

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ **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 **1-6402-1**



SERVICE CORPORATION INTERNATIONAL

(Exact name of registrant as specified in its charter)

Texas

(State or other jurisdiction of incorporation or organization)

74-1488375

(I.R.S. employer identification no.)

1929 Allen Parkway

Houston

Texas

(Address of principal executive offices)

77019

(Zip code)

Registrant's telephone number, including area code: **(713) 522-5141**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol (s)	Name of Each Exchange on Which Registered
Common Stock (\$1 par value)	SCI	New York Stock Exchange

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

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 every Interactive Data File required to be submitted 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 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," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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 12b-2 of the act).

Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of July 30, 2026 was 136,291,587 (net of treasury shares).

SERVICE CORPORATION INTERNATIONAL

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Glossary

The following terms are common to the deathcare industry, are used throughout this report, and have the following meanings:

Atneed — Funeral, including cremation, and cemetery arrangements sold once death has occurred.

Average Revenue per Service — Average revenue per funeral service performed, excluding the impact of non-funeral home preneed sales revenue, core general agency revenue, and certain other revenue.

Cancellation — Termination of a preneed contract, which relieves us of the obligation to provide the goods and services included in the contract. Cancellations may be requested by the customer or be initiated by us if the customer fails to comply with the contractual terms of payment. State or provincial laws govern the amount of refund, if any, owed to the customer.

Care Trusts' Corpus — The deposits and net realized capital gains included in the cemetery perpetual care trusts that may not be withdrawable. In certain states, some or all of the net realized capital gains can be distributed to us. Additionally, some states allow a total return distribution that may contain elements of income, capital appreciation, and principal.

Cemetery Marker — An item used to identify the deceased person in a particular burial space, crypt, niche, or cremation memorialization property. Permanent burial and cremation memorialization cemetery markers are usually made of bronze or stone.

Cemetery Merchandise and Services — Merchandise and services used in connection with a cemetery interment, including stone and bronze memorials, cemetery markers, outer burial containers, floral placement, graveside services, merchandise installations, urns, and interments.

Cemetery Perpetual Care Trust or Endowment Care Fund (ECF) — A trust fund established for the purpose of maintaining cemetery grounds and property into perpetuity. For these trusts, the corpus generally remains in the trust in perpetuity and the investment earnings or elected distributions are withdrawn regularly and are intended to defray our expenses incurred to maintain the cemetery. In certain states, some or all of the net realized capital gains can also be distributed. Additionally, some states generally allow a total return distribution that may contain elements of income, capital appreciation, and principal.

Cemetery Property — Developed lots, lawn crypts, mausoleum spaces, cremation niches, and cremation memorialization property items (constructed and ready to accept interments) and undeveloped land we intend to develop for the sale of interment rights. Includes the construction-in-progress balance during the pre-construction and construction phases of projects creating new developed property items.

Cemetery Property Amortization or Amortization of Cemetery Property — The non-cash recognized expenses of cemetery property interment rights, which are recorded by specific identification with the cemetery property revenue for each contract.

Cemetery Property Interment Rights — The exclusive right to determine the human remains that will be interred in a specific cemetery property space. See also Cemetery Property Revenue below.

Cemetery Property Revenue — Recognized sales of interment rights in cemetery property when the receivable is deemed collectible and the property is fully constructed and available for interment.

Combination Location (Combos) — Locations where a funeral service location is physically located within or adjoining a SCI-owned cemetery location.

Cremation — The reduction of human remains to bone fragments by intense heat.

Cremation Memorialization — Products specifically designed to commemorate and honor the life of an individual who has been cremated. These products include cemetery property items that provide for the disposition of cremated remains within our cemeteries such as benches, boulders, statues, cremation niches, etc. They also include memorial walls and memorial monuments where the name of the individual is inscribed but the remains have been scattered or kept by the family.

Cremation Niche — An aboveground burial space, in which a decedent's urn, containing their cremated remains and other keepsakes, is placed and sealed.

Funeral Merchandise and Services — Merchandise such as burial caskets and related accessories, outer burial containers, urns and other cremation receptacles, casket and cremation memorialization products, flowers, and professional services relating to funerals including arranging and directing services, use of funeral facilities and motor vehicles, removal, preparation, embalming, cremations, memorialization, visitations, travel protection, and catering.

Funeral Services Performed — The number of funeral services, including cremations, provided after the date of death, sometimes referred to as funeral volume.

General Agency (GA) Revenue — Commissions we receive from third-party life insurance companies for life insurance policies sold to preneed customers for the purpose of funding preneed funeral arrangements. The commission rate paid is determined based on the product type sold, the length of payment terms, and the health and age of the insured/annuitant.

Interment — The burial or final placement of human remains in the ground (interment), in mausoleums (entombment), or in cremation niches or cremation memorialization property (inurnment).

Lawn Crypt — Cemetery property in which an underground outer burial receptacle constructed of concrete and reinforced steel has been pre-installed in designated areas.

Maturity — When the underlying contracted merchandise is delivered or service is performed, typically at death. This is the point at which preneed funeral contracts are converted to atneed contracts (note — delivery of certain merchandise and services can occur prior to death).

Mausoleum — An aboveground structure that is designed to house caskets and/or cremation urns.

Merchandise and Service Trust — A trust account established in accordance with state or provincial law into which we deposit the required percentage of customers' payments for preneed funeral, cremation, or cemetery merchandise and services to be delivered or performed by us in the future. The amounts deposited can be withdrawn only after we have completed our obligations under the preneed contract or upon the cancellation of the contract. Also referred to as a preneed trust.

Non-Funeral Home Preneed Sales Revenue — Non-funeral home general agency revenue and merchandise and travel protection revenue, net, sold to a preneed customer and delivered before a death has occurred.

Outer Burial Container — A reinforced container intended to inhibit the subsidence of the earth and house the casket after it is placed in the ground, also known as a burial vault.

Preneed — Purchase of cemetery property interment rights or any funeral or cemetery merchandise and services prior to death occurring or prior to delivery of products and services.

Preneed Backlog or Backlog of Preneed Revenue — Future revenue from unfulfilled preneed funeral, cremation, and cemetery contractual arrangements.

Preneed Cemetery Sales Production — Sales of preneed cemetery contracts. These sales are recorded in *Deferred revenue, net* until the merchandise is delivered, the service is performed, or the property has been constructed, is available for interment, and when the receivable is deemed collectible.

Preneed Funeral Sales Production — Sales of preneed funeral trust-funded and insurance-funded contracts. Preneed funeral trust-funded contracts are recorded in *Deferred revenue, net* until the merchandise is delivered or the service is performed. We do not reflect the unfulfilled insurance-funded preneed funeral contract amounts in our Consolidated Balance Sheet as the contract is between the customer and the insurance provider. Revenue from these policies is recognized when we perform the services and deliver the merchandise. The proceeds of the life insurance policies will be received upon maturity via death benefit claims.

Preneed Receivables, Net — Amounts due from customers when we have delivered the merchandise, performed the service, or transferred control of the cemetery property interment rights prior to a death occurring and amounts due from customers on irrevocable preneed contracts.

Travel Protection — A service provided by a third-party that provides shipment of remains to the servicing funeral home of choice if the purchaser passes away outside of a certain radius of their residence.

Trust Fund Income — Recognized investment earnings from our merchandise, service, and perpetual care trust investments.

As used herein, "SCI," "Company," "we," "our," and "us" refer to Service Corporation International and companies owned directly or indirectly by Service Corporation International, unless the context requires otherwise. Management has published a white paper on the corporate website for further understanding of accounting for preneed sales. You can view the white paper at <http://investors.sci-corp.com> under Featured Documents. Documents and information on our website are not incorporated by reference herein.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Service Corporation International Condensed Consolidated Statement of Operations (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands, except per share amounts)				
Revenue				
Property and merchandise revenue	\$ 527,255	\$ 518,011	\$ 1,035,518	\$ 1,011,666
Service revenue	458,027	438,319	939,399	920,209
Other revenue	118,006	109,114	224,825	207,736
Total revenue	1,103,288	1,065,444	2,199,742	2,139,611
Costs of revenue				
Cost of property and merchandise	(284,075)	(275,781)	(553,293)	(536,784)
Cost of service	(256,835)	(245,256)	(508,109)	(489,555)
Overhead and other expenses	(288,877)	(272,969)	(578,388)	(550,417)
Total costs of revenue	(829,787)	(794,006)	(1,639,790)	(1,576,756)
Gross profit	273,501	271,438	559,952	562,855
Corporate general and administrative expenses	(41,775)	(49,466)	(85,686)	(94,167)
Restructuring charge	—	(1,575)	—	(1,575)
(Losses) gains on divestitures and impairment charges, net	(138)	4,062	1,136	9,033
Operating income	231,588	224,459	475,402	476,146
Interest expense	(64,711)	(64,071)	(128,717)	(125,554)
Other (expense) income, net	(57)	3,914	1,341	7,066
Income before income taxes	166,820	164,302	348,026	357,658
Provision for income taxes	(41,943)	(41,378)	(87,276)	(91,807)
Net income	124,877	122,924	260,750	265,851
Net income attributable to noncontrolling interests	(52)	(59)	(117)	(106)
Net income attributable to common stockholders	\$ 124,825	\$ 122,865	\$ 260,633	\$ 265,745
Basic earnings per share:				
Net income attributable to common stockholders	\$ 0.91	\$ 0.87	\$ 1.89	\$ 1.86
Basic weighted average number of shares	137,519	141,897	138,268	143,001
Diluted earnings per share:				
Net income attributable to common stockholders	\$ 0.90	\$ 0.86	\$ 1.87	\$ 1.84
Diluted weighted average number of shares	138,327	142,992	139,122	144,134

(See notes to unaudited condensed consolidated financial statements)

Service Corporation International

Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands)				
Net income	\$ 124,877	\$ 122,924	\$ 260,750	\$ 265,851
Other comprehensive income:				
Foreign currency translation adjustments	(9,029)	20,595	(16,145)	21,122
Total comprehensive income	115,848	143,519	244,605	286,973
Total comprehensive income attributable to noncontrolling interests	(52)	(59)	(117)	(106)
Total comprehensive income attributable to common stockholders	\$ 115,796	\$ 143,460	\$ 244,488	\$ 286,867

(See notes to unaudited condensed consolidated financial statements)

Service Corporation International

Condensed Consolidated Balance Sheet (Unaudited)

	June 30, 2026	December 31, 2025
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 260,411	\$ 243,581
Receivables, net of reserves of \$3,602 and \$3,944, respectively	104,109	100,415
Inventories	38,235	35,246
Other	46,991	32,551
Total current assets	449,746	411,793
Preneed receivables, net of reserves of \$33,925 and \$34,680, respectively, and trust investments	7,652,394	7,360,793
Cemetery property	2,251,528	2,201,967
Property and equipment, net	2,835,540	2,751,761
Goodwill	2,174,837	2,169,055
Deferred charges and other assets, net of reserves of \$2,826 and \$2,460, respectively	1,329,669	1,360,530
Cemetery perpetual care trust investments	2,520,779	2,398,613
Total assets	\$ 19,214,493	\$ 18,654,512
LIABILITIES & EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 650,833	\$ 685,156
Current maturities of long-term debt	195,149	56,847
Income taxes payable	246	3,701
Total current liabilities	846,228	745,704
Long-term debt	5,108,016	5,082,970
Deferred revenue, net	1,823,627	1,779,266
Deferred tax liability	704,103	691,033
Other liabilities	571,893	550,793
Deferred receipts held in trust	6,116,618	5,784,398
Care trusts' corpus	2,506,248	2,381,507
Commitments and contingencies (Note 9)		
Equity:		
Common stock, \$1 per share par value, 500,000,000 shares authorized, 142,249,152 and 141,957,004 shares issued, respectively, and 136,619,474 and 139,678,199 shares outstanding, respectively	136,619	139,678
Capital in excess of par value	976,452	987,210
Retained earnings	427,900	498,958
Accumulated other comprehensive income	(3,720)	12,425
Total common stockholders' equity	1,537,251	1,638,271
Noncontrolling interests	509	570
Total equity	1,537,760	1,638,841
Total liabilities and equity	\$ 19,214,493	\$ 18,654,512

(See notes to unaudited condensed consolidated financial statements)

Service Corporation International

Condensed Consolidated Statement of Cash Flows (Unaudited)

	Six months ended June 30,	
	2026	2025
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 260,750	\$ 265,851
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	114,081	108,257
Amortization of intangibles	7,038	8,441
Amortization of cemetery property	48,581	48,195
Amortization of loan costs	4,474	4,383
Provision for expected credit losses	4,217	5,234
Provision for deferred income taxes	13,307	4,621
Gains on divestitures and impairment charges, net	(1,136)	(9,033)
Share-based compensation	10,387	9,589
Change in assets and liabilities, net of effects from acquisitions and divestitures:		
(Increase) decrease in receivables	(5,094)	6,205
Decrease (increase) in other assets	24,982	(16,110)
Increase in payables and other liabilities	21,679	11,996
Effect of preneed sales production and maturities:		
Decrease (increase) in preneed receivables, net and trust investments	8,318	(28,062)
Increase in deferred revenue, net	40,995	23,785
Increase in deferred receipts held in trust	19,860	34,228
Net cash provided by operating activities	572,439	477,580
Cash flows from investing activities:		
Capital expenditures	(175,593)	(161,201)
Business acquisitions, net of cash acquired	(39,469)	(28,242)
Real estate acquisitions	(12,835)	(5,422)
Corporate headquarters	(56,334)	(26,759)
Proceeds from divestitures and sales of property and equipment	5,331	26,762
Payments for Company-owned life insurance policies	(124)	(130)
Proceeds from Company-owned life insurance policies and other	—	3,757
Tax credit equity investments	(40,737)	—
Net cash used in investing activities	(319,761)	(191,235)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	405,000	495,001
Scheduled payments of debt	(13,648)	(12,827)
Early payments of debt	(295,000)	(305,000)
Proceeds from corporate headquarters debt facility	51,854	17,120
Principal payments on finance leases	(19,783)	(18,853)
Proceeds from exercise of stock options	6,599	4,040
Purchase of Company common stock	(266,377)	(324,023)
Payments of dividends	(96,363)	(91,129)
Bank overdrafts and other	(4,773)	(7,354)
Net cash used in financing activities	(232,491)	(243,025)
Effect of foreign currency	(4,938)	5,800
Net increase in cash, cash equivalents, and restricted cash	15,249	49,120
Cash, cash equivalents, and restricted cash at beginning of period	246,468	221,399
Cash, cash equivalents, and restricted cash at end of period	\$ 261,717	\$ 270,519

(See notes to unaudited condensed consolidated financial statements)

Service Corporation International

Condensed Consolidated Statement of Equity (Unaudited)

	Common Stock	Treasury Stock, Par Value	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Noncontrolling Interest	Total
(In thousands, except per share amounts)							
Balance at December 31, 2024	\$ 146,670	\$ (1,975)	\$ 986,830	\$ 553,701	\$ (7,221)	\$ 664	\$ 1,678,669
Comprehensive income (loss)	—	—	—	142,880	527	47	143,454
Dividends declared on common stock (\$0.32 per share)	—	—	—	(45,991)	—	—	(45,991)
Share-based compensation earned	—	—	3,841	—	—	—	3,841
Stock option exercises	95	—	3,812	—	—	—	3,907
Restricted stock awards, net of forfeitures	120	—	(120)	—	—	—	—
Purchase of Company common stock	—	(1,636)	(12,619)	(116,558)	—	—	(130,813)
Noncontrolling interest payments	—	—	—	—	—	(166)	(166)
Other	—	—	(1,281)	—	—	—	(1,281)
Balance at March 31, 2025	\$ 146,885	\$ (3,611)	\$ 980,463	\$ 534,032	\$ (6,694)	\$ 545	\$ 1,651,620
Comprehensive income (loss)	—	—	—	122,865	20,595	59	143,519
Dividends declared on common stock (\$0.32 per share)	—	—	—	(45,138)	—	—	(45,138)
Share-based compensation earned	22	—	5,726	—	—	—	5,748
Stock option exercises	3	—	130	—	—	—	133
Purchase of Company common stock	—	(2,493)	(18,988)	(174,007)	—	—	(195,488)
Noncontrolling interest payments	—	—	—	—	—	(40)	(40)
Other	—	—	(2)	—	—	1	(1)
Balance at June 30, 2025	\$ 146,910	\$ (6,104)	\$ 967,329	\$ 437,752	\$ 13,901	\$ 565	\$ 1,560,353

(See notes to unaudited condensed consolidated financial statements)

	Common Stock	Treasury Stock, Par Value	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Noncontrolling Interest	Total
(In thousands, except per share amounts)							
Balance at December 31, 2025	\$ 141,957	\$ (2,279)	\$ 987,210	\$ 498,958	\$ 12,425	\$ 570	\$ 1,638,841
Comprehensive income	—	—	—	135,808	(7,116)	65	128,757
Dividends declared on common stock (\$0.34 per share)	—	—	—	(47,080)	—	—	(47,080)
Share-based compensation earned	—	—	4,163	—	—	—	4,163
Stock option exercises	136	—	5,893	—	—	—	6,029
Restricted stock awards and units, net of forfeitures	122	—	(122)	—	—	—	—
Purchase of Company common stock	—	(1,789)	(13,881)	(128,706)	—	—	(144,376)
Noncontrolling interest payments	—	—	—	—	—	(97)	(97)
Other	—	—	(1,288)	—	—	—	(1,288)
Balance at March 31, 2026	\$ 142,215	\$ (4,068)	\$ 981,975	\$ 458,980	\$ 5,309	\$ 538	\$ 1,584,949
Comprehensive income (loss)	—	—	—	124,825	(9,029)	52	115,848
Dividends declared on common stock (\$0.36 per share)	—	—	—	(49,283)	—	—	(49,283)
Share-based compensation earned	25	—	6,199	—	—	—	6,224
Stock option exercises	9	—	561	—	—	—	570
Purchase of Company common stock	—	(1,562)	(12,294)	(106,622)	—	—	(120,478)
Noncontrolling interest payments	—	—	—	—	—	(81)	(81)
Other	—	—	11	—	—	—	11
Balance at June 30, 2026	\$ 142,249	\$ (5,630)	\$ 976,452	\$ 427,900	\$ (3,720)	\$ 509	\$ 1,537,760

(See notes to unaudited condensed consolidated financial statements)

Service Corporation International

Notes to Unaudited Condensed Consolidated Financial Statements

1. Nature of Operations

Service Corporation International (SCI) is a holding company and all operations are conducted by its subsidiaries. We are North America's largest provider of deathcare products and services, with a network of funeral service locations and cemeteries operating in the United States and Canada. Our funeral service and cemetery operations consist of funeral service locations, cemeteries, funeral service/cemetery combination locations, crematoria, and other related businesses, which enable us to serve a wide array of customer needs. We sell cemetery property and funeral and cemetery merchandise and services at the time of need and on a preneed basis. We strive to offer families exceptional service in planning life celebrations and personalized remembrances.

Funeral service locations provide all professional services relating to funerals and cremations, including the use of funeral facilities and motor vehicles, arranging and directing services, removal, preparation, embalming, cremations, memorialization, travel protection, and catering. Funeral merchandise, including burial caskets and related accessories, urns and other cremation receptacles, outer burial containers, flowers, online and video tributes, stationery products, casket and cremation memorialization products, and other ancillary merchandise, is sold at our funeral service locations.

Our cemeteries provide cemetery property interment rights, including developed lots, lawn crypts, mausoleum spaces, cremation niches, and custom inventory, including private mausoleums, family estates, and exclusive cremation memorialization options. Cemetery merchandise and services, including memorial cemetery markers and bases, outer burial containers, flowers and floral placement, other ancillary merchandise, graveside services, merchandise installation, and interments, are sold at our cemeteries.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

Our unaudited condensed consolidated financial statements include the accounts of SCI and all subsidiaries in which we hold a controlling financial interest. Intercompany balances and transactions have been eliminated in consolidation.

Our unaudited condensed consolidated financial statements also include the accounts of the merchandise, service, and cemetery perpetual care trusts in which we have a variable interest and are the primary beneficiary. We have retained the specialized industry accounting principles when consolidating the trusts. Our trusts are variable interest entities, for which we have determined that we are the primary beneficiary as we absorb a majority of the losses and returns associated with these trusts. Although we consolidate the trusts, it does not change the legal relationships among the trusts, us, or our customers. The customers are the legal beneficiaries of these trusts; therefore, their interests in these trusts represent a liability to us.

Our interim condensed consolidated financial statements are unaudited but include all adjustments, consisting of normal recurring accruals and any other adjustments, which management considers necessary for a fair statement of our results for these periods. Our unaudited condensed consolidated financial statements have been prepared in a manner consistent with the accounting policies 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. The accompanying year-end Condensed Consolidated Balance Sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year period.

Certain reclassifications have been made to prior period amounts to conform to the current period disclosure presentation with no effect on our consolidated net income, cash flows, or equity.

Use of Estimates in the Preparation of Financial Statements

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. As a result, actual results could differ from these estimates.

Cash, Cash Equivalents, and Restricted Cash

We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying amounts of our cash and cash equivalents approximate fair value due to the short-term nature of these instruments.

PART I

The components of cash, cash equivalents, and restricted cash were as follows:

	June 30, 2026	December 31, 2025
	(In thousands)	
Cash and cash equivalents	\$ 260,411	\$ 243,581
Restricted cash ⁽¹⁾ :		
Included in <i>Other current assets</i>	653	2,231
Included in <i>Deferred charges and other assets, net</i>	653	656
Total restricted cash	1,306	2,887
Total cash, cash equivalents, and restricted cash	\$ 261,717	\$ 246,468

⁽¹⁾ Restricted cash in both periods primarily consists of proceeds from divestitures deposited into escrow accounts under IRS code section 1031 and collateralized obligations under certain insurance policies.

Receivables, Net

The components of *Receivables, net* in our unaudited Condensed Consolidated Balance Sheet were as follows:

	June 30, 2026				
	Atneed Funeral	Atneed Cemetery	Miscellaneous	Current Portion of Notes	Total
	(In thousands)				
Receivables	\$ 32,320	\$ 24,601	\$ 50,545	\$ 245	\$ 107,711
Reserve for credit losses	(1,729)	(1,567)	(199)	(107)	(3,602)
Receivables, net	\$ 30,591	\$ 23,034	\$ 50,346	\$ 138	\$ 104,109

	December 31, 2025				
	Atneed Funeral	Atneed Cemetery	Miscellaneous	Current Portion of Notes	Total
	(In thousands)				
Receivables	\$ 38,830	\$ 20,396	\$ 44,960	\$ 173	\$ 104,359
Reserve for credit losses	(1,866)	(1,799)	(170)	(109)	(3,944)
Receivables, net	\$ 36,964	\$ 18,597	\$ 44,790	\$ 64	\$ 100,415

Recently Issued Accounting Standards

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued guidance that requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The guidance is effective for annual reporting periods beginning after December 15, 2026, with early adoption permitted, and it can be adopted either on a prospective or retrospective basis. Upon adoption, we will include the additional disclosures in our financial statements and related notes; however, the guidance will not have a material effect on our financial position or results of operations.

Internal-Use Software

In September 2025, the FASB issued guidance to modernize the accounting for software costs that are accounted for under Subtopic 350-40, Intangibles-Goodwill and Other-Internal-Use Software. The new guidance is effective for us for the 2028 annual period, with early adoption permitted, and it can be adopted either on a prospective, modified or retrospective basis. We are currently assessing the impact of this guidance and upon adoption, will apply the amendment to our financial statements and related notes.

3. Preneed Activities

Preneed Receivables, Net and Trust Investments

The components of *Preneed receivables, net and trust investments* in our unaudited Condensed Consolidated Balance Sheet were as follows:

	June 30, 2026	December 31, 2025
	(In thousands)	
Preneed receivables, net	\$ 1,529,586	\$ 1,561,836
Trust investments, at fair value	8,415,017	7,965,010
Insurance-backed fixed income securities and other	228,570	232,560
Trust investments	8,643,587	8,197,570
Less: Cemetery perpetual care trust investments	(2,520,779)	(2,398,613)
Preneed trust investments	6,122,808	5,798,957
<i>Preneed receivables, net and trust investments</i>	<i>\$ 7,652,394</i>	<i>\$ 7,360,793</i>

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Preneed receivables, net comprised the following:

June 30, 2026					
	Funeral		Cemetery		Total
	(In thousands)				
Preneed receivables	\$	128,003	\$	1,478,484	\$ 1,606,487
Unearned finance charges		(14,943)		(28,033)	(42,976)
Preneed receivables, at amortized cost		113,060		1,450,451	1,563,511
Reserve for credit losses		(20,470)		(13,455)	(33,925)
Preneed receivables, net	\$	92,590	\$	1,436,996	\$ 1,529,586

December 31, 2025					
	Funeral		Cemetery		Total
(In thousands)					
Preneed receivables	\$	142,485	\$	1,482,721	\$ 1,625,206
Unearned finance charges		(13,486)		(15,204)	(28,690)
Preneed receivables, at amortized cost		128,999		1,467,517	1,596,516
Reserve for credit losses		(20,632)		(14,048)	(34,680)
Preneed receivables, net	\$	108,367	\$	1,453,469	\$ 1,561,836

At June 30, 2026, the amortized cost basis of our preneed receivables by year of origination was as follows:

	2026	2025	2024	2023	2022	Prior	Total
	(In thousands)						
Preneed receivables, at amortized cost:							
Funeral	\$ 13,693	\$ 17,805	\$ 28,065	\$ 22,086	\$ 10,929	\$ 20,482	\$ 113,060
Cemetery	278,335	492,771	330,369	200,645	96,646	51,685	1,450,451
Total preneed receivables, at amortized cost	\$292,028	\$510,576	\$358,434	\$222,731	\$107,575	\$ 72,167	\$1,563,511

At June 30, 2026, the payment status of our preneed receivables was as follows:

Past Due							
	<30 Days	30-90 Days	90-180 Days	>180 Days	Total	Current	Total
	(In thousands)						
Preneed receivables, at amortized cost:							
Funeral	\$ 2,617	\$ 1,813	\$ 1,098	\$ 30,848	\$ 36,376	\$ 76,684	\$ 113,060
Cemetery	56,507	45,708	12,520	5,442	120,177	1,330,274	1,450,451
Total preneed receivables, at amortized cost	\$ 59,124	\$ 47,521	\$ 13,618	\$ 36,290	\$156,553	\$1,406,958	\$1,563,511

The following table summarizes the activity for the reserve for credit losses on preneed receivables for the six months ended June 30, 2026:

	December 31, 2025	Provision for Expected Credit Losses	Write Offs	Effect of Foreign Currency	June 30, 2026
(In thousands)					
Funeral	\$ (20,632)	\$ (1,637)	\$ 1,797	\$ 2	\$ (20,470)
Cemetery	(14,048)	39	544	10	(13,455)
Total reserve for credit losses on preneed receivables	\$ (34,680)	\$ (1,598)	\$ 2,341	\$ 12	\$ (33,925)

The table below sets forth certain investment-related activities associated with our trusts:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands)				
Deposits	\$ 175,982	\$ 158,490	\$ 347,552	\$ 316,756
Withdrawals	\$ 173,266	\$ 133,670	\$ 324,997	\$ 276,604
Purchases of securities	\$ 663,478	\$ 829,676	\$ 1,209,124	\$ 1,385,162
Sales of securities	\$ 695,941	\$ 853,100	\$ 1,158,519	\$ 1,327,187
Realized gains from sales of securities ⁽¹⁾	\$ 233,025	\$ 128,409	\$ 376,590	\$ 229,674
Realized losses from sales of securities ⁽¹⁾	\$ (46,905)	\$ (49,063)	\$ (71,829)	\$ (75,200)

(1) All realized gains and losses are recognized in *Other (expense) income, net* for our trust investments and are offset by a corresponding reclassification in *Other (expense) income, net to Deferred receipts held in trust and Care trusts' corpus*.

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The cost and market values associated with trust investments recorded at market value are detailed below. Cost reflects the investment of control holders in the trusts. Fair value represents the value of the underlying securities held by the trusts.

	Fair Value Hierarchy Level	June 30, 2026			
		Cost	Unrealized Gains	Unrealized Losses	Value
(In thousands)					
Fixed income securities:					
U.S. Treasury	2	\$ 52,580	\$ 111	\$ (604)	\$ 52,087
Canadian government	2	25,423	—	—	25,423
Corporate	2	9,962	219	(8)	10,173
Residential mortgage-backed	2	1,969	14	(10)	1,973
Asset-backed	2	258	—	(41)	217
Equity securities:					
Preferred stock	2	20,002	1,902	(1,406)	20,498
Common stock:					
United States	1	2,165,257	859,614	(127,348)	2,897,523
Canada	1	45,652	38,911	(1,888)	82,675
Other international	1	173,969	50,072	(18,347)	205,694
Mutual funds:					
Equity	1	980,763	325,519	(10,896)	1,295,386
Fixed income	1	720,560	5,331	(32,358)	693,533
Trust investments, at fair value		4,196,395	1,281,693	(192,906)	5,285,182
Commingled funds					
Fixed income		1,465,924	6,012	(60,708)	1,411,228
Equity		375,315	132,081	(1,573)	505,823
Money market funds		427,267	—	—	427,267
Alternative investments		526,974	268,659	(10,116)	785,517
Trust investments, at net asset value		2,795,480	406,752	(72,397)	3,129,835
Trust investments, at market		\$ 6,991,875	\$ 1,688,445	\$ (265,303)	\$ 8,415,017

As of June 30, 2026 and December 31, 2025, our unfunded commitment for our private equity investments was \$465.3 million and \$435.7 million, respectively, which, if called, would be funded by the assets of the trusts.

	Fair Value Hierarchy Level	December 31, 2025			
		Cost	Unrealized Gains	Unrealized Losses	Value
(In thousands)					
Fixed income securities:					
U.S. Treasury	2	\$ 50,233	\$ 305	\$ (488)	\$ 50,050
Canadian government	2	26,086	—	—	26,086
Corporate	2	10,352	310	(7)	10,655
Residential mortgage-backed	2	3,202	68	(28)	3,242
Asset-backed	2	279	—	(41)	238
Equity securities:					
Preferred stock	2	13,831	2,428	—	16,259
Common stock:					
United States	1	2,071,402	745,982	(95,511)	2,721,873
Canada	1	41,650	34,904	(1,219)	75,335
Other international	1	167,881	43,880	(5,910)	205,851
Mutual funds:					
Equity	1	938,778	253,372	(5,546)	1,186,604
Fixed income	1	671,067	8,531	(27,280)	652,318
Trust investments, at fair value		3,994,761	1,089,780	(136,030)	4,948,511
Commingled funds					
Fixed income		1,387,350	14,443	(50,208)	1,351,585
Equity		362,862	155,590	—	518,452
Money market funds		423,957	—	—	423,957
Alternative investments		503,898	228,320	(9,713)	722,505
Trust investments, at net asset value		2,678,067	398,353	(59,921)	3,016,499
Trust investments, at market		\$ 6,672,828	\$ 1,488,133	\$ (195,951)	\$ 7,965,010

Our alternative investments include funds invested in limited partnerships with interests in private equity, private market real estate, energy and natural resources, infrastructure, transportation, and private debt including both distressed debt and mezzanine financing. These investments can never be redeemed by the funds. Instead, due to the nature of the investments in this category, distributions are received through the liquidation of the underlying assets of the funds. The funds' managers have not communicated the timing of any liquidations.

Maturity dates of our fixed income securities range from 2026 to 2044. Maturities of fixed income securities (excluding mutual funds) at June 30, 2026 are estimated as follows:

	Fair Value
	(In thousands)
Due in one year or less	\$ 50,455
Due in one to five years	33,769
Due in five to ten years	5,621
Thereafter	28
Total estimated maturities of fixed income securities	\$ 89,873

Recognized trust fund income (realized and unrealized) related to our preneed trust investments was \$62.6 million and \$47.7 million for the three months ended June 30, 2026 and 2025, respectively. Recognized trust fund income (realized and unrealized) related to our cemetery perpetual care trust investments was \$34.6 million and \$27.0 million for the three months ended June 30, 2026 and 2025, respectively.

Recognized trust fund income (realized and unrealized) related to our preneed trust investments was \$118.8 million and \$95.9 million for the six months ended June 30, 2026 and 2025, respectively. Recognized trust fund income (realized and unrealized) related to our cemetery perpetual care trust investments was \$65.5 million and \$53.1 million for the six months ended June 30, 2026 and 2025, respectively.

Deferred Revenue, Net

Deferred revenue, net represents future revenue, including distributed trust investment earnings associated with unperformed trust-funded preneed contracts that are not held in trust accounts. Future revenue and net trust investment earnings that are held in trust accounts are included in *Deferred receipts held in trust*.

The components of *Deferred revenue, net* in our unaudited Condensed Consolidated Balance Sheet were as follows:

	June 30, 2026	December 31, 2025
	(In thousands)	
Deferred revenue	\$ 2,832,863	\$ 2,790,149
Amounts due from customers for unfulfilled performance obligations on cancelable preneed contracts	(1,009,236)	(1,010,883)
<i>Deferred revenue, net</i>	\$ 1,823,627	\$ 1,779,266

The following table summarizes the activity for our contract liabilities, which are reflected in *Deferred revenue, net* and *Deferred receipts held in trust*:

	Six months ended June 30,	
	2026	2025
	(In thousands)	
Beginning balance — <i>Deferred revenue, net</i> and <i>Deferred receipts held in trust</i>	\$ 7,563,664	\$ 6,917,695
Net preneed contract sales	684,646	653,502
Acquisitions of businesses, net	2,191	3,095
Net investment gains (losses) ⁽¹⁾	315,114	295,163
Recognized revenue from backlog ⁽²⁾	(340,324)	(317,131)
Recognized revenue from current period sales	(270,870)	(268,506)
Change in amounts due on unfulfilled performance obligations	683	(15,694)
Change in cancellation reserve	(576)	(117)
Effect of foreign currency and other	(14,283)	8,257
Ending balance — <i>Deferred revenue, net</i> and <i>Deferred receipts held in trust</i>	\$ 7,940,245	\$ 7,276,264

(1) Includes both realized and unrealized investment gains (losses)

(2) Includes current year trust fund income through the date of performance

4. Income Taxes

Income tax expense during interim periods is based on our estimated annual effective income tax rate plus any discrete items, which are recorded in the period in which they occur. Discrete items include, among others, events such as changes in estimates due to the finalization of tax returns, tax audit settlements, expiration of statutes of limitation, and increases or decreases in valuation allowances on deferred tax assets. Our effective tax rate was 25.1% and 25.2% for the three months ended June 30, 2026 and 2025, respectively. Our effective tax rate was 25.1% and 25.7% for the six months ended June 30, 2026 and 2025, respectively. The effective tax rate was lower for the six months ended June 30, 2026 primarily due to a discrete tax benefit from an investment in a renewable energy project recognized in the first quarter of 2026. The effective tax rate for the three and six months ended June 30, 2026 was higher than the federal statutory tax rate of 21.0% primarily due to state and foreign tax expenses.

We participate in tax equity investments in renewable energy projects that qualify for federal investment tax credits. These investments are accounted for under the proportional amortization method. Tax credits and other related tax benefits are recognized as a reduction of income tax expense as they are realized, with corresponding amortization of the investment in proportion to the tax benefits received. During the six months ended June 30, 2026, we recognized \$52.1 million of investment tax credits and other tax benefits and recorded \$49.9 million of amortization related to these investments. The tax credits and related amortization are presented net within the *Provision for income taxes* in the Consolidated Statement of Operations. As of June 30, 2026, the unamortized balance of renewable energy tax credit investments was \$1.1 million included in *Deferred charges and other assets*. As of December 31, 2025, the unamortized balance of renewable energy tax credit investments was \$51.1 million, and unfunded commitments related to these investments totaled \$40.8 million. These amounts are included in *Deferred charges and other assets* and *Accounts payable and accrued liabilities*, respectively, on the Consolidated Balance Sheet.

The federal statutes of limitations have expired for all tax years prior to 2022. Currently, our 2022 federal income tax return is under audit by the IRS, and certain state income tax returns for the years 2022 through 2024 are also being audited. While there are no federal or provincial audits in Canada, years subsequent to 2021 remain open for potential examination. The outcome of each of these audits cannot be predicted at this time.

5. Debt

The components of Debt are:

	June 30, 2026	December 31, 2025
	(In thousands)	
7.500% Senior Notes due April 2027	\$ 136,924	\$ 136,924
4.625% Senior Notes due December 2027	550,000	550,000
5.125% Senior Notes due June 2029	750,000	750,000
3.375% Senior Notes due August 2030	850,000	850,000
4.000% Senior Notes due May 2031	800,000	800,000
5.750% Senior Notes due October 2032	800,000	800,000
Term Loan due November 2030	740,625	750,000
Bank Credit Facility due November 2030	365,000	255,000
Corporate Headquarters Debt Facility due February 2037	106,620	54,766
Obligations under finance leases	160,112	151,061
Mortgage notes and other debt, maturities through 2050	78,200	80,142
Unamortized debt issuance costs	(34,316)	(38,076)
Total debt	5,303,165	5,139,817
Less: Current maturities of long-term debt	(195,149)	(56,847)
Total long-term debt	\$ 5,108,016	\$ 5,082,970

Current maturities of debt at June 30, 2026 include amounts due under our 7.500% Senior Notes due April 2027, term loan, mortgage notes and other debt, and finance leases within the next year as well as the portion of unamortized debt issuance costs expected to be recognized in the next twelve months. The Company believes it has sufficient existing liquidity to satisfy these obligations as well as continued access to the debt capital markets.

Approximately 77% and 79% of our total debt had a fixed interest rate at June 30, 2026 and December 31, 2025, respectively.

The components of our weighted average interest rate are as follows:

	June 30, 2026	December 31, 2025
Fixed Debt	4.67 %	4.67 %
Floating Debt	5.43 %	5.54 %
Total Debt	4.84 %	4.85 %

During the six months ended June 30, 2026 and 2025, we paid \$128.0 million and \$125.6 million in cash interest, respectively.

Bank Credit Agreement

The bank credit agreement provides us with flexibility for working capital, if needed, and is guaranteed by a majority of our domestic subsidiaries. The subsidiary guaranty is a guaranty of payment of the outstanding amount of the total lending commitment, including letters of credit. The bank credit agreement contains a maximum leverage ratio financial covenant and certain dividend and share repurchase restrictions. As of June 30, 2026, we were in compliance with all of our debt covenants. During the six months ended June 30, 2026, we closed \$46.0 million of letters of credit associated with our renewable energy tax credit investments that were fully funded. This was partially offset by a net \$0.3 million letters of credit issued. At June 30, 2026, we issued \$1.3 million of letters of credit and pay a quarterly fee on the unused commitment, which was 0.20%. As of June 30, 2026, we have \$1,383.7 million in borrowing capacity under the facility. The bank credit agreement had an interest rate of 5.39% and 5.44% at June 30, 2026 and December 31, 2025, respectively. As of December 31, 2025, we issued \$47.0 million of letters of credit.

Debt Issuances and Additions

During the six months ended June 30, 2026, we issued or added \$456.9 million of debt including:

- \$405.0 million on our Bank Credit Facility due November 2030; and
- \$51.9 million on our Corporate Headquarters Debt Facility due February 2037.

Net proceeds were used for general corporate purposes and to fund the new corporate headquarters.

During the six months ended June 30, 2025, we issued or added \$512.1 million of debt including:

- \$495.0 million on our Bank Credit Facility due January 2028; and
- \$17.1 million on our Corporate Headquarters Debt Facility due February 2037.

Net proceeds were used for general corporate purposes and to fund the new corporate headquarters.

Debt Reductions

During the six months ended June 30, 2026, we made aggregate debt payments of \$308.7 million for scheduled and early debt payments including:

- \$295.0 million in aggregate principal of our Bank Credit Facility due November 2030;
- \$9.4 million in aggregate principal of our Term Loan due November 2030; and
- \$4.3 million in other debt.

During the six months ended June 30, 2025, we made aggregate debt payments of \$317.8 million for scheduled and early debt payments including:

- \$305.0 million in aggregate principal of our Bank Credit Facility due January 2028;
- \$8.4 million in aggregate principal of our Term Loan due January 2028; and
- \$4.4 million in other debt.

6. Credit Risk and Fair Value of Financial Instruments

Fair Value Estimates

The fair value estimates of the following financial instruments have been determined using available market information and appropriate valuation methodologies. The carrying values of cash and cash equivalents, trade receivables, and trade payables approximate the fair values of those instruments due to the short-term nature of the instruments. The carrying values of receivables on preneed funeral and cemetery contracts approximate fair value as the terms and conditions of these contracts are comparable to our current contract offerings.

The fair value of our debt instruments was as follows:

	June 30, 2026	December 31, 2025
	(In thousands)	
7.500% Senior Notes due April 2027	\$ 139,252	\$ 141,725
4.625% Senior Notes due December 2027	547,828	549,417
5.125% Senior Notes due June 2029	747,120	755,040
3.375% Senior Notes due August 2030	789,106	796,815
4.000% Senior Notes due May 2031	754,648	763,592
5.750% Senior Notes due October 2032	802,664	815,416
Term Loan due November 2030	740,625	750,000
Bank Credit Facility due November 2030	365,000	255,000
Corporate Headquarters Debt Facility due February 2037	106,620	54,766
Mortgage notes and other debt, maturities through 2050	77,935	80,762
Total fair value of debt instruments	\$ 5,070,798	\$ 4,962,533

The fair values of our long-term, fixed-rate loans were estimated using market prices for those loans, and therefore they are classified within Level 2 of the fair value measurements hierarchy. The Term Loan, Bank Credit Facility, Corporate Headquarters Debt Facility, and the mortgage notes and other debt are classified within Level 3 of the fair value measurements hierarchy. The fair values of these instruments have been estimated using discounted cash flow analysis based on our incremental borrowing rate for similar borrowing arrangements. An increase (decrease) in the inputs results in a directionally opposite change in the fair value of the instruments.

7. Equity

(All shares reported in whole numbers)

Share Repurchase Program

Subject to market conditions, normal trading restrictions, and limitations in our debt covenants, we may make purchases of our common stock in the open market or through privately negotiated transactions under our share repurchase program. On June 11, 2026, we announced that our Board of Directors increased the authorized level of repurchases of our common stock by approximately \$472.0 million.

During the six months ended June 30, 2026, we repurchased 3,350,873 shares of common stock at an aggregate cost of \$264.9 million, which is an average cost per share of \$79.04. After these repurchases and the increase in our share repurchase authorization, the remaining dollar value of shares authorized to be purchased under the share repurchase program was \$567.5 million at June 30, 2026.

Subsequent to June 30, 2026, we repurchased 327,690 shares for \$25.6 million at an average cost per share of \$78.22.

8. Segment Reporting

Our operations are both product-based and geographically-based, and the reportable operating segments presented below include our funeral and cemetery operations. Our geographic areas include the United States and Canada, where we conduct both funeral and cemetery operations.

Our Chief Operating Decision Maker (CODM) is our Chief Executive Officer, who is responsible for making key operating, finance, and capital allocation decisions and specifically uses segment gross profit to aid in the decision making and to assess the performance of the operating segments.

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Our reportable segment information, including disaggregated revenue, was as follows and includes a reconciliation of gross profit to our consolidated income before income taxes.

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(In thousands)			
Revenue from customers:				
Funeral revenue:				
Atneed revenue	\$ 298,669	\$ 296,114	\$ 618,874	\$ 625,185
Matured preneed revenue	196,495	183,503	401,880	389,345
Core funeral revenue	495,164	479,617	1,020,754	1,014,530
Non-funeral home revenue	27,582	25,749	56,436	53,357
Non-funeral home preneed sales revenue	21,334	26,421	43,473	48,621
Core general agency and other revenue	60,758	59,578	114,725	114,351
Total funeral revenue	604,838	591,365	1,235,388	1,230,859
Direct cost	(85,179)	(85,005)	(175,469)	(177,783)
Selling compensation	(52,447)	(47,759)	(102,760)	(92,921)
Salaries & fringe expense	(172,400)	(167,465)	(342,985)	(335,315)
Facility expenses	(70,358)	(66,314)	(142,436)	(134,618)
Other costs and overhead	(114,163)	(108,845)	(227,474)	(220,267)
Total funeral expense	(494,547)	(475,388)	(991,124)	(960,904)
Funeral gross profit	\$ 110,291	\$ 115,977	\$ 244,264	\$ 269,955
Cemetery revenue:				
Atneed revenue	\$ 110,638	\$ 111,018	\$ 219,809	\$ 223,320
Recognized preneed property revenue	225,441	220,421	435,040	409,081
Recognized preneed merchandise and services revenue	116,246	105,848	222,527	204,318
Core cemetery revenue	452,325	437,287	877,376	836,719
Other revenue	46,125	36,792	86,978	72,033
Total cemetery revenue	498,450	474,079	964,354	908,752
Direct cost	(65,668)	(66,265)	(124,368)	(125,022)
Selling compensation	(93,905)	(86,402)	(180,692)	(167,070)
Maintenance expense	(69,146)	(67,882)	(135,872)	(130,938)
Other costs and overhead	(106,521)	(98,069)	(207,734)	(192,822)
Total cemetery expense	(335,240)	(318,618)	(648,666)	(615,852)
Cemetery gross profit	\$ 163,210	\$ 155,461	\$ 315,688	\$ 292,900
Total revenue from customers				
Total revenue from customers	\$ 1,103,288	\$ 1,065,444	\$ 2,199,742	\$ 2,139,611
Total segment expenses	(829,787)	(794,006)	(1,639,790)	(1,576,756)
Gross profit from reportable segments	\$ 273,501	\$ 271,438	\$ 559,952	\$ 562,855
Corporate general and administrative expenses	(41,775)	(49,466)	(85,686)	(94,167)
Restructuring charge	—	(1,575)	—	(1,575)
(Losses) gains on divestitures and impairment charges, net	(138)	4,062	1,136	9,033
Operating income	\$ 231,588	\$ 224,459	\$ 475,402	\$ 476,146
Interest expense	(64,711)	(64,071)	(128,717)	(125,554)
Other (expense) income, net	(57)	3,914	1,341	7,066
Income before income taxes	\$ 166,820	\$ 164,302	\$ 348,026	\$ 357,658

Our geographic area information was as follows:

	United States	Canada	Total
(In thousands)			
Three months ended June 30,			
Revenue from external customers:			
2026	\$ 1,048,537	\$ 54,751	\$ 1,103,288
2025	1,009,446	55,998	1,065,444
Six months ended June 30,			
Revenue from external customers:			
2026	\$ 2,089,257	\$ 110,485	\$ 2,199,742
2025	2,029,853	109,758	2,139,611

9. Commitments and Contingencies

Insurance Loss Reserves

We purchase various insurance products with high deductibles including: comprehensive general liability, morticians and cemetery professional liability, automobile liability, and workers' compensation. The high-deductible insurance program means we are primarily self-insured for claims and associated costs and losses covered by these policies. As of June 30, 2026 and December 31, 2025, we had self-insurance reserves of \$114.5 million and \$108.4 million, respectively.

Litigation and Regulatory Matters

We are a party to various litigation and regulatory matters, investigations, and proceedings. Some of the more frequent routine litigations incidental to our business are based on operational claims and employment-related matters, including discrimination, harassment, and wage and hour laws and regulations. For each of our outstanding legal matters, we evaluate the merits of the case, our exposure to the matter, possible legal or settlement strategies, and the likelihood of an unfavorable outcome. We intend to vigorously defend ourselves in the matters described herein; however, if we determine that an unfavorable outcome is probable and can be reasonably estimated, or if we determine an amount for which we would be willing to settle the matter to avoid further costs and risk, we establish the necessary accruals. We hold certain insurance policies that may reduce cash outflows with respect to an adverse outcome of these matters. We accrue such insurance recoveries when they become probable of being paid and can be reasonably estimated.

Unclaimed Property Audits

We have received notices from auditors representing the unclaimed property departments of approximately forty states regarding the potential escheatment of preneed trust funds associated with unused preneed funeral and cemetery contracts ("Unused Preneed Trust Funds"). The states generally assert that all or a portion of these Unused Preneed Trust Funds may be subject to applicable unclaimed property or escheatment laws if the beneficiary and/or purchaser is deceased or presumed deceased and no merchandise or services have been provided. To date, audits have been resolved in nineteen states, with no additional property required to be reported. The remaining state audits are in various stages of the audit process.

Aside from these formal property audits, we may periodically review contracts to identify amounts that may be reportable under applicable unclaimed property laws. In limited circumstances, applicable laws permit us to retain trust earnings when property is escheated. As a result, our unclaimed property reporting has generated net trust fund income in each year from 2023 through 2026 as contracts are canceled and escheated.

We have reserved all of our rights, claims, and defenses with respect to these matters. Given the nature of the audits and the varying state laws involved, we are unable to reasonably estimate the total possible loss or range of loss, if any.

10. Earnings Per Share

Basic earnings per common share (EPS) excludes dilution and is computed by dividing *Net income attributable to common stockholders* by the weighted average number of common shares outstanding for the period. Diluted earnings per share

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reflects the potential dilution that could occur if securities or other obligations to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in our earnings.

A reconciliation of the numerators and denominators of basic and diluted EPS is presented below:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands, except per share amounts)				
Amounts attributable to common stockholders:				
Net income — basic and diluted	\$ 124,825	\$ 122,865	\$ 260,633	\$ 265,745
Weighted average shares:				
Weighted average shares — basic	137,519	141,897	138,268	143,001
Stock options	766	1,046	804	1,078
Restricted share units	42	49	50	55
Weighted average shares — diluted	138,327	142,992	139,122	144,134
Amounts attributable to common stockholders:				
Earnings per share:				
Basic	\$ 0.91	\$ 0.87	\$ 1.89	\$ 1.86
Diluted	\$ 0.90	\$ 0.86	\$ 1.87	\$ 1.84

The computation of diluted EPS excludes outstanding stock options and restricted share units in certain periods in which the inclusion of such equity awards would be antidilutive to the periods presented. Total antidilutive options not currently included in the computation of diluted earnings per share are as follows (in shares):

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(In thousands)				
Antidilutive options	699	682	600	594

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company

We are North America's largest provider of deathcare products and services, with a network of funeral service locations and cemeteries unequaled in geographic scale and reach. At June 30, 2026, we operated 1,495 funeral service locations and 505 cemeteries (including 316 funeral service/cemetery combination locations), which are geographically diversified across 44 states, eight Canadian provinces, the District of Columbia, and Puerto Rico. Our funeral and cemetery operations consist of funeral service locations, cemeteries, funeral service/cemetery combination locations, crematoria, and other related businesses, which enable us to serve a wide array of customer needs. We sell cemetery property and funeral and cemetery merchandise and services at the time of need and on a preneed basis. We strive to offer families exceptional service in planning life celebrations and personalized remembrances. Our Dignity Memorial® brand serves approximately 700,000 combined preneed and atneed families each year with professionalism, compassion, and attention to detail.

Our financial position is enhanced by our \$17.6 billion backlog of future revenue from both trust and insurance-funded preneed sales at June 30, 2026. Preneed selling provides us with a strategic opportunity to gain future market share. We also believe it adds to the stability and predictability of our revenue and cash flows. While revenue on the majority of preneed merchandise and service sales is deferred until the time of need, sales of preneed cemetery property provide opportunities for revenue recognition to the extent that the property is developed and available for use.

We believe we have adequate liquidity and a favorable debt maturity profile, which allow us to reinvest and grow our business as well as return capital to shareholders through share repurchases and dividends.

Factors affecting our operating results include: demographic trends in terms of population growth and average age, which impact death rates; establishing and maintaining leading market share positions supported by strong local heritage and relationships; effectively responding to increasing cremation trends by selling complementary services and merchandise; controlling salary and merchandise costs; and exercising pricing leverage. The average revenue per funeral contract is influenced by the mix of traditional versus cremation services as our average revenue for cremations is lower than that for traditional burials. To further enhance revenue opportunities, we continue to focus on our cremation customers' preferences, and remaining relevant by developing additional cemetery property, memorialization merchandise and services that specifically appeal to cremation customers. We believe the presentation of these additional offerings through our customer-facing technology improves our customers' experience by allowing them to visualize the enhanced product and service offerings. In addition, we believe this will help drive increases in the average revenue for a cremation or incremental cemetery property sales in future periods. While general economic conditions, inflation, and consumer confidence may affect the timing or mix of customer purchases, demand is generally deferred rather than lost. Accordingly, demand for these products and services has historically been less sensitive to economic cycles than other discretionary consumer purchases.

For further discussion of our key operating metrics, see our "[Cash Flow](#)" and "[Results of Operations](#)" sections below.

Financial Condition, Liquidity, and Capital Resources

We have adequate liquidity and a favorable debt maturity profile, which allow us to reinvest and grow our business as well as return capital to shareholders through share repurchases and dividends.

Capital Allocation Considerations

We rely on cash flow from operations as a significant source of liquidity. Our cash flow from operating activities provided \$572.4 million in the first six months of 2026. As of June 30, 2026, we had \$1,383.7 million in remaining borrowing capacity under our Bank Credit Facility.

Our Bank Credit Facility requires us to maintain a certain leverage ratio with which we were in compliance at June 30, 2026. We target a leverage ratio of 3.5x to 4.0x.

Our financial covenant requirement and actual ratio as of June 30, 2026 were as follows:

	Per Credit Agreement	Actual
Leverage ratio	5.00 (Max)	3.77

We have the financial strength and flexibility to reward shareholders with dividends while maintaining a prudent capital structure and pursuing new opportunities for profitable growth.

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Our unencumbered cash on hand, future operating cash flows, and the available capacity under our Bank Credit Facilities give us adequate liquidity to meet our short-term needs as well as our long-term financial obligations. Due to cash balances residing in Canada and minimum operating cash requirements, a portion of our cash on hand is encumbered.

We consistently evaluate the best uses of our cash flow that will yield the highest value and return on capital. Our capital investment strategy is prioritized as follows:

Investing in Acquisitions and Building New Funeral Service and Cemetery Locations. We manage our footprint by focusing on strategic acquisitions and building new funeral service and cemetery locations where the expected returns are attractive and exceed our weighted average cost of capital. We target businesses with favorable customer dynamics and/or where we can achieve the benefits of economies of scale. We continue to pursue strategic acquisitions and build new funeral service and cemetery locations in areas that provide us with the potential for additional scale.

Returning Excess Cash to Shareholders. In addition to any strategic acquisitions or new build opportunities, we continue to return cash to shareholders through regular quarterly dividends and our share repurchase program. Our quarterly dividend rate has steadily grown from \$0.025 per common share in 2005 to \$0.36 per common share in the second quarter of 2026. We target a dividend payout ratio of 30% to 40% of after tax earnings excluding special items and intend to grow our cash dividend commensurate with the growth in our business. While we intend to pay regular quarterly cash dividends for the foreseeable future, all future dividends are subject to limitations in our debt covenants, and final determination by our Board of Directors each quarter upon review of our financial performance. We also expect to continue to repurchase shares of our common stock in the open market or through privately negotiated transactions, subject to market conditions, debt covenants, and normal trading restrictions. On June 11, 2026, we announced that our Board of Directors increased the authorized level of repurchases of our common stock by approximately \$472 million. There can be no assurance that we will buy our common stock under our repurchase program in the future. During the six months ended June 30, 2026, we repurchased 3,350,873 shares of our common stock at an aggregate cost of \$264.9 million, which is an average cost per share of \$79.04.

Managing Debt. We continue to focus on maintaining optimal levels of liquidity and financial flexibility. We generate a relatively consistent annual cash flow stream that is generally resistant to down economic cycles. This cash flow stream and our significant liquidity allow us to substantially reduce our long-term debt maturities should we choose to do so.

Cash Flow

Our ability to generate strong operating cash flow is one of our fundamental financial strengths and provides us with substantial flexibility in meeting operating and investing needs.

Operating Activities

Net cash provided by operating activities was \$572.4 million and \$477.6 million for the six months ended June 30, 2026 and 2025, respectively. The \$94.8 million increase in operating cash flows from 2025 comprises:

- a \$72.2 million increase in cash receipts from customers, General Agency (GA) commission and other receipts,
- a \$64.8 million decrease in cash tax payments,
- a \$16.8 million increase in net trust withdrawals,
- a \$5.3 million decrease in restructuring payments, and
- a \$0.4 million decrease in payments for certain legal matters, partially offset by
 - a \$59.9 million increase in employee compensation payments primarily related to the timing of payroll,
 - a \$2.4 million increase in vendor and other payments, and
 - a \$2.4 million increase in cash interest payments.

Investing Activities

Net cash flows used in investing activities was \$319.8 million and \$191.2 million for the six months ended June 30, 2026 and 2025, respectively. The \$128.6 million increased outflow in 2026 over 2025 is primarily due to the following:

- a \$40.7 million increase in tax credit equity investments,
- a \$29.6 million increase in capital expenditures related to construction of our new corporate headquarters which is substantially financed through a separate construction loan facility,
- a \$21.5 million decrease in cash receipts from divestitures and asset sales,
- a \$14.4 million increase in total capital expenditures, which comprises:

- a \$3.5 million increase in expenditures for growth capital expenditures/construction of new funeral service locations, and
- a \$10.9 million net increase in maintenance capital expenditures, which includes:
 - a \$9.4 million increase in expenditures for cemetery property development, and
 - a \$1.7 million increase in expenditures for digital investments and corporate, partially offset by
 - a \$0.2 million decrease in expenditures for capital improvements at existing field locations,
- an \$11.2 million increase in cash spent on business acquisitions,
- a \$7.4 million increase in cash spent on real estate acquisitions, and
- a \$3.8 million decrease in net proceeds from Company-owned life insurance policies.

Financing Activities

Net cash used in financing activities was \$232.5 million and \$243.0 million for the six months ended June 30, 2026 and 2025, respectively. The \$10.5 million decreased outflow in 2026 over 2025 is primarily due to the following:

- a \$57.6 million decrease in purchase of Company common stock,
- a \$34.7 million increase in borrowings from our corporate headquarters debt facility,
- a \$2.6 million decrease in bank overdrafts and other, and
- a \$2.6 million increase in proceeds from exercises of stock options, partially offset by
 - an \$81.8 million decrease in debt proceeds, net of repayments, and
 - a \$5.2 million increase in payments of dividends.

Financial Assurances

In support of our operations, we have entered into arrangements with certain surety companies whereby such companies agree to issue surety bonds on our behalf as financial assurance and/or as required by existing state and local regulations. The surety bonds are used for various business purposes; however, the majority of the surety bonds issued and outstanding have been used to support our preneed sales activities. The obligations underlying these surety bonds are recorded on our unaudited Condensed Consolidated Balance Sheet as *Deferred revenue, net*. The breakdown of surety bonds between funeral and cemetery preneed arrangements, as well as surety bonds for other activities, is described below.

	June 30, 2026	December 31, 2025
	(In millions)	
Preneed funeral	\$ 211.8	\$ 209.2
Preneed cemetery:		
Merchandise and services	134.9	134.9
Pre-construction	64.7	64.5
Bonds supporting preneed funeral and cemetery obligations	411.4	408.6
Bonds supporting preneed business permits	9.1	8.7
Other bonds	77.3	76.5
Total surety bonds outstanding	\$ 497.8	\$ 493.8

When selling preneed contracts, we may post surety bonds where allowed by state law. We post the surety bonds in lieu of trusting a certain amount of funds received from the customer. The amount of the bond posted is generally determined by the total amount of the preneed contract that would otherwise be required to be trusted, in accordance with applicable state law.

Surety bond premiums are paid annually and the bonds are automatically renewable until maturity of the underlying preneed contracts, unless we are given prior notice of cancellation.

Except for cemetery pre-construction bonds (which are irrevocable), the surety companies generally have the right to cancel the surety bonds at any time with appropriate notice. In the event a surety company were to cancel the surety bond, we are required to obtain replacement surety assurance from another surety company or fund a trust for an amount generally less than the posted bond amount. Management does not expect that we will be required to fund material amounts related to these surety bonds in the future due to a lack of surety capacity or surety company non-performance.

During the second quarter of 2025, we replaced our letters of credit with a \$46.0 million surety bond and a related indemnity obligation with a large insurance company, which is included in *Other bonds* in the table above.

Preneed Activities and Backlog of Contracts

In addition to selling our products and services to client families at the time of need, we enter into price-guaranteed preneed contracts, which provide for future funeral or cemetery merchandise and services. Because preneed funeral and cemetery merchandise or services will generally not be provided until sometime in the future, most states and provinces require that all or a portion of the funds collected from customers on preneed contracts be deposited into merchandise and service trusts until the merchandise is delivered or the service is performed. In certain situations, as described above, where permitted by state or provincial laws, we may post a surety bond as financial assurance for a certain amount of the preneed contract in lieu of placing funds into trust accounts. Alternatively, we may sell a life insurance or annuity policy from third-party insurance companies or use other non-insurance funded third-party providers.

Insurance and Other Funded Preneed Contracts

Where permitted by state or provincial law, we may sell a life insurance or annuity policy from third-party insurance companies, for which we earn a commission as a general sales agent for the insurance company. These general agency commissions (GA revenue) are based on a percentage per contract sold and are recognized as funeral revenue when the insurance purchase transaction between the preneed purchaser and third-party insurance provider is completed. All selling costs incurred pursuant to the sale of insurance-funded preneed contracts are expensed as incurred. We do not reflect the unfulfilled insurance and other funded preneed contract amounts in our unaudited Condensed Consolidated Balance Sheet. The proceeds of the life insurance policies or annuity contracts will be reflected in funeral revenue as we perform these funerals. In addition, we have shifted our non-funeral home preneed sales production strategy from trust to insurance-funded contracts.

The table below details our results of insurance-funded and other non-insurance funded third-party preneed production and maturities.

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(Dollars in millions)				
Preneed insurance-funded:				
Sales production ⁽¹⁾	\$ 232.0	\$ 201.8	\$ 446.0	\$ 389.0
Sales production (number of contracts) ⁽¹⁾	45,661	40,131	88,650	77,180
General agency revenue	\$ 74.7	\$ 76.0	\$ 145.6	\$ 145.7
Maturities	\$ 101.6	\$ 96.4	\$ 211.8	\$ 207.8
Maturities (number of contracts)	16,251	15,624	33,852	33,506
Other non-insurance funded third-party:				
Sales production ⁽¹⁾	\$ 13.2	\$ 10.0	\$ 24.4	\$ 19.9
Sales production (number of contracts) ⁽¹⁾	1,260	1,057	2,364	2,097
Maturities	\$ 7.5	\$ 7.3	\$ 15.7	\$ 15.6
Maturities (number of contracts)	774	750	1,607	1,593

⁽¹⁾ Amounts are not included in our unaudited Condensed Consolidated Balance Sheet.

Trust-Funded Preneed Contracts

The funds collected from customers are deposited into trusts as required by state or provincial law. We retain any funds above the amounts required to be deposited into trust accounts and use them for working capital purposes, generally to offset the selling and administrative costs of our preneed programs. Although this represents cash flow to us, the associated revenues are deferred until the merchandise is delivered or services are performed (typically at maturity). The funds in trust are then invested by professional money managers with oversight by independent trustees in accordance with state and provincial laws. As discussed above in Insurance and Other Funded Preneed Contracts, we have shifted our non-funeral home preneed sales production strategy from trust to insurance-funded contracts.

The tables below detail our results of preneed production and maturities, excluding insurance contracts:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(Dollars in millions)				
Funeral:				
Preneed trust-funded (including bonded):				
Sales production	\$ 82.7	\$ 91.9	\$ 167.3	\$ 182.3
Sales production (number of contracts)	13,006	16,118	25,686	32,451
Maturities	\$ 106.7	\$ 96.5	\$ 213.5	\$ 200.3
Maturities (number of contracts)	20,646	20,603	42,558	43,215
Cemetery:				
Sales production:				
Preneed	\$ 400.1	\$ 369.8	\$ 756.7	\$ 694.4
Atneed	109.4	108.6	219.9	221.7
Total sales production	\$ 509.5	\$ 478.4	\$ 976.6	\$ 916.1
Sales production deferred to backlog:				
Preneed	\$ 203.2	\$ 176.1	\$ 385.0	\$ 333.5
Atneed	75.4	75.0	153.3	154.7
Total sales production deferred to backlog	\$ 278.6	\$ 251.1	\$ 538.3	\$ 488.2
Revenue recognized from backlog:				
Preneed	\$ 120.0	\$ 114.1	\$ 230.3	\$ 210.3
Atneed	76.5	76.9	152.7	154.9
Total revenue recognized from backlog	\$ 196.5	\$ 191.0	\$ 383.0	\$ 365.2

Backlog of Preneed Contracts

The following table reflects our backlog of trust-funded deferred preneed contract revenue, including amounts related to Deferred receipts held in trust at June 30, 2026 and December 31, 2025. Additionally, the table reflects our backlog of unfulfilled insurance-funded contracts and other non-insurance funded third-party contracts (which are not included in our unaudited Condensed Consolidated Balance Sheet) at June 30, 2026 and December 31, 2025. The backlog amounts presented include amounts due from customers for undelivered performance obligations on cancelable preneed contracts to arrive at our total backlog of deferred revenue. The table does not include the backlog associated with businesses that are held for sale.

The table also reflects our preneed receivables and trust investments associated with the backlog of deferred preneed contract revenue including the amounts due from customers for undelivered performance obligations on cancelable preneed contracts. The table below is meaningful because it sets forth the aggregate amount of future revenue we expect to recognize as a result of preneed sales, as well as the amount of funds associated with this revenue. Because the future revenue exceeds the assets, future revenue will exceed the cash distributions actually received from the associated trusts and future collections from the customer.

	June 30, 2026		December 31, 2025	
	Fair Value	Cost	Fair Value	Cost
(In billions)				
Deferred revenue, net	\$ 1.82	\$ 1.82	\$ 1.78	\$ 1.78
Amounts due from customers for unfulfilled performance obligations on cancelable preneed contracts	1.01	1.01	1.01	1.01
Deferred receipts held in trust	6.12	5.08	5.78	4.83
Allowance for cancellation on trust investments	(0.31)	(0.25)	(0.29)	(0.24)
Backlog of trust-funded deferred revenue, net of estimated allowance for cancellation	8.64	7.66	8.28	7.38
Backlog of insurance and other funded deferred revenue ⁽¹⁾	8.98	8.98	8.73	8.73
Total backlog of deferred revenue	\$ 17.62	\$ 16.64	\$ 17.01	\$ 16.11
Preneed receivables, net and trust investments	\$ 7.65	\$ 6.61	\$ 7.36	\$ 6.41
Amounts due from customers for unfulfilled performance obligations on cancelable preneed contracts	1.01	1.01	1.01	1.01
Allowance for cancellation on trust investments	(0.31)	(0.25)	(0.29)	(0.24)
Assets associated with backlog of trust-funded deferred revenue, net of estimated allowance for cancellation	8.35	7.37	8.08	7.18
Policies associated with insurance and other funded deferred revenue ⁽¹⁾	8.98	8.98	8.73	8.73
Total assets associated with backlog of preneed revenue	\$ 17.33	\$ 16.35	\$ 16.81	\$ 15.91

(1) Amounts are not included in our unaudited Condensed Consolidated Balance Sheet.

The fair value of our trust investments was based on a combination of quoted market prices, observable inputs such as interest rates or yield curves, and appraisals. As of June 30, 2026, the difference between the backlog and total assets at fair value represents \$0.16 billion related to contracts for which we have posted surety bonds as financial assurance in lieu of trusting, \$1.46 billion collected from customers that were not required to be deposited into trusts, and \$0.20 billion in allowable cash distributions from trust assets partially offset by \$1.53 billion in amounts due on delivered property and merchandise. As of June 30, 2026, the fair value of the total backlog comprised \$5.32 billion related to cemetery contracts and \$12.30 billion related to funeral contracts. As of June 30, 2026, the fair value of the assets associated with the backlog of trust-funded deferred revenue comprised \$5.32 billion related to cemetery contracts and \$3.03 billion related to funeral contracts. As of June 30, 2026, the backlog of insurance-funded contracts of \$8.98 billion was equal to the proceeds we expect to receive from the associated insurance policies when the corresponding contract is serviced by one of our operating locations.

Trust Investments

In addition to selling our products and services to client families at the time of need, we also enter into price-guaranteed preneed funeral and cemetery contracts, which provide for future funeral or cemetery merchandise and services. Since preneed funeral and cemetery merchandise or services will generally not be provided until sometime in the future, most states and provinces require that all or a portion of the funds collected from customers on preneed funeral and cemetery contracts be paid into trusts and/or escrow accounts until the merchandise is delivered or the service is performed. Investment earnings associated with the trust investments are expected to mitigate the inflationary costs of providing the preneed funeral and cemetery merchandise and services in the future at the prices that were guaranteed at the time of sale. Also, we are required by state and provincial law to pay a portion of the proceeds from the preneed or atneed sale of cemetery property interment rights into perpetual care trusts. For these investments, the original corpus generally remains in the trust in perpetuity and the earnings or elected distributions are withdrawn as allowed to defray the expenses to maintain the cemetery property. While many states require that net capital gains or losses be retained and added to the corpus, certain states allow the net realized capital gains and losses to be included in the earnings that are distributed. Additionally, some states allow a total return distribution that may contain elements of income, capital appreciation, and principal.

Independent trustees manage and invest the majority of the funds deposited into the funeral and cemetery merchandise and service trusts as well as the cemetery perpetual care trusts. The majority of the trustees are selected based on their respective geographic footprint and qualifications per state and provincial regulations. These trustees, with input from SCI's wholly-owned registered investment advisor, establish an investment policy that serves as an operating document to guide the investment activities of the trusts including asset allocation and manager selection. The investments are also governed by

state and provincial guidelines. All of the trusts are intended to control risk and volatility through a combination of asset classes, investment styles, and a diverse mix of investment managers.

Asset allocation is based on the liability structure of each funeral, cemetery, and perpetual care trust. Based on the various criteria set forth in the investment policy, the investment advisor recommends investment managers to the trustees. The primary investment objectives for the funeral and cemetery merchandise and service trusts include 1) preserving capital within acceptable levels of volatility and risk and 2) achieving growth of principal over time sufficient to preserve and increase the purchasing power of the assets. Preneed funeral and cemetery contracts generally take several years to mature; therefore, the funds associated with these contracts are often invested through several market cycles.

Where allowed by state and provincial regulations, the cemetery perpetual care trusts' primary investment objectives are growth-oriented to provide for a fixed distribution rate from the trusts' assets. Where such distributions are limited to ordinary income, the cemetery perpetual care trusts' investment objectives emphasize providing a steady stream of current investment income with some capital appreciation. Both types of distributions are used to provide for the current and future maintenance and beautification of the cemetery properties.

As of June 30, 2026, approximately 96% of our trusts were under the control and custody of five large financial institutions. The U.S. trustees primarily use five managed limited liability companies (LLCs), three for the merchandise and service trust type and two for the cemetery perpetual care trust type, with independent trustees as custodians. Each financial institution acting as trustee, manages its allocation of trust assets in accordance with the investment policy through the purchase of the appropriate LLCs' units. For those accounts not eligible for participation in the LLCs or where a particular state's regulations contain other investment restrictions, the trustee utilizes institutional mutual funds that comply with our investment policy or with such state restrictions. The U.S. trusts include a modest allocation to alternative investments. These alternative investments are held in vehicles structured as LLCs and are managed by certain trustees. The trusts that are eligible to allocate a portion of their investments to alternative investments purchase units of the respective alternative investment LLCs.

Investment Structures

The managed LLCs use the following structures for investments:

Commingled funds allow the trusts to access, at a reduced cost, some of the same investment managers and strategies used elsewhere in the portfolios.

Separately managed accounts are trusts that utilize separately managed accounts, where appropriate, to reduce the costs to the investment portfolios.

Mutual funds employ institutional share class mutual funds where operationally or economically efficient. These mutual funds are utilized to invest in various asset classes including U.S. equities, non-U.S. equities, corporate bonds, government bonds, high yield bonds, and commodities, all of which are governed by guidelines outlined in their individual prospectuses.

Asset Classes

Equity investments have historically provided long-term capital appreciation in excess of inflation. The trusts have direct investments in individual equity securities primarily in domestic equity portfolios that include large, mid, and small capitalization companies of different investment styles (i.e., growth and value). The majority of the equity allocation is managed by institutional investment managers that specialize in an objective-specific area of expertise. Our equity securities are exposed to market risk; however, we believe these securities are well-diversified. As of June 30, 2026, the largest single equity position represented approximately 1.1% of the total securities portfolio.

Fixed income investments are intended to preserve principal, provide a source of current income, and reduce overall portfolio volatility. The majority of the fixed income allocation for the trusts is invested in institutional share class mutual funds. Where the trusts have direct investments in individual fixed income securities, these are primarily in government and corporate instruments.

Canadian government fixed income securities are investments in Canadian federal and provincial government instruments. In many cases, regulatory restrictions mandate that the funds from the sales of preneed funeral and cemetery contracts sold in certain Canadian jurisdictions must be invested in these instruments.

Alternative investments serve to provide high rates of return with reduced volatility and lower correlation to publicly-traded securities. These investments are typically longer term in duration and are diversified by strategy, sector, manager, geography, and vintage year. The investments consist of numerous limited partnerships invested in private equity, private market real estate, energy and natural resources, infrastructure, transportation, and private debt including both distressed debt and mezzanine financing. The trustees that have oversight of their respective alternative LLCs work closely with the investment advisor in making all investment decisions.

Trust Performance

During the six months ended June 30, 2026, the Standard and Poor's 500 Index increased 10.2% and the Bloomberg's US Aggregate Bond Index increased 0.6%. This compares to the SCI trusts that increased 7.0% during the same period. The SCI trusts have a diversified allocation of approximately 60% equities, 26% fixed income securities, 10% alternative and other investments with the remaining 4% available in money market funds.

Recognized trust fund income (realized and unrealized) related to our preneed trust investments was \$118.8 million and \$95.9 million for the six months ended June 30, 2026 and 2025, respectively. Recognized trust fund income (realized and unrealized) related to our cemetery perpetual care trust investments was \$65.5 million and \$53.1 million for the six months ended June 30, 2026 and 2025, respectively.

SCI, the trustees, and the investment advisor monitor the capital markets and the trusts on an on-going basis. The trustees, with input from the investment advisor, take prudent action as needed to achieve the investment goals and objectives of the trusts.

Results of Operations — Three and Six Months Ended June 30, 2026 and 2025

Three Months Ended June 30, 2026 and 2025

Management Summary

In the second quarter of 2026, we reported consolidated net income attributable to common stockholders of \$124.8 million (\$0.90 per diluted share) compared to net income attributable to common stockholders in the second quarter of 2025 of \$122.9 million (\$0.86 per diluted share). These results were impacted by certain items including:

	Three months ended June 30,	
	2026	2025
	(In millions)	
Pre-tax (losses) gains on divestitures and impairment charges, net	\$ (0.1)	\$ 4.1
Pre-tax legal settlement	\$ —	\$ (6.4)
Pre-tax restructuring charge	\$ —	\$ (1.6)
Tax effect from significant items	\$ —	\$ 0.9
Change in non-recurring tax items	\$ —	\$ 0.4

In addition to the above items, the increase was due to higher cemetery gross profit combined with lower corporate general and administrative expenses and lower share count over prior year quarter. This increase was slightly offset by lower funeral gross profit as the impact of modest revenue growth was offset by higher selling compensation costs on increased production and normal increases in our fixed-cost structure.

Funeral Results

	Three months ended June 30,	
	2026	2025
	(Dollars in millions, except average revenue per service)	
Consolidated funeral revenue	\$ 604.8	\$ 591.4
Less: revenue associated with acquisitions/new construction	11.6	2.2
Less: revenue associated with divestitures	0.3	1.4
Comparable ⁽¹⁾ funeral revenue	592.9	587.8
Less: non-funeral home preneed sales revenue	21.2	26.3
Less: core general agency and other revenue	60.1	59.3
Adjusted comparable funeral revenue	\$ 511.6	\$ 502.2
Comparable services performed	85,044	86,229
Comparable average revenue per service ⁽²⁾	\$ 6,016	\$ 5,824
Consolidated funeral gross profit	\$ 110.3	\$ 116.0
Less: gross profit associated with acquisitions/new construction	0.7	—
Less: gross losses associated with divestitures	(0.2)	(0.6)
Comparable ⁽¹⁾ funeral gross profit	\$ 109.8	\$ 116.6

(1) We define comparable (or same store) operations as those funeral locations owned by us for the entire period beginning January 1, 2025 and ending June 30, 2026.

(2) We calculate comparable average revenue per service by dividing comparable funeral revenue, excluding general agency revenue, non-funeral home preneed sales revenue, and other revenue to avoid distorting our average of normal funeral services revenue, by the comparable number of funeral services performed during the period.

Funeral Revenue

Consolidated revenue from funeral operations was \$604.8 million for the three months ended June 30, 2026 compared to \$591.4 million for the same period in 2025. This \$13.4 million increase is primarily attributable to a \$9.4 million increase in revenue from acquired and newly constructed properties and a \$5.1 million increase in comparable revenue, partially offset by a \$1.1 million decrease in revenue associated with divested properties.

Comparable revenue from funeral operations was \$592.9 million for the three months ended June 30, 2026 compared to \$587.8 million for the same period in 2025. This \$5.1 million, or 0.9%, increase was due to a \$9.4 million increase in adjusted comparable funeral revenue and a \$0.8 million increase in core general agency and other revenue, partially offset by a \$5.1 million decrease in non-funeral home preneed sales revenue.

Adjusted comparable funeral revenue increased \$9.4 million due to a 3.3% increase in comparable average revenue per service partially offset by a 1.4% decrease in comparable funeral services performed. The growth in the average revenue per service is primarily driven by consumer preferences for enhanced product and service offerings as well as an increase in trust fund income. The total comparable cremation rate increased by 50 basis points to 64.8%.

Non-funeral home preneed sales revenue decreased \$5.1 million, primarily due to an operational shift to defer the delivery of urns on preneed contracts to the time of need. This transition was completed late in 2025, and this decrease is short-term in nature as we will recognize deferred urn revenue from the backlog at the time of need as non-funeral home revenue.

Core general agency and other revenue grew \$0.8 million. Core general agency revenue benefited from higher insurance sales production which was largely offset by a lower general agency commission rate quarter over quarter. The current commission rate is stable and is trending in line with expectations.

Funeral Gross Profit

Consolidated funeral gross profit decreased \$5.7 million, or 4.9%, for the three months ended June 30, 2026 compared to the same period in 2025, primarily attributable to a decrease in comparable funeral gross profit. Comparable funeral gross profit decreased \$6.8 million to \$109.8 million, and the comparable gross profit percentage decreased from 19.8% to 18.5%. Gross profit was impacted by higher selling compensation associated with strong insurance-funded preneed sales production. Selling compensation costs associated with insurance-funded preneed sales production are expensed as incurred, while the benefit of these sales will be realized in future periods as the related funeral services are performed. In addition, the gross profit was impacted by the timing of incentive compensation accruals versus the prior year quarter.

Cemetery Results

	Three months ended June 30,	
	2026	2025
	(In millions)	
Consolidated cemetery revenue	\$ 498.5	\$ 474.1
Less: revenue associated with acquisitions/new construction	1.6	—
Comparable ⁽¹⁾ cemetery revenue	\$ 496.9	\$ 474.1
Consolidated cemetery gross profit	\$ 163.2	\$ 155.5
Less: gross profit associated with acquisitions/new construction	1.0	—
Comparable ⁽¹⁾ cemetery gross profit	\$ 162.2	\$ 155.5

(1) We define comparable (or same store) operations as those cemetery locations owned by us for the entire period beginning January 1, 2025 and ending June 30, 2026.

Cemetery Revenue

Consolidated revenue from our cemetery operations increased \$24.4 million, or 5.1%, for the three months ended June 30, 2026 compared to the same period in 2025 primarily due to a \$22.8 million increase in comparable cemetery revenue and a \$1.6 million increase in revenue contributed by newly constructed and acquired properties.

Comparable cemetery revenue increased \$22.8 million, or 4.8%, for the three months ended June 30, 2026 primarily due to higher comparable core revenue of \$14.4 million and higher comparable other revenue of \$8.4 million. The comparable core revenue increase of \$14.4 million was primarily due to a \$15.2 million, or 4.7%, increase in recognized preneed revenue, of which \$4.8 million resulted from higher property revenue and \$10.4 million from higher merchandise and service revenue. Total recognized preneed revenue benefited from growth in comparable cemetery preneed sales production of \$29.7 million, or 8.0%, a significant portion of which will benefit us in the future.

Other revenue was \$8.4 million, or 22.8%, higher compared to the prior year quarter primarily from an increase in endowment care trust fund income based on market performance and higher total return distributions.

Cemetery Gross Profit

Consolidated cemetery gross profit increased \$7.7 million, or 5.0%, in the three months ended June 30, 2026 compared to the same period in 2025, which is primarily attributable to a \$6.7 million increase in comparable cemetery gross profit and a \$1.0 million increase in gross profit contributed by newly constructed and acquired properties. Comparable cemetery gross profit increased from \$155.5 million to \$162.2 million. The gross profit percentage decreased slightly from 32.8% to 32.6%. Gross profit was impacted by higher selling compensation, reflecting strong preneed sales production growth of 8.0%. While this strong production growth puts temporary pressure on cemetery gross margins, it grows our backlog with higher-margin deferred property sales which will benefit us in future periods. In addition, the gross profit was impacted by the timing of incentive compensation accruals versus the prior year quarter.

Other Financial Statement Items

Corporate General and Administrative Expenses

Corporate general and administrative expenses decreased \$7.7 million to \$41.8 million in the second quarter of 2026 compared to the second quarter of 2025 of \$49.5 million. The prior year included a \$6.4 million charge related to the settlement of certain legal matters. The remaining decrease is partially due to lower auto and general liability claims in the current year.

(Losses) Gains on Divestitures and Impairment Charges, Net

We recognized a \$0.1 million net pre-tax loss on asset divestitures and impairments in the second quarter of 2026 compared to a \$4.1 million net pre-tax gain in the second quarter of 2025 on asset divestitures due to non-strategic asset divestitures.

Interest Expense

Interest expense increased \$0.6 million to \$64.7 million for the three months ended June 30, 2026. The average balances on our floating-rate debt increased approximately \$189.0 million, partially offset by lower average floating rates decreasing from 6.8% to 5.8%.

Other (Expense) Income, Net

Other (expense) income, net decreased \$4.0 million, resulting in *Other expense, net* of \$0.1 million for the three months ended June 30, 2026 primarily due to the change in foreign currency exchange rates compared to the prior year.

Provision for Income Taxes

Our effective tax rate was 25.1% and 25.2% for the three months ended June 30, 2026 and 2025, respectively. The effective tax rate was higher than the federal statutory tax rate of 21.0% primarily due to state and foreign tax expense.

Weighted Average Shares

The diluted weighted average number of shares outstanding was 138.3 million for the three months ended June 30, 2026 compared to 143.0 million for the same period in 2025. The decrease primarily reflects the impact of shares repurchased under our share repurchase program.

Six Months Ended June 30, 2026 and 2025

Management Summary

In the first six months of 2026, we reported consolidated net income attributable to common stockholders of \$260.6 million (\$1.87 per diluted share) compared to net income attributable to common stockholders for the same period in 2025 of \$265.7 million (\$1.84 per diluted share). These results were impacted by certain items including:

	Six months ended June 30,	
	2026	2025
	(In millions)	
Pre-tax gains on divestitures and impairment charges, net	\$ 1.1	\$ 9.0
Pre-tax legal settlements	\$ —	\$ (6.4)
Pre-tax restructuring charge	\$ —	\$ (1.6)
Tax effect from significant items	\$ (0.2)	\$ (0.4)
Change in non-recurring tax items	\$ (0.4)	\$ —

In addition to the above items, lower funeral gross profit resulting from a decline in funerals performed during the year was more than offset by higher cemetery gross profit combined with a lower share count and a favorable tax rate.

Funeral Results

	Six months ended June 30,	
	2026	2025
	(Dollars in millions, except average revenue per service)	
Consolidated funeral revenue	\$ 1,235.4	\$ 1,230.9
Less: revenue associated with acquisitions/new construction	21.9	2.9
Less: revenue associated with divestitures	0.4	2.6
Comparable ⁽¹⁾ funeral revenue	1,213.1	1,225.4
Less: non-funeral home preneed sales revenue	43.2	48.5
Less: core general agency and other revenue	113.4	113.9
Adjusted comparable funeral revenue	\$ 1,056.5	\$ 1,063.0
Comparable services performed	176,647	183,704
Comparable average revenue per service ⁽²⁾	\$ 5,981	\$ 5,786
Consolidated funeral gross profit	\$ 244.3	\$ 270.0
Less: gross profit (losses) associated with acquisitions/new construction	2.4	(0.3)
Less: gross losses associated with divestitures	(0.6)	(1.7)
Comparable ⁽¹⁾ funeral gross profit	\$ 242.5	\$ 272.0

(1) We define comparable (or same store) operations as those funeral locations owned by us for the entire period beginning January 1, 2025 and ending June 30, 2026.

(2) We calculate comparable average revenue per service by dividing comparable funeral revenue, excluding general agency revenue, non-funeral home preneed sales revenue, and other revenue to avoid distorting our average of normal funeral services revenue, by the comparable number of funeral services performed during the period.

Funeral Revenue

Consolidated revenue from funeral operations was \$1,235.4 million for the six months ended June 30, 2026, compared to \$1,230.9 million for the same period in 2025. This \$4.5 million increase in revenue is primarily attributable to a \$19.0 million increase in revenue contributed by newly constructed and acquired properties, partially offset by a \$12.3 million decrease in comparable revenue and a \$2.2 million decrease in revenue related to divested properties.

Comparable revenue from funeral operations was \$1,213.1 million for the six months ended June 30, 2026 compared to \$1,225.4 million for the same period in 2025. The \$12.3 million, or 1.0%, decrease was due to a \$6.5 million decrease in adjusted comparable funeral revenue, a \$5.3 million decrease in non-funeral home preneed sales revenue, and a \$0.5 million decrease in core general agency and other revenue.

Adjusted comparable funeral revenue decreased \$6.5 million, or 0.6%, primarily due to a 3.8% decrease in comparable funeral services performed. This decrease was partially offset by a 3.4% increase in comparable average revenue per service. The growth in the average revenue per service is primarily driven by consumer preferences for enhanced product and service offerings as well as an increase in trust fund income. The total comparable cremation rate slightly increased 50 basis points over the prior year to 64.7%.

Non-funeral home preneed sales revenue decreased \$5.3 million, primarily due to an operational shift to defer the delivery of urns on preneed contracts to the time of need. This transition was completed late in 2025, and this decrease is short-term in nature as we will recognize deferred urn revenue from the backlog at the time of need as non-funeral home revenue.

Core general agency and other revenue decreased \$0.5 million. Core general agency revenue benefited from higher insurance sales production which was largely offset by a lower general agency commission rate year over year. The current commission rate is stable and is trending in line with expectations.

Funeral Gross Profit

Consolidated funeral gross profit decreased \$25.7 million, or 9.5%, in the first six months of 2026 compared to the same period in 2025. This decrease is primarily attributable to a \$29.5 million, or 10.8%, decrease in comparable funeral gross profit, partially offset by a \$2.7 million increase in gross profit contributed by acquired and newly constructed properties and a \$1.1 million increase in gross profit related to divested properties. Comparable funeral gross profit decreased \$29.5 million to \$242.5 million, and the comparable gross profit percentage declined from 22.2% to 20.0%. The decline primarily reflects the impact of lower revenue combined with increases in our fixed-cost operating structure and higher selling compensation costs on increased preneed sales production.

Cemetery Results

	Six months ended June 30,			
	2026		2025	
	(In millions)			
Consolidated cemetery revenue	\$	964.4	\$	908.8
Less: revenue associated with acquisitions/new construction		2.0		0.1
Comparable ⁽¹⁾ cemetery revenue	\$	962.4	\$	908.7
Consolidated cemetery gross profit	\$	315.7	\$	292.9
Less: gross profit associated with acquisitions/new construction		1.1		—
Comparable ⁽¹⁾ cemetery gross profit	\$	314.6	\$	292.9

(1) We define comparable (or same store) operations as those cemetery locations owned by us for the entire period beginning January 1, 2025 and ending June 30, 2026.

Cemetery Revenue

Consolidated revenue from our cemetery operations increased \$55.6 million, or 6.1%, in the six months ended June 30, 2026 compared to the same period in 2025, primarily due to a \$53.7 million, or 5.9%, increase in comparable cemetery revenue and a \$1.9 million increase in revenue contributed by acquired and newly constructed properties.

The \$53.7 million increase in comparable cemetery revenue was attributable to a \$39.6 million increase in comparable cemetery core revenue and an increase in other revenue of \$14.1 million. The increase in core revenue was primarily due to a \$43.7 million increase in recognized preneed revenue, partially offset by a \$4.1 million decrease in atneed revenue. The increase in recognized preneed property revenue primarily related to increased preneed property production and the timing of newly constructed property versus the prior year. Preneed sales production increased \$61.4 million, or 8.8%, a portion of which will benefit us in future periods, as we provide the products and services or as undeveloped property sold is constructed and recognized.

Cemetery Gross Profit

Consolidated cemetery gross profit increased \$22.8 million, or 7.8%, in the six months ended June 30, 2026 compared to the same period in 2025. This increase is primarily attributable to a \$21.7 million increase in comparable cemetery gross profit and a \$1.1 million increase in gross profit contributed by newly constructed and acquired properties. Comparable cemetery gross profit increased from \$292.9 million to \$314.6 million, and the gross profit percentage increased from 32.2% to 32.7% primarily due to the growth in core revenue mentioned above.

Other Financial Statement Items

Corporate General and Administrative Expenses

Corporate general and administrative expenses decreased \$8.5 million to \$85.7 million for the six months ended June 30, 2026. The prior year included a \$6.4 million charge related to the settlement of certain legal matters. The remaining decrease is due in part to higher auto and general liability claims in the prior year.

(Losses) Gains on Divestitures and Impairment Charges, Net

We recognized a \$1.1 million net pre-tax gain on asset divestitures and impairments in the six months ended June 30, 2026 compared to a \$9.0 million net pre-tax gain in the six months ended June 30, 2025 on asset divestitures due to non-strategic asset divestitures.

Interest Expense

Interest expense increased \$3.2 million to \$128.7 million for the six months ended June 30, 2026 primarily due to higher average debt outstanding, partially offset by lower interest rates on our floating-rate debt.

Other (Expense) Income, Net

Other income, net decreased \$5.7 million to \$1.3 million for the six months ended June 30, 2026 primarily due to the change in foreign currency exchange rates compared to the prior year.

Provision for Income Taxes

Our effective tax rate was 25.1% and 25.7% for the six months ended June 30, 2026 and 2025, respectively. The decrease in the effective tax rate in the current period was primarily due to tax benefits from an investment in a renewable energy project recognized in the first quarter of 2026. The effective tax rate was higher than the federal statutory tax rate of 21.0% primarily due to state and foreign taxes.

Weighted Average Shares

The diluted weighted average number of shares outstanding was 139.1 million for the six months ended June 30, 2026 compared to 144.1 million for the same period in 2025. The decrease primarily reflects the impact of shares repurchased under our share repurchase program.

Critical Accounting Policies, Recent Accounting Pronouncements, and Accounting Changes

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. Although we base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, actual results may differ from the estimates on which our financial statements are prepared at any given point of time. Changes in these estimates could materially affect our consolidated financial position, consolidated results of operations, or cash flows. Significant items that are subject to such estimates and assumptions include revenue and expense accruals, fair value of merchandise and perpetual care trust assets, and the allocation of purchase price to the fair value of assets acquired. Our critical accounting policies have not significantly changed since December 31, 2025 and are disclosed in our Annual Report on [Form 10-K](#) for the year ended December 31, 2025.

Recent Accounting Pronouncements and Accounting Changes

For discussion of recent accounting pronouncements and accounting changes, see Part I, Item 1. Financial Statements, [Note 2](#) of this Form 10-Q.

Cautionary Statement on Forward-Looking Statements

The statements in this Form 10-Q that are not historical facts are forward-looking statements made in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. These statements may be accompanied by words such as “believe”, “estimate”, “project”, “expect”, or “anticipate”, “predict” that convey the uncertainty of future events or outcomes. These statements are based on assumptions that we believe are reasonable; however, many important factors could cause our actual consolidated results in the future to differ materially from the forward-looking statements made herein and in any other documents or oral presentations made by, or on behalf of, the Company. These factors are discussed below. Except as required by applicable law, we assume no obligation and make no undertaking to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the Company, whether as a result of new information, future events, or otherwise.

- Our affiliated trust funds own investments in securities, which are affected by market conditions that are beyond our control.
- We may be required to replenish our affiliated funeral and cemetery trust funds to meet minimum funding requirements, which would have a negative effect on our earnings and cash flow.
- Our ability to execute our strategic plan depends on many factors, some of which are beyond our control.
- We may be adversely affected by the effects of inflation.
- Our results may be adversely affected by significant weather events, natural disasters, catastrophic events or public health crises.
- Our credit agreements contain covenants that may prevent us from engaging in certain transactions.
- If we lost the ability to use surety bonding to support our preneed activities, we may be required to make material cash payments to fund certain trust funds.
- The financial condition of third-party insurance companies that fund our preneed contracts may impact our future revenue.
- Unfavorable publicity could affect our reputation and business.
- Our failure to attract and retain qualified sales personnel and licensed funeral professionals could have an adverse effect on our business and financial condition.

- We use a combination of insurance, self-insurance, and large deductibles in managing our exposure to certain inherent risks; therefore, we could be exposed to unexpected costs that could negatively affect our financial performance.
- Declines in overall economic conditions beyond our control could reduce future potential earnings and cash flows and could result in future impairments to goodwill and/or other intangible assets.
- Any failure to protect personal information relating to our customers, their loved ones, our associates, and our vendors could damage our reputation, could cause us to incur substantial additional costs and to become subject to litigation, and could adversely affect our operating results, financial condition, or cash flow.
- A failure of a key information technology system or process could disrupt and adversely affect our business.
- Our Canadian business exposes us to operational, economic, and currency risks.
- Our level of indebtedness could adversely affect our cash flows, our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and may prevent us from fulfilling our obligations under our indebtedness.
- The funeral and cemetery industry is competitive.
- If the number of deaths in our markets declines, our cash flows and revenue may decrease. Changes in the number of deaths are not predictable from market to market or over the short term.
- If we are not able to respond effectively to changing consumer preferences, our market share, revenue, and/or profitability could decrease.
- The continuing upward trend in life expectancy and an increase in the number of cremations performed in North America could result in lower revenue, operating profit, and cash flows.
- Our funeral and cemetery businesses are high fixed-cost businesses.
- Risks associated with our supply chain, such as tariffs, could materially adversely affect our financial performance.
- Regulation and compliance could have a material adverse impact on our financial results.
- Unfavorable results of litigation could have a material adverse impact on our financial statements.
- Cemetery burial practice claims could have a material adverse impact on our financial results.
- The application of unclaimed property laws by certain states to our preneed funeral and cemetery backlog could have a material adverse impact on our liquidity, cash flows, and financial results.
- Changes in taxation, or the interpretation of tax laws or regulations, as well as the inherent difficulty in quantifying potential tax effects of business decisions could have a material adverse effect on the results of our operations, financial condition, or cash flows.

For further information on these and other risks and uncertainties, see our Securities and Exchange Commission filings, including our 2025 Annual Report on Form 10-K. Copies of this document as well as other SEC filings can be obtained from our website at www.sci-corp.com.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risks. The term "market" risk refers to the risk of gains or losses arising from changes in interest rates and prices of marketable securities. The disclosures are not meant to be precise indicators of expected future gains or losses, but rather indicators of reasonably possible gains or losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures. All of our market risk-sensitive instruments were entered into for purposes other than trading.

Marketable Equity and Debt Securities — Price Risk

In connection with our preneed funeral operations and preneed cemetery merchandise and service sales, the related funeral and cemetery trust funds own investments in equity and debt securities and mutual funds, which are sensitive to current market prices.

Cost and market values as of June 30, 2026 are presented in Part I, Item 1. Financial Statements, [Note 3](#) of this Form 10-Q. Also, see "[Trust Investments](#)" in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations "Financial Condition, Liquidity, and Capital Resources" section for discussion of trust investments.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of June 30, 2026, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the Securities and Exchange Commission (SEC) reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time period specified by the SEC's rules and forms and that such information is accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. Based on our evaluation, our CEO and CFO have concluded that our disclosure controls and procedures are effective as of 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 consolidated financial condition, consolidated results of operations, and cash flows for the periods presented in conformity with US GAAP.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information regarding legal proceedings is set forth in Part I, Item 1. Financial Statements, [Note 9](#) of this Form 10-Q, which information is hereby incorporated by reference herein.

Item 1A. Risk Factors

There have been no material changes in our Risk Factors as set forth in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

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

The following table summarizes our share repurchases during the three months 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 Programs ⁽³⁾	Approximate Dollar Value of Shares That May Yet be Purchased Under the Program ⁽³⁾
April 1, 2026 — April 30, 2026 ⁽¹⁾	190,386	\$ 82.84	190,232	\$ 199,317,033
May 1, 2026 — May 31, 2026 ⁽²⁾	685,352	\$ 78.18	684,262	\$ 145,821,535
June 1, 2026 — June 30, 2026	685,842	\$ 72.85	685,842	\$ 567,538,570
	1,561,580		1,560,336	

⁽¹⁾ 154 shares were purchased in April 2026 in connection with the surrender of shares by associates to satisfy certain tax withholding obligations under compensation plans. These repurchases were not part of our publicly announced program and do not affect our share repurchase program.

⁽²⁾ 1,090 shares were purchased in May 2026 in connection with the surrender of shares by associates to satisfy certain tax withholding obligations under compensation plans. These repurchases were not part of our publicly announced program and do not affect our share repurchase program.

⁽³⁾ On June 11, 2026, we announced that our Board of Directors increased the authorized level of repurchases of our common stock by approximately \$472 million.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) Not applicable.

(b) Not applicable.

(c) During the three months ended June 30, 2026, no director or officer (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
3.1	— Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to Registration Statement No. 333-10867 on Form S-3).
3.2	— Articles of Amendment to Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to Form 10-Q for the fiscal quarter ended September 30, 1996).
3.3	— Certificate of Amendment to Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to Form 8-K filed May 25, 2018).
3.4	— Certificate of Amendment to Restated Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to Form 8-K filed May 8, 2026).
3.5	— Statement of Resolution Establishing Series of Shares of Series D Junior Participating Preferred Stock, dated July 27, 1998 (Incorporated by reference to Exhibit 3.2 to Form 10-Q for the fiscal quarter ended June 30, 1998).
3.6	— Bylaws of the Company (Incorporated by reference to Exhibit 3.2 to Form 8-K filed May 8, 2026).
4.1	— Senior Indenture dated as of February 1, 1993 by and between the Company and The Bank of New York, as trustee (Incorporated by reference as Exhibit 4.1 to Form S-4 filed September 2, 2004 (File No. 333-118763)).
4.2	— Agreement of Resignation, Appointment of Acceptance, dated December 12, 2005, among the Company, The Bank of New York and The Bank of New York Trust Company, N.A., appointing a successor trustee for the Senior Indenture dated as of February 1, 1993 (Incorporated by reference to Exhibit 4.1 to Form 10-Q for the fiscal quarter ended June 30, 2005).
10.1	— 2026 Equity Incentive Plan (Incorporated by reference to Exhibit 4.6 to Form S-8 filed May 11, 2026).
10.2	— Credit Agreement, dated November 20, 2025, between Service Corporation International, JPMorgan Chase Bank, N.A., as administrative agent, and certain other financial institutions, as lenders party thereto (Incorporated by reference to Exhibit 10.1 to Form 8-K filed November 21, 2025).
31.1	— Certification of Thomas L. Ryan as Principal Executive Officer in satisfaction of Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	— Certification of Eric D. Tanzberger as Principal Financial Officer in satisfaction of Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	— Certification of Periodic Financial Reports by Thomas L. Ryan as Principal Executive Officer in satisfaction of Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	— Certification of Periodic Financial Reports by Eric D. Tanzberger as Principal Financial Officer in satisfaction of Section 906 of the Sarbanes-Oxley Act of 2002.
101	— Interactive data file formatted Inline XBRL.
104	— Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Signature

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

July 30, 2026

SERVICE CORPORATION INTERNATIONAL

By: /s/ TAMMY MOORE

Tammy Moore
Vice President and Chief Accounting Officer
(Principal Accounting Officer)