

SERVICE CORPORATION INTERNATIONAL

Non-GAAP Financial Measures

July 31, 2025



Definitions: Non-GAAP Financial Measures



This information should not be considered in isolation or as a substitute for related GAAP measures. Additionally, these measures as calculated by the Company may not be comparable to similarly titled measures used by other companies.

ADJUSTED EPS OR DILUTED EARNINGS PER SHARE EXCLUDING SPECIAL ITEMS

We use diluted earnings per share excluding special items (adjusted EPS) as an underlying operational performance measure of the business and to have a basis to compare operating results to prior and future periods. We make adjustments to net income (a GAAP measure) to remove certain charges and credits. We believe these adjustments are relevant in evaluating the overall performance of the business.

ADJUSTED CASH FLOW FROM OPERATIONS OR NET CASH PROVIDED BY OPERATING ACTIVITIES EXCLUDING SPECIAL ITEMS

We use adjusted operating cash flow, or net cash provided by operating activities excluding special items, as an underlying operational performance measure of the continuing operations of the business and to have a basis to compare excluding special items cash flow results to prior and future periods. We make adjustments to cash flow from operations (a GAAP measure) to remove certain receipts and payments. We believe these adjustments are relevant in evaluating the overall performance of the business.

FREE CASH FLOW

We define free cash flow as adjusted operating cash flow minus expenditures for capital improvements at existing locations, expenditures for the development of cemetery property and digital investments and corporate, collectively referred to as Maintenance capital expenditures. We use free cash flow to assess the financial performance of the Company. We believe that free cash flow is useful to investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations, such as investment in the Company's existing businesses. Further, free cash flow facilitates our ability to strengthen the Company's balance sheet, repay our debt obligations, pay cash dividends, and repurchase our common shares. We also believe the presentation of this measure will enhance the investors' ability to analyze trends in the business and evaluate our underlying performance relative to other companies in the industry.

ADJUSTED EBITDA

We define adjusted EBITDA as a financial measure calculated in accordance with our credit agreement and represents EBITDA to remove certain charges and credits. We use adjusted EBITDA to provide investors and lenders with additional information to measure our financial performance and evaluate our ability to service debt.

Adjusted EPS



(Dollars in millions, except diluted EPS)

	Three months ended June 30,				Six months ended June 30,			
	2025		2024		2025		2024	
	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
Net income attributable to common stockholders, as reported	\$ 122.9	\$ 0.86	\$ 118.2	\$ 0.81	\$ 265.7	\$ 1.84	\$ 249.5	\$ 1.69
Pre-tax reconciling items:								
Gains on divestitures and impairment charges, net	(4.1)	(0.03)	(1.9)	(0.01)	(9.0)	(0.06)	(1.2)	(0.01)
Legal settlement	6.4	0.04	—	—	6.4	0.04	—	—
Restructuring charge	1.6	0.01	—	—	1.6	0.01	—	—
Tax effect from significant items	(0.9)	—	0.5	—	0.4	0.01	0.4	—
Change in uncertain tax reserves and other	(0.4)	—	(0.9)	(0.01)	—	—	(0.9)	—
Earnings excluding special items and diluted earnings per share excluding special items	<u>\$ 125.5</u>	<u>\$ 0.88</u>	<u>\$ 115.9</u>	<u>\$ 0.79</u>	<u>\$ 265.1</u>	<u>\$ 1.84</u>	<u>\$ 247.8</u>	<u>\$ 1.68</u>
Diluted weighted average shares outstanding		143.0		146.8		144.1		147.3

Adjusted Cash Flow from Operations & Free Cash Flow



(Dollars in millions)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net cash provided by operating activities	\$ 166.5	\$ 196.9	\$ 477.6	\$ 417.0
Add: Legal settlement payments	0.5	23.0	0.7	23.0
Add: Restructuring charge payments	1.3	—	5.9	—
Net cash provided by operating activities excluding special items	\$ 168.3	\$ 219.9	\$ 484.2	\$ 440.0
Less: Capital improvements at existing field locations	(29.1)	(29.4)	(49.8)	(54.3)
Less: Development of cemetery property	(34.7)	(39.9)	(76.0)	(78.6)
Less: Digital investments and corporate	(5.1)	(13.1)	(9.9)	(19.5)
Free cash flow	<u>\$ 99.4</u>	<u>\$ 137.5</u>	<u>\$ 348.5</u>	<u>\$ 287.6</u>
Cash flows from investing activities	\$ (100.5)	\$ (139.0)	\$ (191.2)	\$ (235.8)
Cash flows from financing activities	\$ (37.3)	\$ (81.2)	\$ (243.0)	\$ (215.2)
Cash taxes included in net cash provided by operating activities excluding special items	\$ 94.3	\$ 10.0	\$ 99.2	\$ 11.8



(Dollars in millions, except Adjusted EPS)

	GUIDANCE		
	2025		
	Low	Midpoint	High
Diluted earnings per share excluding special items	\$3.70	\$3.85	\$4.00
<i>Adjusted EPS</i>			
Net cash provided by operating activities excluding special items and cash taxes	\$1,025	\$1,055	\$1,085
Cash taxes expected in 2025 (at the midpoint of Diluted earnings per share guidance)	Approximately \$145		
Net cash provided by operating activities excluding special items	\$880	\$910	\$940
<i>Adjusted cash flow from operations</i>			
Total maintenance, cemetery development, and other capital expenditures (Maintenance capital expenditures)		\$315	

Diluted earnings per share excluding special items and net cash provided by operating activities excluding special items are non-GAAP financial measures. We normally reconcile these non-GAAP financial measures from diluted earnings per share and net cash provided by operating activities; however, diluted earnings per share and net cash provided by operating activities calculated in accordance with GAAP are not currently accessible on a forward-looking basis. Our outlook for 2025 excludes the following because this information is not currently available for 2025: Expenses net of insurance recoveries related to weather events and hurricanes, gains or losses associated with asset divestitures, gains or losses associated with the early extinguishment of debt, potential tax reserve adjustments and IRS payments and/or refunds, acquisition and integration costs, system implementation and transition costs, and potential costs or cash outflows associated with estimated litigation charges or legal settlements or the recognition of receivables for insurance recoveries associated with litigation, or deferred tax payments. The foregoing items could materially impact our forward-looking diluted earnings per share and/or our net cash provided by operating activities calculated in accordance with GAAP.