Carriage Services Announces First Quarter 2026 Results and Confirms Guidance

May 6, 2026 8:14 PM EDT

Conference call on Thursday, May 7, 2026 at 8:00 a.m. Central Time

HOUSTON, May 06, 2026 (GLOBE NEWSWIRE) -- Carriage Services, Inc. (NYSE: CSV) today announced its financial results for the first quarter March 31, 2026.

Company Highlights:

- Consolidated cemetery revenue increased 6.0% over the prior year, primarily driven by a 10.0% increase in consolidated preneed sales production as the consolidated average price per preneed interment rights sold grew 11.0%;
- Financial revenue grew 15.7% over the prior year, primarily driven by an 8.0% increase in consolidated insurance-funded preneed funeral contracts sold resulting in an increase in general agency commission revenue;
- Operating income declined $6.3 million, primarily as a result of a prior year gain of $7.8 million on divestitures and the sale of real property;
- Adjusted Consolidated EBITDA grew 2.4%, or $0.8 million, demonstrating improved profitability despite lower revenue for the quarter versus the prior year;
- GAAP diluted EPS of $0.84 compared to $1.34 in the prior year quarter, resulting in a decrease of 37.3%, primarily driven by the prior year gain on divestitures and the sale of real property;
- Adjusted diluted EPS of $0.86 compared to $0.96 in the prior year quarter, resulting in a decrease of 10.4%, as the current quarter includes an approximately $0.08 impact from a higher tax rate;
- Leverage ratio lowered to 4.0x from 4.2x at the same period last year; and
- Announces an “at the market” equity offering program to offer and sell its common stock with an aggregate offering price of up to $100.0 million.

Carlos Quezada, Vice Chairman and CEO, stated, "We are pleased by our first-quarter performance, particularly against a strong prior-year comparison. Total revenue of $106.1 million declined modestly by $0.9 million, driven primarily by a 5.8% decrease in comparable funeral volume. However, our cemetery portfolio demonstrated solid growth, finishing the quarter at $34.4 million, representing a $2.0 million increase in consolidated cemetery revenue, partially offsetting the volume headwinds.

Our teams demonstrated strong operational discipline, effectively managing costs, and driving improved profitability. Adjusted consolidated EBITDA increased to $33.8 million from $32.9 million last year, with margins expanding 100 basis points to 31.8%.

After three years of disciplined transformation, strengthening our processes, systems, and leadership while expanding margins and delivering improved shareholder returns, we believe Carriage is well positioned to accelerate our return to purposeful growth, which we launched last year with our strategic acquisitions in Florida. To support this next phase, we are announcing a $100 million at-the-market equity offering program that provides flexible, low-cost access to capital. Importantly, this program is not driven by immediate funding needs but rather designed to be used opportunistically to execute highly selective, accretive strategic acquisitions while also enabling us to further optimize our balance sheet, reduce leverage, and lower interest expense over time.

Our capital allocation philosophy remains unchanged, grounded in discipline and focused on deploying capital into opportunities that enhance earnings power, strengthen our competitive positioning, and generate returns above our cost of capital. We will deploy this program when we see opportunities that deliver accretive performance returns. With a stronger operating foundation and enhanced financial flexibility, we are well-positioned to pursue growth in a deliberate, strategic manner while continuing to prioritize balance sheet strength and long-term shareholder value creation.

We entered 2026 with momentum and a clear sense of purpose, and we remain confident in our ability to execute our strategic priorities and deliver sustained, long-term value for our shareholders," concluded Mr. Quezada.

At-The-Market Program Details

In addition to announcing its financial results for the first quarter March 31, 2026, the Company today announced that it has entered into an Equity Distribution Agreement with Oppenheimer & Co. Inc. and Raymond James & Associates, Inc., serving as sales agents (together, the "Sales Agents"), with respect to its at-the-market offering 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 million through the Sales Agents.

FINANCIAL HIGHLIGHTS

	Three months ended March 31,	
(in millions, except volume, average, margins, and EPS)	**2026**	**2025**
GAAP Metrics:		
Total revenue	$ 106.1	$ 107.1
Operating income	$ 25.3	$ 31.6
Operating income margin	23.8%	29.5%
Net income	$ 13.5	$ 20.9
Diluted EPS	$ 0.84	$ 1.34
Cash provided by operating activities	$ 14.9	$ 13.8
Cemetery Consolidated Metrics:		
Preneed interment rights (property) sold	3,153	3,236
Preneed sales production	$ 23,900	$ 21,731
Average price per preneed interment right sold	$ 6,017	$ 5,419
Funeral Consolidated Metrics:		
Funeral contracts	11,218	11,319
Average revenue per funeral contract	$ 6,051	$ 5,869
Burial rate	32.7%	33.2%
Cremation rate	60.6%	60.3%
Non-GAAP Metrics[(1)]:		
Adjusted consolidated EBITDA	$ 33.8	$ 32.9
Adjusted consolidated EBITDA margin	31.8%	30.8%
Adjusted diluted EPS	$ 0.86	$ 0.96
Adjusted free cash flow	$ 11.2	$ 13.4
Cemetery Comparable Metrics[(2)]:		
Preneed interment rights (property) sold	2,871	3,091
Preneed sales production	$ 22,822	$ 20,943
Average price per preneed interment right sold	$ 6,346	$ 5,504
Funeral Comparable Metrics[(3)]:		
Funeral contracts	10,663	11,319
Average revenue per funeral contract	$ 6,099	$ 6,002
Burial rate	32.8%	33.5%
Cremation rate	60.5%	60.1%

(1) We present both GAAP and non-GAAP measures to provide investors with additional information and to allow for the increased comparability of our ongoing performance from period to period. The most comparable GAAP measures to the Non-GAAP measures presented in this table can be found in the Reconciliation of Non-GAAP Financial Measures section of this press release.

(2) Metrics calculated using cemetery comparable results (including cemeteries that are owned for the entire period beginning January 1, 2025 and ending March 31, 2026).

(3) Metrics calculated using funeral comparable results (including funeral homes that are owned for the entire period beginning January 1, 2025 and ending March 31, 2026).

- Total revenue for the three months ended March 31, 2026 decreased $0.9 million compared to the three months ended March 31, 2025, primarily due to a decrease in funeral revenue. In our cemetery segment, we experienced an 11.0% increase in the consolidated average price per preneed interment rights sold, a 10.0% increase in consolidated preneed sales production, and a 2.6% decrease in the consolidated number of preneed interment rights (property) sold. In our funeral segment, we experienced a 3.1% increase in the consolidated average revenue per funeral contract, which was offset by a 0.9% decrease in consolidated funeral contract volume.
- Net income for the three months ended March 31, 2026 decreased $7.4 million compared to

the three months ended March 31, 2025, primarily due to a prior year net gain on divestitures and sale of real property of $7.8 million and a $1.0 million increase in general, administrative, and other; partially offset by a $0.4 million decline in interest expense and a $0.8 million increase in gross profit contribution from our businesses.

OUTLOOK FOR 2026

(in millions - except per share amounts)	**2026 Outlook [1]**
Total revenue	$440 - $450
Adjusted consolidated EBITDA[2]	$135 - $140
Adjusted diluted EPS[2]	$3.35 - $3.55
Adjusted free cash flow[2][3]	$40 - $50
Capital expenditures	$25 - $30

(1) Includes the expected revenue impact of acquisitions and divestitures of certain non-core assets.

(2) Adjusted consolidated EBITDA, adjusted diluted EPS, and adjusted free cash flow are non-GAAP financial measures. We normally reconcile these non-GAAP financial measures from operating income, diluted earnings per share, and cash provided by operating activities; however, these measures calculated in accordance with GAAP are not currently accessible on a forward-looking basis. Our outlook for 2026 excludes the following: Gains or losses associated with divestitures, acquisition costs, severance and separation costs, impairment of goodwill, intangibles, and property, plant, and equipment, special vendor incentives, potential tax reserve adjustments and IRS payments and/or refunds, and other special items. The foregoing items could materially impact our forward-looking diluted earnings per share and/or our net cash provided by operating activities calculated in accordance with GAAP.

(3) Includes the expected impact of total capital expenditures (growth and maintenance).

CALL AND INVESTOR RELATIONS CONTACT

Carriage Services has scheduled a conference call for tomorrow, May 7, 2026 at 8:00 a.m. Central Time. To participate in the call, please dial 800-330-6710 (Conference ID - 5549353) or to listen live over the internet via webcast link. An audio archive of the call will be available on demand via the Company's website at www.carriageservices.com.

Carriage Services is a leading provider of funeral and cemetery services and merchandise in the United States. Carriage operated 155 funeral homes in 24 states and 28 cemeteries in 9 states as of March 31, 2026. It is dedicated to delivering premier experiences through innovation, partnership, and elevated service.

For more information, please email InvestorRelations@carriageservices.com.

CARRIAGE SERVICES, INC.
CONDENSED OPERATING AND FINANCIAL TREND REPORT
(in thousands - except margins and per share amounts)

	Three months ended March 31,	
	2026	**2025**
Funeral comparable revenue	$ 63,276	$ 66,054
Cemetery comparable revenue	29,574	27,895
Total comparable revenue	92,850	93,949
Financial revenue	8,458	7,312
Ancillary revenue	847	1,032
Acquisition revenue	3,961	—
Divested revenue	4	4,776
Total revenue	**$ 106,120**	**$ 107,069**
Funeral comparable EBITDA	$ 26,220	$ 28,701
Funeral comparable EBITDA margin	41.4%	43.5%
Cemetery comparable EBITDA	12,829	11,390
Cemetery comparable EBITDA margin	43.4%	40.8%
Financial EBITDA	7,887	6,523
Financial EBITDA margin	93.2%	89.2%
Ancillary EBITDA	190	188
Ancillary EBITDA margin	22.4%	18.2%
Acquisition EBITDA	1,315	—
Acquisition EBITDA margin	33.2%	—%
Divested EBITDA	(7)	1,425
Divested EBITDA margin	(175.0)%	29.8%

Total field EBITDA	**$**	**48,434**	**$**	**48,227**
Total field EBITDA margin		**45.6%**		**45.0%**
Total overhead	$	14,828	$	15,279
Overhead as a percentage of revenue		**14.0%**		**14.3%**
Consolidated EBITDA	**$**	**33,606**	**$**	**32,948**
Consolidated EBITDA margin		**31.7%**		**30.8%**
Other expenses and interest				
Depreciation & amortization	$	5,955	$	5,401
Non-cash stock compensation		2,096		1,753
Interest expense		6,884		7,298
Other		272		(7,758)
Pretax income	**$**	**18,399**	**$**	**26,254**
Net tax expense		4,907		5,328
Net income	**$**	**13,492**	**$**	**20,926**
Special items[(1)]	$	434	$	(8,229)
Tax on special items		121		(2,436)
Adjusted net income	**$**	**13,805**	**$**	**15,133**
Adjusted net income margin		**13.0%**		**14.1%**
Adjusted diluted earnings per share	$	0.86	$	0.96
GAAP basic earnings per share	$	0.86	$	1.35
GAAP diluted earnings per share	$	0.84	$	1.34
Weighted average shares o/s - basic		15,568		15,243
Weighted average shares o/s - diluted		15,779		15,389
Reconciliation of Consolidated EBITDA to Adjusted consolidated EBITDA				
Consolidated EBITDA	**$**	**33,606**	**$**	**32,948**
Special items[(1)]		147		—
Adjusted consolidated EBITDA	**$**	**33,753**	**$**	**32,948**
Adjusted consolidated EBITDA margin		**31.8%**		**30.8%**

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

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

		March 31, 2026		**December 31, 2025**
ASSETS				
Current assets:				
Cash and cash equivalents	$	2,908	$	1,688
Accounts receivable, net		42,171		40,647
Inventories		7,739		7,763
Prepaid and other current assets		4,311		5,978
Current assets held for sale		9		—
Total current assets		57,138		56,076
Preneed cemetery trust investments		111,407		109,152
Preneed funeral trust investments		115,482		115,416
Preneed cemetery receivables, net		66,648		67,055
Receivables from preneed funeral trusts, net		16,126		16,255
Property, plant, and equipment, net		285,045		286,810
Cemetery property, net		114,603		115,645
Goodwill		427,718		427,897
Intangible and other non-current assets, net		44,136		43,607
Operating lease right-of-use assets		11,868		12,045
Cemetery perpetual care trust investments		97,434		95,625
Non-current assets held for sale		713		322
Total assets	$	1,348,318	$	1,345,905
LIABILITIES AND STOCKHOLDERS' EQUITY				

Current liabilities:		
Current portion of debt and lease obligations	$ 4,562	$ 4,296
Accounts payable	12,610	18,999
Accrued and other liabilities	32,426	33,922
Current liabilities held for sale	50	—
Total current liabilities	49,648	57,217
Long-term debt	522,281	528,335
Obligations under finance leases, net of current portion	9,174	9,339
Obligations under operating leases, net of current portion	10,030	10,538
Deferred preneed cemetery revenue	77,814	76,781
Deferred preneed funeral revenue	32,060	33,663
Deferred tax liability	56,734	55,409
Other long-term liabilities	1,168	1,854
Deferred preneed cemetery receipts held in trust	111,407	109,152
Deferred preneed funeral receipts held in trust	115,482	115,416
Care trusts' corpus	95,581	93,425
Total liabilities	1,081,379	1,091,129
Commitments and contingencies:		
Stockholders' equity:		
Common stock	275	274
Additional paid-in capital	237,209	238,539
Retained earnings	308,208	294,716
Treasury stock	(278,753)	(278,753)
Total stockholders' equity	266,939	254,776
Total liabilities and stockholders' equity	$ 1,348,318	$ 1,345,905

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

	Three months ended March 31,	
	2026	**2025**
Revenue:		
Service revenue	$ 50,922	$ 53,010
Property and merchandise revenue	45,892	45,586
Other revenue	9,306	8,473
Total revenue	106,120	107,069
Field costs and expenses:		
Cost of service	24,447	24,577
Cost of merchandise	32,014	32,609
Cemetery property amortization	1,995	1,828
Field depreciation expense	3,408	3,322
Regional and unallocated funeral and cemetery costs	4,391	5,235
Other expenses	1,225	1,656
Total field costs and expenses	67,480	69,227
Gross profit	38,640	37,842
Corporate costs and expenses:		
General, administrative, and other	13,085	12,048
Net loss (gain) on divestitures and impairment charges	278	(5,770)
Operating income	25,277	31,564
Interest expense	6,884	7,298
Other, net	(6)	(1,988)
Income before income taxes	18,399	26,254
Expense for income taxes	5,163	8,191
Benefit related to discrete income tax items	(256)	(2,863)
Total expense for income taxes	4,907	5,328
Net income	$ 13,492	$ 20,926
Basic earnings per common share:	$ 0.86	$ 1.35
Diluted earnings per common share:	$ 0.84	$ 1.34

Dividends declared per common share:	$ 0.1125	$ 0.1125
Weighted average number of common and common equivalent shares outstanding:		
Basic	15,568	15,243
Diluted	15,779	15,389

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

	Three months ended March 31,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 13,492	$ 20,926
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,955	5,401
Provision for credit losses	936	1,074
Stock-based compensation expense	2,096	1,753
Deferred income tax expense	1,325	2,464
Amortization of intangibles	320	335
Amortization of debt issuance costs	128	127
Amortization and accretion of debt	146	138
Net loss (gain) on divestitures and impairment charges	227	(5,770)
Net gain on sale of excess real property	—	(1,988)
Changes in operating assets and liabilities that provided (used) cash:		
Accounts and preneed receivables	(2,061)	(2,585)
Inventories, prepaid, and other current assets	1,713	(537)
Intangible and other non-current assets	(1,163)	(633)
Preneed funeral and cemetery trust investments	(1,847)	(8,005)
Accounts payable	(6,720)	(2,840)
Accrued and other liabilities	(1,402)	(3,544)
Deferred preneed funeral and cemetery revenue	(570)	(1,534)
Deferred preneed funeral and cemetery receipts held in trust	2,323	9,010
Net cash provided by operating activities	14,898	13,792
Cash flows from investing activities:		
Capital expenditures	(3,896)	(3,163)
Proceeds from divestitures and sale of other assets	16	18,660
Net cash (used in) provided by investing activities	(3,880)	15,497
Cash flows from financing activities:		
Borrowings from the credit facility	29,400	7,100
Payments against the credit facility	(35,600)	(24,100)
Payments on acquisition debt and obligations under finance leases	(114)	(148)
Proceeds from the exercise of stock options and employee stock purchase plan contributions	360	688
Taxes paid on restricted stock, performance award vestings, and exercise of stock options	(2,072)	(7,629)
Dividends paid on common stock	(1,772)	(1,722)
Net cash used in financing activities	(9,798)	(25,811)
Net increase in cash and cash equivalents	1,220	3,478
Cash and cash equivalents at beginning of period	1,688	1,165
Cash and cash equivalents at end of period	$ 2,908	$ 4,643

NON-GAAP FINANCIAL MEASURES

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

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

The Non-GAAP financial measures used in this earnings release and the definitions of them used by the Company for our internal management

purposes in this earnings release are described below.

- Special items are defined as charges or credits included in our GAAP financial statements that can vary from period to period and are not reflective of costs incurred in the ordinary course of our operations. The tax adjustment related to certain discrete items is not tax effected, all other special items are taxed at the operating tax rate.
- Adjusted net income is defined as net income after adjustments for special items that we believe do not directly reflect our core operations and may not be indicative of our normal business operations. Adjusted net income margin is defined as adjusted net income as a percentage of total revenue.
- Consolidated EBITDA is defined as operating income, plus depreciation and amortization expense, non-cash stock compensation and net loss on divestitures, disposals, and impairment charges. Consolidated EBITDA margin is defined as consolidated EBITDA as a percentage of total revenue.
- Adjusted consolidated EBITDA is defined as consolidated EBITDA after adjustments for severance and separation costs and other special items. Adjusted consolidated EBITDA margin is defined as adjusted consolidated EBITDA as a percentage of total revenue.
- Adjusted free cash flow is defined as cash provided by operating activities, adjusted by special items as deemed necessary, less cash for capital expenditures, which include cemetery property development costs, facility repairs and improvements, equipment, furniture, and vehicle purchases. Adjusted free cash flow margin is defined as adjusted free cash flow as a percentage of total revenue.
- Funeral comparable EBITDA is defined as funeral gross profit, plus depreciation and amortization and regional and unallocated costs, less financial EBITDA, ancillary EBITDA, acquisition EBITDA, and divested EBITDA related to the funeral home segment. Funeral comparable EBITDA margin is defined as funeral comparable EBITDA as a percentage of funeral comparable revenue.
- Cemetery comparable EBITDA is defined as cemetery gross profit, plus depreciation and amortization and regional and unallocated costs, less financial EBITDA, acquisition EBITDA, and divested EBITDA related to the cemetery segment. Cemetery comparable EBITDA margin is defined as cemetery comparable EBITDA as a percentage of cemetery comparable revenue.
- Preneed cemetery sales is defined as cemetery property, merchandise, and services sold prior to death.
- Financial EBITDA is defined as financial revenue, less the related expenses. Financial revenue and the related expenses are presented within *Other revenue* and *Other expenses,* respectively, on the Consolidated Statement of Operations. Financial EBITDA margin is defined as financial EBITDA as a percentage of financial revenue.
- Ancillary revenue is defined as revenues from our ancillary businesses, which include a flower shop, a monument business, a pet cremation business and our online cremation businesses. Ancillary revenue and the related expenses are presented within *Other revenue* and *Other expenses,* respectively, on the Consolidated Statement of Operations.
- Ancillary EBITDA is defined as ancillary revenue, less expenses related to our ancillary businesses noted above. Ancillary EBITDA margin is defined as ancillary EBITDA as a percentage of ancillary revenue.
- Divested revenue is defined as revenues from certain funeral home and cemetery businesses that we have divested.
- Divested EBITDA is defined as divested revenue, less field level and financial expenses

related to the divested businesses noted above. Divested EBITDA margin is defined as divested EBITDA as a percentage of divested revenue.

- Overhead expenses are defined as *regional and unallocated funeral and cemetery costs* and *general, administrative, and other* costs, excluding home office depreciation and non-cash stock compensation.
- Adjusted basic earnings per share (EPS) is defined as GAAP basic earnings per share, adjusted for special items.
- Adjusted diluted earnings per share (EPS) is defined as GAAP diluted earnings per share, adjusted for special items.

Funeral Comparable EBITDA and Cemetery Comparable EBITDA

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

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

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

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

Usefulness and Limitations of These Measures

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

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

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

Our total field EBITDA excludes certain costs presented in our GAAP statement that we do not allocate to the individual business' field level margins, as noted above.

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

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

Reconciliation of Operating income to Consolidated EBITDA and Adjusted consolidated EBITDA (in thousands) and Operating income margin to Adjusted consolidated EBITDA margin for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	**2025**
Operating income	$ 25,277	$ 31,564
Depreciation & amortization	5,955	5,401
Non-cash stock compensation	2,096	1,753
Net loss (gain) on divestitures and impairment charges	278	(5,770)
Consolidated EBITDA	$ 33,606	$ 32,948
Adjusted for:		

Other special items[1]	$ 147	$ —
Adjusted consolidated EBITDA	$ 33,753	$ 32,948
Total revenue	$ 106,120	$ 107,069
Operating income margin	23.8%	29.5%
Adjusted consolidated EBITDA margin	31.8%	30.8%

[1] Represents expenses related to external legal and advisory costs for a specific tax matter.

Special items affecting Adjusted net income (in thousands) for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	**2025**
Net loss (gain) on divestitures and sale of real estate[1]	$ 51	$ (7,925)
Impairment of goodwill, intangibles, and PPE [2]	236	117
Tax adjustment related to certain discrete items	—	(421)
Other special items[3]	147	—
Total	$ 434	$ (8,229)

[1] Represents the net gain or loss recognized for the sale of businesses and real estate during the periods presented.

[2] Represents impairment of assets held for sale.

[3] Represents expenses related to external legal and advisory costs for a specific tax matter.

Reconciliation of GAAP diluted earnings per share to Adjusted diluted earnings per share for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	**2025**
GAAP diluted earnings per share[1]	$ 0.84	$ 1.34
Special items	0.02	(0.38)
Adjusted diluted earnings per share	$ 0.86	$ 0.96

(1) See table below for computation of diluted earnings per share

Computation of the diluted earnings per share for the three months and three months ended March 31, 2026 and 2025 (in thousands, except per share data):

	Three months ended March 31,	
	2026	**2025**
Numerator for basic and diluted earnings per share:		
Net income	$ 13,492	$ 20,926
Less: Earnings allocated to unvested restricted stock	(182)	(347)
Income attributable to common stockholders	$ 13,310	$ 20,579
Denominator:		
Denominator for basic earnings per common share – weighted average shares outstanding	15,568	15,243
Effect of dilutive securities:		
Stock options	211	146
Denominator for diluted earnings per common share – weighted average shares outstanding	15,779	15,389
Diluted earnings per common share:	$ 0.84	$ 1.34
Antidilutive stock options excluded from the computation of diluted earnings per share	218	189

Reconciliation of Cash provided by operating activities to Adjusted free cash flow (in thousands) for the three months ended March 31, 2026 and 2025:

	Three months ended March 31,	
	2026	**2025**
Cash provided by operating activities	$ 14,898	$ 13,792
Cash used for capital expenditures	(3,896)	(3,163)
Free cash flow	$ 11,002	$ 10,629

Plus: incremental special items:		
Severance and separation costs[1]	$ 173	$ 1,474
Other special items[2]	—	1,250
Adjusted free cash flow	$ 11,175	$ 13,353

[1] Primarily represents the cash paid to our former Executive Chairman of the Board per his Transition Agreement which was effective February 22, 2024 and cash paid to our former Chief Financial Officer per his Release and Separation Agreement which was effective July 1, 2024.

[2] Represents cash paid for professional services related to the review of strategic alternatives.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This earnings release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and contains certain statements and information that may constitute forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements made herein or elsewhere by us, or on our behalf, other than statements of historical information, should be deemed to be forward-looking statements, which include, but are not limited to, statements regarding any projections of earnings, revenue, cash flow, adjusted EBITDA, investment returns, capital allocation, debt levels, equity performance, death rates, market share growth, cost inflation, overhead, preneed sales or other financial items; any statements of the plans, strategies, objectives and 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 conditions and market conditions or performance; any statements related to the ATM Program, potential future sales thereunder, and the expected use of proceeds thereof, including our ability to meet the expectations, timing and plans, if at all, related to the ATM Program; or any statements of belief; and any statements of assumptions underlying any of the foregoing and are based on our current expectations and beliefs concerning future developments and their potential effect on us. Words such as “may”, “will”, “estimate”, “intend”, “believe”, “expect”, “seek”, “project”, “forecast”, “foresee”, “should”, “would”, “could”, “plan”, “anticipate” and other similar words may be used to identify forward-looking statements; however, the absence of these words does not mean that the statements are not forward-looking. While we believe these assumptions concerning future events are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenue and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions or divestitures, except where specifically noted. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Important factors that could cause actual results to differ materially from those in the forward-looking statements include but are not limited to: our ability to find and retain skilled personnel; the effects of our talent recruitment efforts, incentive, and compensation plans and programs, including such effects on our Standards Operating Model and the Company’s operational and financial performance; our ability to execute our strategic objectives and growth strategy, if at all; our ability to meet the timing, objectives, and expectations related to our 2030 Vision, if at all; 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 stockholders of issuances of shares under the ATM Program; 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 and strategic acquisition frameworks; the effects of competition; changes in the number of deaths in our markets, which are not predictable from market to market or over the short term; changes in consumer preferences and our ability to adapt to or meet those changes; our ability to generate preneed sales, including implementing our cemetery portfolio sales strategy, product development, and optimization plans; the investment performance of our funeral and cemetery trust funds; fluctuations in interest rates, including, but not limited to, the effects of increased borrowing costs under our Credit Facility and our ability to minimize such costs, if at all; the effects of inflation on our operational and financial performance, including the increased overall costs for our goods and services, the impact on customer preferences as a result of changes in discretionary income, and our ability, if at all, to mitigate such effects; our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness; our ability to meet the timing, objectives and expectations related to our capital allocation framework, including our forecasted rates of return, planned uses of free cash flow and future capital allocation, including debt repayment plans, internal growth projects, potential strategic acquisitions, share repurchases, or dividend increases; our ability to meet the projected financial and performance guidance of our full year outlook, if at all; the timely and full payment of death benefits related to preneed funeral contracts funded through life insurance policies; the financial condition of third-party insurance companies that fund our preneed funeral contracts; increased or unanticipated costs, such as merchandise, goods, insurance or taxes, and our ability to mitigate or minimize such costs, if at all; our level of indebtedness and the cash required to service our indebtedness; changes in federal income tax laws and regulations and the implementation and interpretation of these laws and regulations by the Internal Revenue Service, including changes and potential impacts, if any, resulting from the recently enacted One Big Beautiful Bill Act; effects of the application of other applicable laws and regulations, including changes in such regulations or the interpretation thereof; the potential impact of epidemics and pandemics, including any new or emerging public health threats, on customer preferences and on our business; government, social, business, and other actions that have been and will be taken in response to pandemics and epidemics, including potential responses to any new or emerging public health threats; effects and expense of litigation; consolidation in the funeral and cemetery industry; our ability to identify and consummate strategic acquisitions on commercially reasonable terms and on a timely basis, if at all, and successfully integrate acquired businesses with our existing businesses, including expected performance and financial improvements related thereto; our ability to successfully complete any non-core asset divestitures on commercially reasonable terms and on a timely basis, if at all, and the impact of any such divestitures on our Company, including any financial, operational, tax or other similar impacts related thereto; the effects of any additional imposition or changes in tariffs or trade agreements including, but not limited to, any potential disruptions in international trade, any increased inflationary pressures on the economy or costs for our goods, and our ability, if at all, to mitigate such effects; economic, financial, and stock market fluctuations; significant weather events, natural disasters, or catastrophic events; uncertainty around, and disruption from, new and emerging technologies, such as artificial intelligence (“AI”) and generative AI, and the failure to adapt or successfully incorporate such technologies into the Company's business; interruptions or security lapses of our information technology, including any cybersecurity or ransomware incidents; adverse developments affecting the financial services industry; 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 “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025, and in other filings with the SEC, available at www.carriageservices.com. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of the applicable communication and we undertake no obligation to publicly update or revise any forward-looking statements except to the extent required by applicable law.



Source: Carriage Services, Inc.