,684	$ 73,777	$ (93)	(0.1)%
Net income	$ 25,764	$ 32,665	$ (6,901)	(21.1)%

Revenue for the six months ended June 30, 2026 decreased $0.1 million compared to the six months ended June 30, 2025, primarily due to a decrease in divested and comparable revenue offset by growth in acquisition and financial revenue. In our Funeral segment we experienced a 6.0% decrease in funeral contract volume which was partially offset by a 3.8% increase in the average revenue per funeral contract, and a 14.9% increase in preneed insurance contracts sold. In our Cemetery segment, we experienced an 8.9% decrease in the number of preneed interment rights (property) sold partially offset a 14.1% increase in the average price per interment right sold.

Gross profit for the six months ended June 30, 2026 decreased $0.1 million, compared to the six months ended June 30, 2025, primarily due to the decline in revenue described above partially offset by effective cost management.

Net income for the six months ended June 30, 2026 decreased $6.9 million, compared to the six months ended June 30, 2025, primarily due to a prior year net gain on divestitures, impairment charges, and sale of real property of $7.7 million; partially offset by a $0.8 million decrease in interest expense and a $0.7 million decrease in income tax expense.

Further discussion of revenue and the components of gross profit for our funeral home and cemetery segments is presented under "– Results of Operations."

Further discussion of general, administrative and other expenses, 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 June 30, 2026, dated August 5, 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):

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Gross profit	$ 35,044	$ 35,935	$ 73,684	$ 73,777
Cemetery property amortization	3,129	2,241	5,124	4,069
Field depreciation expense	3,357	3,288	6,765	6,610
Regional and unallocated funeral and cemetery costs	3,652	3,260	8,043	8,495
Adjusted operating profit[(1)]	$ 45,182	$ 44,724	$ 93,616	$ 92,951

(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):

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Funeral Home	27,180	26,250	$ 58,778	$ 59,429
Cemetery	18,002	18,474	34,838	33,522
Adjusted operating profit	45,182	44,724	$ 93,616	$ 92,951
Adjusted operating profit margin(1)	43.9%	43.8%	44.8%	44.4%

(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."

RESULTS OF OPERATIONS

The following is a discussion of our results of operations for the three and six months ended June 30, 2026 and 2025.

The term "comparable" in the funeral home and cemetery segments refers to all funeral homes and cemeteries that we owned for the entire period beginning January 1, 2025 and ending June 30, 2026.

The term "acquired" refers to the funeral homes and cemeteries acquired as discussed in Note 11 to our unaudited Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

The term "divested" refers to the funeral homes and cemeteries sold and/or merged as discussed in Note 1 to our unaudited Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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):

	Three months ended June 30,			
	2026	2025	Inc/(Dec)	% Change
Revenue:				
Comparable	$ 55,663	$ 57,030	$ (1,367)	(2.4)%
Acquired	2,642	—	2,642	100.0 %
Divested	21	2,542	(2,521)	(99.2)%
Ancillary	842	904	(62)	(6.9)%
Other	6,524	4,771	1,753	36.7 %
Total	$ 65,692	$ 65,247	$ 445	0.7 %
Adjusted operating profit				
Comparable	$ 20,295	$ 21,553	$ (1,258)	(5.8)%
Acquired	734	—	734	100.0 %
Divested	25	490	(465)	(94.9)%
Ancillary	132	32	100	312.5 %
Other	5,994	4,175	1,819	43.6 %
Total	$ 27,180	$ 26,250	$ 930	3.5 %
The following measures reflect significant metrics from comparable operations over the comparative period:				
Contract volume	9,639	9,985	(346)	(3.5)%
Average revenue per contract, excluding preneed funeral trust earnings	$ 5,775	$ 5,712	$ 63	1.1 %
Average revenue per contract, including preneed funeral trust earnings	$ 6,088	$ 5,869	$ 219	3.7 %
Cremation rate	60.6%	61.2%	(0.6)%	(1.0)%

Funeral home comparable revenue decreased $1.4 million for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The decline in comparable revenue is primarily driven by a 3.5% decrease in comparable contract volume, which is partially offset by a 1.1% increase in the average revenue per contract excluding preneed funeral trust earnings. Average revenue per contract, including trust earnings, increased by 3.7%, primarily reflecting higher preneed interest recognized on fulfilled funeral and service and merchandise contracts.

Funeral home comparable adjusted operating profit for the three months ended June 30, 2026 decreased $1.3 million when compared to the same period in 2025. The decrease was primarily driven by an increase in operating expenses as a percentage of revenue, resulting in a 130 basis points decline in comparable adjusted operating profit margin to 36.5%. The increase in operating expenses was primarily attributable to higher salaries and benefits, together with higher general and administrative expenses, and promotional expenses.

Ancillary revenue decreased $0.1 million, while ancillary adjusted operating profit increased $0.1 million for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The decrease in ancillary revenue is primarily attributable to lower activity in our online cremation businesses. Despite the decline in revenue, ancillary adjusted operating profit improved due to lower operating expenses.

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 $1.8 million each, for the three months ended June 30, 2026, compared to the same period in 2025. This increase was primarily driven by higher funeral trust income and growth in general agency commission income earned on the sale of preneed insurance policies.

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

	Six months ended June 30,			
	2026	2025	Inc/(Dec)	% Change
Revenue:				
Comparable	$ 118,866	$ 122,979	$ (4,113)	(3.3)%
Acquired	5,368	—	5,368	100.0 %
Divested	97	6,098	(6,001)	(98.4)%
Ancillary	1,689	1,935	(246)	(12.7)%
Other	11,386	8,854	2,532	28.6 %
Total	$ 137,406	$ 139,866	$ (2,460)	(1.8)%
Adjusted operating profit				
Comparable	$ 46,458	$ 50,259	$ (3,801)	(7.6)%
Acquired	1,557	—	1,557	100.0 %
Divested	72	1,444	(1,372)	(95.0)%
Ancillary	322	220	102	46.4 %
Other	10,369	7,506	2,863	38.1 %
Total	$ 58,778	$ 59,429	$ (651)	(1.1)%
The following measures reflect significant operating metrics over the comparative period:				
Contract volume	20,289	21,283	(994)	(4.7)%
Average revenue per contract, excluding preneed funeral trust earnings	$ 5,859	$ 5,778	$ 81	1.4 %
Average revenue per contract, including preneed funeral trust earnings	$ 6,094	$ 5,940	$ 154	2.6 %
Cremation rate	60.5%	60.6%	(0.1)%	(0.2)%

Funeral home comparable revenue decreased $4.1 million for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The decline in comparable revenue was primarily driven by a 4.7% decrease in comparable contract volume as well as a 1.4% increase in the average revenue per contract excluding preneed interest. The decline in contract volume primarily reflects a more normalized mortality environment compared to recent years, contributing to lower funeral case volumes across our comparable funeral homes.

Funeral home comparable adjusted operating profit for the six months ended June 30, 2026, decreased $3.8 million when compared to the same period in 2025. The decrease was primarily driven by an increase in operating expenses as a percentage of revenue, resulting in 180 basis points decline in comparable adjusted operating profit margin to 39.1%. The increase in operating expenses primarily reflects higher salaries and benefits, general and administrative expenses, promotional expenses, and facilities and grounds expenses.

Ancillary revenue decreased $0.2 million, while ancillary adjusted operating profit increased $0.1 million for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The decrease in ancillary revenue is primarily due to a decline in our online cremation business. Despite the decline in revenue, ancillary adjusted operating profit increased due to lower operating expenses.

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 $2.5 million and $2.9 million, respectively, for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. This increase was primarily driven by higher funeral trust income and growth in general agency commission income earned on the sale of preneed insurance policies.

Cemetery Segment

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

	Three months ended June 30,			
	2026	**2025**	**Inc/(Dec)**	**% Change**
Revenue:				
Comparable	$ 33,167	$ 33,309	$ (142)	(0.4)%
Acquired	1,262	—	1,262	100.0 %
Divested	(1)	142	(143)	(100.7)%
Other	2,829	3,449	(620)	(18.0)%
Total	$ 37,257	$ 36,900	$ 357	1.0%
Adjusted operating profit				
Comparable	$ 14,769	$ 14,977	$ (208)	(1.4)%
Acquired	513	—	513	100.0 %
Divested	(3)	60	(63)	(105.0)%
Other	2,723	3,437	(714)	(20.8)%
Total	$ 18,002	$ 18,474	$ (472)	(2.6)%
The following measures reflect the significant comparable metrics over this comparative period:				
Preneed revenue as a percentage of operating revenue	72.1%	70.4%	1.7%	2.4%
Preneed revenue (in thousands)	$ 23,927	$ 23,446	$ 481	2.1%
Atneed revenue (in thousands)	$ 9,240	$ 9,863	$ (623)	(6.3)%
Number of preneed interment rights sold	3,316	3,997	(681)	(17.0)%
Average price per interment right sold	$ 6,950	$ 5,894	$ 1,056	17.9%

Cemetery comparable revenue decreased $0.1 million for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The decrease was primarily driven by a 17.0% decrease in the number of preneed interment rights (property) sold, which was partially offset by a 17.9% increase in the average price per interment right sold. Cemetery comparable atneed revenue, which represents approximately 27.9% of our total operating revenue, decreased $0.6 million for the three months ended June 30, 2026, compared to the same period in 2025, primarily due to a 6.1% decline in atneed recognized merchandise and service revenue and a 6.9% decrease in recognized atneed property revenue.

Cemetery comparable adjusted operating profit decreased $0.2 million for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The decrease was primarily driven by a 0.4% increase in operating expense with the largest contributor in salaries and benefits, which increased 1.6% relative to recognized revenue. As a result, comparable operating profit margin decreased 50 basis points to 44.5%.

Other revenue and other adjusted operating profit decreased $0.6 million and $0.7 million, respectively for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The decline is primarily attributable to lower perpetual care trust fund earnings, while the greater decrease in adjusted operating profit reflects the timing of certain operating expenses recognized between periods.

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

	Six months ended June 30,			
	2026	2025	Inc/(Dec)	% Change
Revenue:				
Comparable	$ 62,741	$ 61,204	$ 1,537	2.5 %
Acquired	2,497	—	2,497	100.0 %
Divested	(1)	1,338	(1,339)	(100.1)%
Other	6,426	6,808	(382)	(5.6)%
Total	$ 71,663	$ 69,350	$ 2,313	3.3 %
Adjusted operating profit (loss)				
Comparable	$ 27,598	$ 26,367	$ 1,231	4.7 %
Acquired	1,005	—	1,005	100.0 %
Divested	(4)	420	(424)	(101.0)%
Other	6,239	6,735	(496)	(7.4)%
Total	$ 34,838	$ 33,522	$ 1,316	3.9 %
The following measures reflect the significant operating metrics over this comparative period:				
Preneed revenue as a percentage of operating revenue	70.8%	69.2%	1.6%	2.3 %
Preneed revenue (in thousands)	$ 44,393	$ 42,366	$ 2,027	4.8 %
Atneed revenue (in thousands)	$ 18,348	$ 18,838	$ (490)	(2.6)%
Number of preneed interment rights sold	6,187	7,088	(901)	(12.7)%
Average price per interment right sold	$ 6,670	$ 5,724	$ 946	16.5 %

Cemetery comparable revenue increased $1.5 million for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The increase was primarily driven by a 16.5% increase in the average price per preneed interment right sold, partially offset by a 12.7% decline in the number of preneed interment rights sold. Cemetery atneed revenue, which represents approximately 29.2% of our total operating revenue, decreased $0.5 million for the six months ended June 30, 2026, compared to the same period of the prior year, primarily due to a 6.8% decline in atneed property sold across our cemetery portfolio.

Cemetery comparable adjusted operating profit increased $1.2 million for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The increase was driven by a 0.9% decrease in operating expenses as a percentage of operating revenue, primarily reflecting lower promotional expenses and facilities and grounds insurance costs as a percentage of revenue. As a result, comparable operating profit margin increased 90 basis points to 44.0%.

Other revenue and other adjusted operating profit, which consist of preneed cemetery trust revenue and preneed cemetery finance charges, decreased $0.4 million and $0.5 million, respectively, for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The decline is primarily attributable to lower perpetual care trust fund earnings, while the greater decrease in adjusted operating profit reflects the timing of certain operating expenses recognized between periods.

Cemetery property amortization. Cemetery property amortization totaled $3.1 million and $5.1 million for the three and six months ended June 30, 2026, respectively, an increase of $0.9 million and $1.1 million compared to the three and six months ended June 30, 2025, respectively. The increases were primarily driven by a higher mix of mausoleum property sales, which carry significantly higher associated property costs than traditional cemetery property sales.

Field depreciation. Depreciation expense for our field businesses totaled $3.4 million and $6.8 million for the three and six months ended June 30, 2026, respectively, an increase of $0.1 million and $0.2 million compared to the three and six months ended June 30, 2025, respectively.

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 $3.7 million and $3.3 million, respectively, for the three months ended June 30, 2026, compared to the three months ended June 30, 2025, an increase of $0.4 million, primarily driven by an increase in salaries and benefits. For the six months ended June 30, 2026, Regional and unallocated funeral and cemetery costs were $8.0 million and $8.5 million, respectively, compared to the six months ended June 30, 2025, a decrease of $0.5 million, primarily driven by a decrease in leadership and development expenses offset by increases in salaries and benefits and transportation costs.

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 $11.0 million for the three months ended June 30, 2026, a decrease of $0.9 million compared to the same period in 2025, primarily driven by lower incentive compensation coupled with an increased focus on cost management across all aspects of our business. For the six months ended June 30, 2026, general, administrative, and other expenses totaled $24.1 million, an increase of $0.1 million compared to the six months ended June 30, 2025.

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Impairment of goodwill, intangibles, and PPE	$ 100	$ —	$ 336	$ 117
Net (gain) loss on divestitures	(4)	(1)	47	(5,938)
Net (gain) loss on disposals of fixed assets	(6)	—	(15)	50
Total	$ 90	$ (1)	$ 368	$ (5,771)

During the three months ended June 30, 2026, we sold one funeral home for a loss of $47.0 thousand. We also recognized an impairment of $0.1 million and $0.3 million during the three and six months ended June 30, 2026, respectively.

During the six months ended June 30, 2025, we sold two funeral homes and three cemeteries for a gain of $5.9 million. We also recognized an impairment of $0.1 million on land held for sale during the six months ended June 30, 2025.

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Senior Notes	$ 4,437	$ 4,429	$ 8,874	$ 8,857
Credit Facility	2,066	2,190	4,140	4,777
Finance leases	66	315	289	503
Acquisition debt	112	93	262	187
Other	2	7	2	8
Total	$ 6,683	$ 7,034	$ 13,567	$ 14,332

Other, net. During the six months ended June 30, 2025, we recorded a $2.0 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 six months ended June 30, 2026.

Income taxes. Income tax expense including discrete items totaled $4.9 million for the three months ended June 30, 2026, a decrease of $0.2 million compared to the three months ended June 30, 2025. Our effective tax was 28.5% and 30.4% for the three months ended June 30, 2026, respectively, primarily related to a decrease in non-deductible officer compensation.

Income tax expense including discrete items totaled $9.8 million for the six months ended June 30, 2026, a decrease of $0.7 million compared to the six months ended June 30, 2025. Our effective tax rate was 27.5% and 24.2% for the six months ended June 30, 2026 and 2025, respectively, primarily related to a decrease in excess tax benefits recognized on the settlement of employee share-based awards and non-deductible officer compensation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our Condensed 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 Condensed Consolidated Financial Statements. Our critical accounting policies are more fully described in Part II, Item 8 "Financial Statements and Supplementary Data" in Note 1 in our Annual Report on Form 10-K for the year ended December 31, 2025.

We have identified Business Combinations and Goodwill as those accounting policies 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.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

For quantitative and qualitative disclosures about market risk, see Part II, Item 7(a), "Quantitative and Qualitative Disclosures About Market Risk," in our 2025 Annual Report on Form 10-K. Our exposure to market risk has not changed materially since December 31, 2025.

Item 4. CONTROLS AND PROCEDURES.

Management's Evaluation of Disclosure Controls and Procedures

Our management, including our principal executive and principal financial officers, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. 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 principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures are effective at June 30, 2026 and that the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition, results of operations, and cash flows for the periods presented in conformity with US GAAP.

Changes in Internal Control over Financial Reporting

There was no change in our system of internal control over financial reporting (defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We and our subsidiaries are parties to a number of legal proceedings that arise from time to time in the ordinary course of our business. While the outcome of these proceedings cannot be predicted with certainty, we do not expect these matters to have a material adverse effect on our financial statements.

We self-insure against certain risks and carry insurance with coverage and coverage limits for risk in excess of the coverage amounts consistent with our assessment of risks in our business and of an acceptable level of financial exposure. Although there can be no assurance that self-insurance reserves and insurance will be sufficient to mitigate all damages, claims, or contingencies, we believe that the reserves and our insurance provides reasonable coverage for known asserted and unasserted claims. In the event we sustain a loss from a claim and the insurance carrier disputes coverage or coverage limits, we may record a charge in a different period than the recovery, if any, from the insurance carrier.

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 June 30, 2026, 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 June 30, 2026, 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.

Item 1A. Risk Factors.

We are supplementing the risk factors set out under Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, with the updated risk factor set out below. Readers should carefully consider the risk factors discussed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K for the year ended December 31, 2025, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Stockholders may experience future dilution as a result of future equity offerings and issuances.

In the future, we may offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock, including under our ATM Program, and our then-existing stockholders may experience dilution as a result. The price per share at which we sell additional shares of our common stock, or securities convertible or exchangeable into common stock, in future transactions may be higher or lower than the price per share paid by our then current stockholders. Investors purchasing shares or other securities in the future could also have rights superior to existing stockholders.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table sets forth certain information with respect to repurchases of our common stock during the quarter ended June 30, 2026.

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 [(1)]
April 1, 2026 - April 30, 2026	—	—	—	$ 48,898,769
May 1, 2026 - May 31, 2026	—	—	—	$ 48,898,769
June 1, 2026 - June 30, 2026	—	—	—	$ 48,898,769
Total for quarter ended June 30, 2026	—		—	

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

On May 18, 2026, Steven D. Metzger, President and Chief Operating Officer, entered into a stock trading plan designed 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), which is scheduled to expire no later than May 18, 2027 (“Mr. Metzger’s Plan”).

Mr. Metzger’s Plan provides for sales of Company securities as part of his long-term asset diversification, tax, estate and financial planning strategy, and is in accordance with the Company’s Insider Trading & Anti-Hedging Policy. Mr. Metzger’s Plan provides for the potential aggregate exercise of 110,090 vested stock options granted to Mr. Metzger on February 17, 2021, February 22, 2023, and February 21, 2024, which will expire on February 17, 2031, February 22, 2033, and February 21, 2034, respectively, upon reaching certain pricing targets defined in the trading plan, and the associated sale of the resulting net shares on the open market, not to exceed exercising 10,000 shares each trading day, beginning on August 17, 2026, and continuing through May 18, 2027. The actual number of shares sold under Mr. Metzger’s Plan will depend on the number of shares withheld by the Company to satisfy the option exercise price and income tax withholding obligations. Any transactions under Mr. Metzger’s Plan will be disclosed publicly through Form 144 and Form 4 filings with the SEC to the extent required by applicable law.

On May 19, 2026, Carlos R. Quezada, our Chief Executive Officer and Vice Chairman of the Board, entered into a stock trading plan designed to comply with Rule 10b5-1 and intended to satisfy the affirmative defense of defense of Rule 10b5-1(c), which is scheduled to expire no later than May 19, 2027 (“Mr. Quezada’s Plan”).

Mr. Quezada’s Plan provides for sales of Company securities as part of his long-term asset diversification, tax, estate and financial planning strategy, and is in accordance with the Company’s Insider Trading & Anti-Hedging Policy. Mr. Quezada’s Plan provides for the potential aggregate exercise of 146,413 vested stock options granted to Mr. Quezada on June 25, 2020, February 17, 2021, February 22, 2023, and February 21, 2024, which will expire on June 25, 2030, February 17, 2031, February 22, 2033, and February 21, 2034, respectively, upon reaching certain pricing targets defined in the trading plan, and the associated sale of the resulting net shares on the open market, not to exceed exercising 11,580 shares each trading day, beginning on August 18, 2026, and continuing through May 19, 2027. The actual number of shares sold under Mr. Quezada’s Plan will depend on the number of shares withheld by the Company to satisfy the option exercise price and income tax withholding obligations. Any transactions under Mr. Quezada’s Plan will be disclosed publicly through Form 144 and Form 4 filings with the SEC to the extent required by applicable law.

Other than Mr. Metzger’s Plan and Mr. Quezada’s Plan, no director or officer (as determined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) of the Company adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements as such term is defined in Item 408(a) of Regulation S-K during the fiscal quarter ended June 30, 2026.

Item 6. Exhibits.

The exhibits required to be filed pursuant to the requirements of Item 601 of Regulation S-K are set forth in the Exhibit Index accompanying this Quarterly Report on Form 10-Q and are incorporated herein by reference.

SIGNATURES

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

	CARRIAGE SERVICES, INC.
Date: August 6, 2026	/s/ John Enwright
	John Enwright
	Senior Vice President, Chief Financial Officer, and Treasurer
	(Principal Financial Officer)

CARRIAGE SERVICES, INC.

INDEX OF EXHIBITS

Exhibit No.	Description
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.
10.1	Equity Distribution Agreement dated May 6, 2026 by and among Carriage Services, Inc., Oppenheimer & Co. Inc. and Raymond James & Associates. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on May 6, 2026.
*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.
*101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
*101.SCH	Inline XBRL Taxonomy Extension Schema Documents.
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
*101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
*104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

(*) Filed herewith.
(**) Furnished herewith.
(†) Management contract or compensatory plan or arrangement.

EXHIBIT 31.1

I, Carlos R. Quezada, certify that:

1. I have reviewed this report on Form 10-Q of Carriage Services, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: August 6, 2026

/s/ Carlos R. Quezada

Carlos R. Quezada
Chief Executive Officer and Vice Chairman of the Board
(Principal Executive Officer)

EXHIBIT 31.2

I, John Enwright, certify that:

1. I have reviewed this report on Form 10-Q of Carriage Services, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 6, 2026

/s/ John Enwright

John Enwright
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT 32

Certification of
Chief Executive Officer and Principal Financial Officer
under Section 906 of the
Sarbanes Oxley Act of 2002, 18 U.S.C. § 1350

In connection with the Quarterly Report on Form 10-Q of Carriage Services, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Carlos R. Quezada, Chief Executive Officer of the Company, and John Enwright, Senior Vice President, Chief Financial Officer and Treasurer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2026

/s/ Carlos R. Quezada
Carlos R. Quezada
Chief Executive Officer and Vice Chairman of the Board
(Principal Executive Officer)

/s/ John Enwright
John Enwright
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)